CITY OF HOPEWELL, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2008

PREPARED BY:

Department of Finance

Elesteen Hager, Director

CITY OF HOPEWELL, VIRGINIA

FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

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

CITY OF HOPEWELL, VIRGINIA

FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

Financial Section (Continued)

Basic Financial Statements (Continued)		**Page**
Exhibit 10	Statement of Fiduciary Net Assets–Fiduciary Funds	20
Notes to Financial Statements		21-51

Required Supplementary Information:

Combining and Individual Funds Statements and Schedules:

Exhibit 11	Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–General Fund	52
Exhibit 12	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Virginia Public Assistance Fund	53
Exhibit 13	Schedule of Pension Funding Progress	54

Other Supplementary Information:

Exhibit 14	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Projects Fund	55
Exhibit 15	Combining Balance Sheet - Nonmajor Special Revenue Funds	56
Exhibit 16	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	57
Exhibit 17	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds	58-59
Exhibit 18	Statement of Changes in Assets and Liabilities - Agency Fund	60

CITY OF HOPEWELL, VIRGINIA

FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

Financial Section (Continued)

Other Supplementary Information (Continued)		**Page**
Discretely Presented Component Unit - School Board:		
Exhibit 19	Combining Balance Sheet	61-62
Exhibit 20	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Discretely Presented Component Unit School Board	63
Exhibit 21	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Discretely Presented Component Unit School Board	64-65
Exhibit 22	Schedule of Revenues, Expenditures and Changes in Fund Balances– Budget and Actual - Nonmajor Special Revenue Fund - Discretely Presented Component Unit School Board	66
Discretely Presented Component Unit - Comprehensive Services Act Board:		
Exhibit 23	Balance Sheet	67
Exhibit 24	Statement of Revenues, Expenditures, and Changes in Fund Balances	68
Supporting Schedules:		
Schedule 1	Schedule of Revenues - Budget and Actual - Governmental Funds	69-75
Schedule 2	Schedule of Expenditures - Budget and Actual - Governmental Funds	76-80

CITY OF HOPEWELL, VIRGINIA

FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

Financial Section (Continued)

		Page
Statistical Section:		
Statistical Tables:		
Table 1	Net Assets by Component	81
Table 2	Changes in Net Assets	82-83
Table 3	Fund Balances of Governmental Funds	84
Table 4	Changes in Fund Balances of Governmental Funds	85-86
Table 5	Assessed Value and Estimated Actual Value of Taxable Property	87
Table 6	Direct Tax Rates	88
Table 7	Principal Property Taxpayers	89
Table 8	Property Tax Levies and Collections	90
Table 9	Ratios of Outstanding Debt by Type	91
Table10	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita	92
Table 11	Legal Debt Margin Information	93
Table 12	Demographic and Economic Statistics	94
Table 13	Principal Employers	95
Table 14	Full-time Equivalent City Government Employees by Function	96
Table 15	Operating Indicators by Function	97
Table 16	Capital Asset Statistics by Function	98

CITY OF HOPEWELL, VIRGINIA

FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

Compliance Section:	Page
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*	99-100
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	101-102
Schedule of Expenditures of Federal Awards	103-104
Notes to Schedule of Expenditures of Federal Awards	105
Schedule of Findings and Questioned Costs	106
Schedule of Prior Year Findings and Questioned Costs	107

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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
N. Gregory Cuffey
E. Randy Sealy
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.
Chief, Police Department ..... Steven D. Martin
Director of Finance ..... Elesteen Hager

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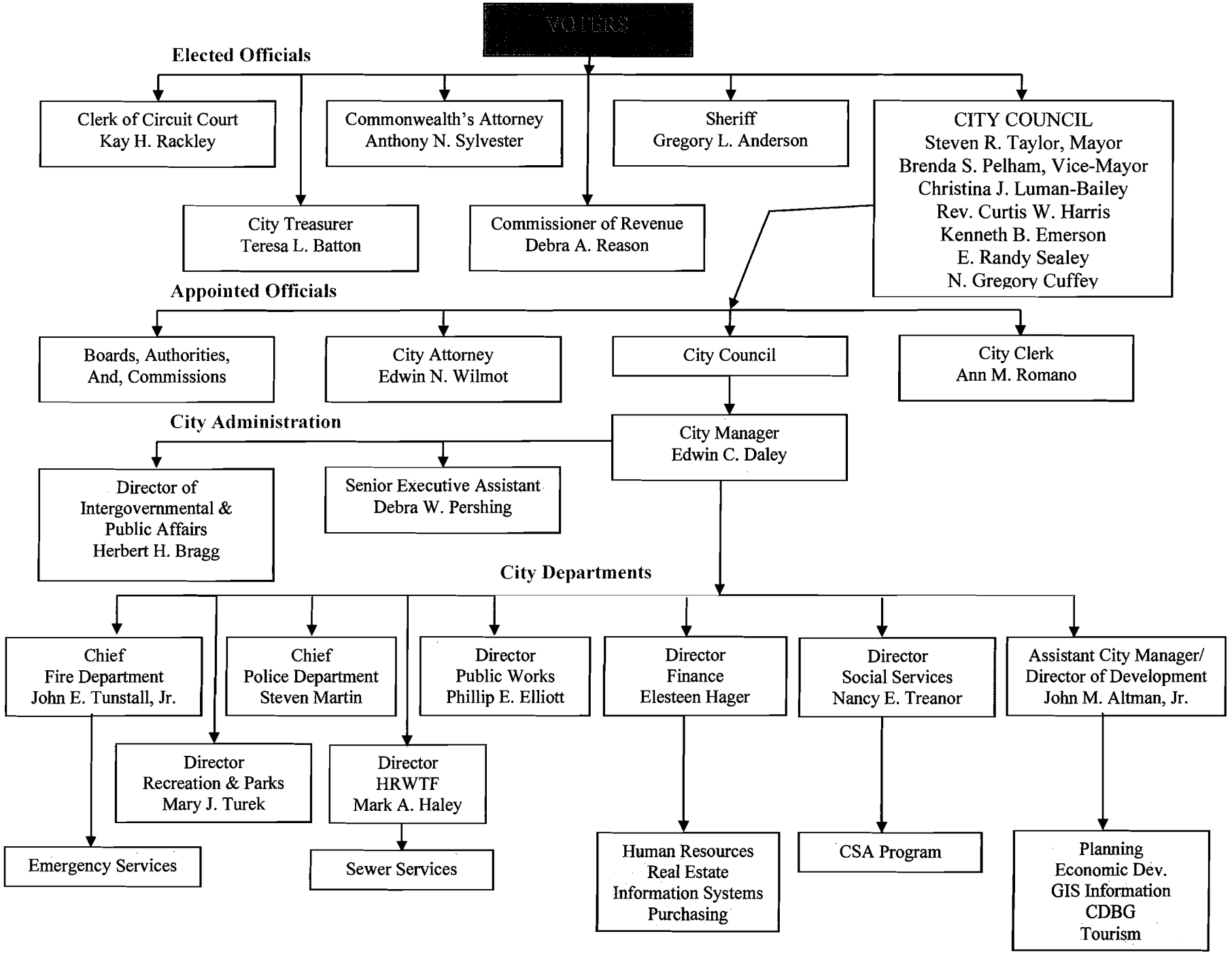
CITY OF HOPEWELL ORGANIZATIONAL CHART



OrganizationChart_20608
Revised February 6, 2008

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, 2007

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

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

November 17, 2008

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, 2008 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 expenditures of federal awards, findings and questioned costs, and independent auditors' reports on the internal controls 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 standards for defining and reporting on the financial reporting entity. The most significant changes resulting from the application of this statement was to include two additional financial statements: Statement of Net Assets and Statement of Activities along with management's discussion and analysis.

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

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

ECONOMIC CONDITION AND OUTLOOK

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

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

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

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

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

The list below highlights some of the City's achievements/events for 2008:

Fire Dept. -	Fire department received a "Life Safety Achievement Award" from Residential Fire Safety Institute. This award was bestowed upon the department in recognition of its work to keep the community free of deaths from fire in 2007. The department received a grant of $30,000 to purchase equipment for the Crater Hazardous Material Team.
Police Dept. -	Police department received a total of $215,023 in grant funds; training program expenditures totaled $47,000.
City Treasurer/ Commissioner of Revenue -	Interest income earned totaled $2 million. DMV records "stops" for delinquent taxes resulted in collections of $40,000 in FY 08 compared to $13,000 in FY 07 in delinquent personal property taxes. Seven real estate properties were sold for delinquent taxes, through the courts, for $29,694.
Recreation Dept. -	Recreation Department hosted, coordinated and sponsored numerous community events and activities to provide citizens with both recreational activities and entertainment opportunities; received 2008 15 passenger van with $10,000 local match; parking lot paved and painted at Atwater Soccer Complex.

Social Services - The department successfully passed two Virginia Department of Social Services audits and one USDA audit; 18,784 customers were served during the year; 99% of the food stamp applications received was processed timely.

HRWTF Plant - HRWTF employees have not had a lost-time accident since September 2003 (over 485,000 man-hours) and had zero accidents or injuries of any kind during the fiscal year 07-08; HRWTF had only one permit violation in 2007 and received a Silver Award from the National Association of Clean Water Agencies (NACWA); HRWTF celebrated its 30th year of operation in 07-08 and completed a new brochure to commemorate the significant contribution HRWTF has toward improving the James River water quality.

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 there agencies, businesses, and organizations in Hopewell. It is a true partnership effort; check it out at *http://www.hopewellva.gov*.

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

Suggestion/Innovation Award Program – The purpose of this program is to encourage all full and part-time employees to contribute constructive suggestions and innovative solutions which may result in work efficiencies, energy savings, or monitory 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, 2008 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 $87,824,409 in 2008. This represents an increase of $6,855,203 or 8% from 2007. Property taxes and intergovernmental revenues accounted for over 89% of revenues in the governmental funds.

Assessed real property valuations of $1,145 million represent an increase of $23 million over the preceding year. This increase in assessed valuation reflects new or renovated construction values. Property tax collections were 89.342% of the tax levy, an increase of 1.0% from last year. The ratio of total collections (current and delinquent) to the current tax levy was 98.7%, an increase of 1.7% 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 $95,803,477 in 2008. This represents an increase of $11,485,994 or 13% over 2007.

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 a decrease this year. The unreserved undesignated fund balance for the General Fund was $6,632,369 on June 30, 2008. This represents a decrease of $327,610 or 4.7% from June 30, 2007. Unreserved designated balances include: $280,824 for beautification, $735,787 for fire equipment replacement, $144,946 for youth care commission, $55,218 for tourism office and $2,659,442 for the self-insurance fund.

Virginia Public Assistance and Other Governmental Funds unreserved undesignated fund balance was $228,810, an increase of $6,909 over last year.

Capital Projects Fund expenditures amounted to $8,745,940 of which $3,823,661 was spent on community development and infrastructure improvements and $4,922,279 was for long-term debt service (city and schools).

The Capital Projects Fund undesignated fund balance at June 30, 2008 was $7,503,253.

Proprietary Funds

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

The Hopewell Regional Wastewater Treatment Facility Fund had a net loss of $2,014,001for the year ended June 30, 2008. The Sewer Service Fund had net income of $1,120,353 with an unrestricted balance of $16,110,119 as of June 30, 2008. The Solid Waste Fund had net income of $91,353, leaving an unrestricted balance to $2,167,768.

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 2008 fiscal year were as follows:

	Amount	Ratio of debt to assessed value	Debt per capita
Bonded Debt	$ 37,901,111	3.31%	$ 1,695

Of the G O bonded debt outstanding at June 30, 2008, $5,584,111 was School bonds, $6,559,000 was School literary loans, and $25,758,000 represented City public improvement bonds. In addition to the bonded debt, general long-term obligations of the City at June 30, 2008 include $935,429 for compensated absences and $401,314 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 2008 was $1,896,883.

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, 2008 the City had a General Fund unreserved designated balance of $2,659,442 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 $103,530,464 for its general governmental funds (General Fund, Special Revenue Funds, Component Units, and Capital Projects Funds) for fiscal year 2008/09.

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, 2007. This was the twenty-second consecutive year the City received this award.

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

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

ACKNOWLEDGMENTS

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

Edwin C. Daley
City Manager

Elesteen Hager
Director of Finance

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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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Hopewell, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia, as of June 30, 2008, 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 November 17, 2008, 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 opinions on the financial statements that collectively comprise the City of Hopewell, Virginia's 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.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 17, 2008

The Honorable Members of City Council

City of Hopewell, Virginia

The Honorable Members of City Council:

This section of the City of Hopewell, Virginia annual financial report presents our management discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Total net assets were $51.6 million for the City's primary government. Of this total, $22 million were for our business-type activities.
- The School Board Component unit total net assets for this year was $19.7 million.
- In the city's business-type activities, operating and non-operating revenues equaled $16.9 million while expenses were $17.8 million.
- The total expense of all the City's programs and services was $108 million.
- During this year, the City's net assets decreased by $2,348,504.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Figure A-1
Major Features of City of Hopewell Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the city's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses: solid waste, sewer serv.	Instances in which the City is trustee or agent for someone else's resources
Required financial Statements	• Statement of net assets • Statement of activities	• Balance Sheet • Statement of revenues, expenditures, and changes in fund balance	• Statement of net assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or sooner thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the city's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The City has three kinds of funds:

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

City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

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

Table A-1

City of Hopewell, Virginia
Summary of Net Assets
As of June 30, 2008

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2007	2008	2007	2008	2007	2008	2007-2008
Current and other assets	$ 38,586,022	$ 31,596,520	$ 23,470,277	$ 24,462,739	$ 62,056,299	$ 56,059,259	-9.66%
Capital assets	40,162,170	40,365,162	14,201,382	12,114,108	54,363,552	52,479,270	-3.47%
Total assets	$ 78,748,192	$ 71,961,682	$ 37,671,659	$ 36,576,847	$ 116,419,851	$ 108,538,529	
Other Liabilities	$ 3,285,338	$ 3,304,519	$ 2,233,001	$ 2,422,564	$ 5,518,339	$ 5,727,083	3.78%
Long-term debt outstanding	43,802,438	39,237,854	12,450,961	11,968,883	56,253,399	51,206,737	-8.97%
Total Liabilities	$ 47,087,776	$ 42,542,373	$ 14,683,962	$ 14,391,447	$ 61,771,738	$ 56,933,820	
Net assets-							
Invested in capital assets							
Net of related debt	$ 1,080,979	$ 2,846,179	$ 2,001,382	$ 379,108	$ 3,082,361	$ 3,225,287	4.64%
Restricted	1,238,289	983,265	395,641	395,641	1,633,930	1,378,906	-15.61%
Unrestricted	29,341,148	25,589,865	20,590,674	21,410,651	49,931,822	47,000,516	-5.87%
Total net assets	$ 31,660,416	$ 29,419,309	$ 22,987,697	$ 22,185,400	$ 54,648,113	$ 51,604,709	

Total net assets decreased $2.3 million during the current fiscal year for the City's governmental activities. This decrease 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.

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

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

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

Governmental Activities
Total governmental activities revenues decreased by 1.9 percent over 2007. At the same time, expenditures increased by 10.6 percent over 2007. The combined revenue and expenditures created a decrease in net assets of $1,546,207. Net assets decreased because: property tax collections down due to lower assessment on public services corporations and machinery and tools tax assessments, less sales tax and interest income.

Business-type Activities

Charges for services revenues of the City's business-type activities decreased 1.2 percent, and expenses increased 4.3 percent. Net assets decreased because miscellaneous and interest income decreased. (Refer to Table A-2).

Table A-2

City of Hopewell, Virginia
Changes in Net Assets
As of June 30, 2008

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2007	2008	2007	2008	2007	2008	2007-2008
Revenues							
Program revenues:							
Charges for services	$ 773,609	$ 873,412	$ 16,219,446	$ 16,017,671	$ 16,993,055	$ 16,891,083	-0.60%
Federal/state grants and entitlements	9,801,482	10,433,363	-	33,661	9,801,482	10,467,024	6.79%
General revenues:							
Property taxes	23,466,018	21,003,914	-	-	23,466,018	21,003,914	-10.49%
Other taxes	7,627,538	8,129,734	-	-	7,627,538	8,129,734	6.58%
Other	4,101,731	4,442,496	951,842	843,518	5,053,573	5,286,014	4.60%
Total revenues	$ 45,770,378	$ 44,882,919	$ 17,171,288	$ 16,894,850	$ 62,941,666	$ 61,777,769	
Expenses							
General government	$ 3,375,486	$ 3,355,309	$ -	$ -	$ 3,375,486	$ 3,355,309	-0.60%
Judicial	1,778,649	1,959,936	-	-	1,778,649	1,959,936	10.19%
Public safety	12,332,692	12,594,747	-	-	12,332,692	12,594,747	2.12%
Public works	1,772,710	4,720,713	-	-	1,772,710	4,720,713	166.30%
Health & welfare	5,322,346	5,764,789	-	-	5,322,346	5,764,789	8.31%
Education	12,264,674	12,419,569	-	-	12,264,674	12,419,569	1.26%
Parks, recreation, and cultural	2,342,189	2,893,300	-	-	2,342,189	2,893,300	23.53%
Community development	947,666	1,097,051	-	-	947,666	1,097,051	15.76%
Interest on long-term debt	1,810,935	1,623,712	-	-	1,810,935	1,623,712	-10.34%
Public utilities	-	-	16,961,532	17,697,147	16,961,532	17,697,147	4.34%
Total expenses	$ 41,947,347	$ 46,429,126	$ 16,961,532	$ 17,697,147	$ 58,908,879	$ 64,126,273	
Excess (deficiency) before Special items and transfers	3,823,031	(1,546,207)	209,756	(802,297)	4,032,787	(2,348,504)	
Special item	-	-	-	-	-	-	0.00%
Transfers	-	-	-	-	-	-	0.00%
Increase(decrease) in net assets	3,823,031	(1,546,207)	209,756	(802,297)	4,032,787	(2,348,504)	

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

- The costs of these larger governmental activities represent 76% of the $46.4 million total costs of services.
- However, the amount that our taxpayers paid for these activities was $35.1 million. Some of the costs were paid by:
  —Those who directly benefited from the programs, or
  —Other governments and organizations subsidized certain programs with grants and contributions.
- The city paid for the $35.1 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, 2008

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2007	2008	2007-2008	2007	2008	2007-2008
Public Safety	$ 12,332,692	$ 12,594,747	2.12%	$ 9,570,143	$ 10,083,959	5.37%
Public Works	1,772,710	4,720,713	166.30%	1,088,837	1,763,964	62.00%
Education	12,264,674	12,419,569	1.26%	12,229,104	12,382,331	1.25%
Health & Welfare	5,322,346	5,764,789	8.31%	1,752,553	1,752,553	0.00%
Other	10,254,925	10,929,308	6.58%	6,731,619	9,139,544	35.77%
Total	$ 41,947,347	$ 46,429,126		$ 31,372,256	$ 35,122,351	

FINANCIAL ANALYSIS OF THE CITY'S GENERAL FUND

The City closed this year with its general fund reporting an unrestricted fund balance of $6.6 million, $327,610 less than last year. This decrease resulted from two primary sources: less interest income and lower machinery and tool tax collection.

FINANCIAL ANALYSIS OF THE CITY'S CAPITAL PROJECTS FUND

The City closed this year with its capital projects fund reporting an unrestricted fund balance of $7.5 million, $3.3 less than last year. This decrease resulted from capital expenditures for continued downtown streets enhancements work and debt services requirements.

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 $1.5 million below final budget amounts. The most significant positive budget variance resulted from:

- Public Works Dept. $ 363,170
- Public Safety 534,019
- General Administration 252,789

Resources available for appropriation were $720,801 less than final estimated budgeted amount. As noted previously:

- Revenue from use of money and property were lower
- Machinery and tools taxes were lower
- Revenues from the Commonwealth of Virginia were less.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2008, the City had invested $70 million in a broad range of capital assets, including police and fire equipment, buildings, park facilities, sewer plants, and sewer lines. (See Table A-4). This amount represents a net decrease (including additions and deductions) of $647,520, from last year. Table A-4 includes capital assets reported in the Component Unit School Board.

Table A-4

City of Hopewell, Virginia
Capital Assets net of Depreciation
At June 30, 2008

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2007	2008	2007	2008	2007	2008	2007-2008
Land	$ 6,671,459	$ 7,237,687	$ 313,946	$ 313,946	$ 6,985,405	$ 7,551,633	8.11%
Buildings & improvements	27,499,913	19,699,886	4,000,363	3,709,268	31,500,276	23,409,154	-25.69%
Equipment	1,820,855	3,110,345	9,867,573	7,597,065	11,688,428	10,707,410	-8.39%
Construction in Progress	4,169,943	-	19,500	493,829	4,189,443	493,829	-88.21%
Jointly Owned Assets	15,926,684	27,480,690	-	-	15,926,684	27,480,690	72.54%
Total	$ 56,088,854	$ 57,528,608	$ 14,201,382	$ 12,114,108	$ 70,290,236	$ 69,642,716	

This year's major capital asset additions included:

- Major downtown streets enhancement project
- Roof replacement on high school.

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

The City's fiscal year 2009 capital projects budget is $5.7 million of which $3.0 million is for debt service.

LONG-TERM DEBT

At year-end the City had $37.9 million in G O bonds and literary loans outstanding—a decrease of 10.2 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, 2008

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2007	2008	2007	2008	2007	2008	2007-2008
General obligation bonds	$ 34,814,452	$ 31,342,111	$ -	$ -	$ 34,814,452	$ 31,342,111	-9.97%
Literary loans	7,390,000	6,559,000	-	-	7,390,000	6,559,000	-11.24%
Revenue bonds	-	-	12,200,000	11,735,000	12,200,000	11,735,000	-3.81%
Total	$ 42,204,452	$ 37,901,111	$ 12,200,000	$ 11,735,000	$ 54,404,452	$ 49,636,111	

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Unemployment in the City at June 30, 2008 stood at 6.3 percent versus 4.5 percent a year ago.
- Inflation in the tri-cities metropolitan areas continues to track the national consumer price index due in part to the residential housing market and to lower energy costs.
  —The South-urban, all items, 1982-84 base CPI index change was 5.3 percent for June, 2008.
  —The U. S city average, all items, 1982-84 base CPI index change was 5.0 percent for June, 2008.

These indicators and other goals were taken into account when adopting the general fund budget for 2009. Amounts available for appropriation in the general fund budget are $41.2 million, with $600,000 appropriated from surplus for an increase of 2.2 percent. Property taxes and public service taxes are expected to lead this increase.

Budgeted expenditures are expected to rise to $41.2 million. The largest increments are increased wages and health insurance contributions.

It is estimated that the City's general fund balance will decrease at the close of 2009 as the result of certain one-time payments: $400,000 transfer to state of budget reductions, $550,000 in business license refunds and $572,691 to fund the first year GASB 45 OPEB benefits. As for the City's business-type activities, we expect the 2009 results to improve the financial position in a modest amount.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Exhibit 1

City of Hopewell, Virginia
Statement of Net Assets
June 30, 2008

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-type Activities	Total	School Board	Comprehensive Services Act Board
ASSETS					
Cash and investments	$ 26,104,447	$ 22,053,355	$ 48,157,802	$ 6,285,532	$ -
Receivables (net of allowance for uncollectibles):					
Taxes receivable	2,767,938	-	2,767,938	-	-
Accounts receivable	397,760	951,209	1,348,969	99,992	-
Interest receivable	-	59,420	59,420	-	-
Due from other governmental units	1,253,104	-	1,253,104	1,041,496	656,850
Inventories	92,295	1,003,114	1,095,409	53,127	-
Prepaid expenses	4,232	-	4,232	-	-
Restricted assets:					
Temporarily restricted:					
Cash and investments (in custody of others)	382,128	395,641	777,769	-	-
Other assets:					
Unamortized bond issue costs	594,616	-	594,616	-	-
Capital assets (net of accumulated depreciation):					
Land	6,838,959	313,946	7,152,905	398,728	-
Buildings and system	31,842,997	1,867,458	33,710,455	15,337,579	-
Machinery and equipment	1,683,206	7,597,065	9,280,271	1,427,139	-
Sewer main improvements	-	1,841,810	1,841,810	-	-
Construction in progress	-	493,829	493,829	-	-
Total assets	$ 71,961,682	$ 36,576,847	$ 108,538,529	$ 24,643,593	$ 656,850
LIABILITIES					
Accounts payable	$ 1,198,825	1,139,199	$ 2,338,024	$ 176,169	295,877
Accrued liabilities	703,936	1,168,294	1,872,230	3,898,844	2,226
Retainage payable	202,844	-	202,844	-	-
Accrued interest payable	272,419	-	272,419	-	-
Due to other governmental units	-	-	-	-	357,128
Unearned revenue	926,495	115,071	1,041,566	79,479	-
Long-term liabilities:					
Due within one year	3,845,166	656,997	4,502,163	254,401	-
Due in more than one year	35,392,688	11,311,886	46,704,574	508,803	-
Total liabilities	$ 42,542,373	$ 14,391,447	$ 56,933,820	$ 4,917,696	$ 655,231
NET ASSETS					
Invested in capital assets, net of related debt	$ 2,846,179	$ 379,108	$ 3,225,287	$ 17,163,446	$ -
Restricted for:					
Debt service and bond covenants	-	395,641	395,641	-	-
Perpetual care:					
Expendable	983,265	-	983,265	-	-
Unrestricted (deficit)	25,589,865	21,410,651	47,000,516	2,562,451	1,619
Total net assets	$ 29,419,309	$ 22,185,400	$ 51,604,709	$ 19,725,897	$ 1,619

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, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: School Board	Component Units: Comprehensive Services Act Board
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	$ 3,355,309	$ 201,555	$ 292,417	$ -	$ (2,861,337)	$ -	$ (2,861,337)	$ -	$ -
Judicial administration	1,959,936	200,543	837,221	-	(922,172)	-	(922,172)	-	-
Public safety	12,594,747	293,746	2,217,042	-	(10,083,959)	-	(10,083,959)	-	-
Public works	4,720,713	-	2,956,749	-	(1,763,964)	-	(1,763,964)	-	-
Health and welfare	5,764,789	-	3,825,737	-	(1,939,052)	-	(1,939,052)	-	-
Education	12,419,569	-	37,238	-	(12,382,331)	-	(12,382,331)	-	-
Parks, recreation, and cultural	2,893,300	177,568	4,150	-	(2,711,582)	-	(2,711,582)	-	-
Community development	1,097,051	-	-	262,809	(834,242)	-	(834,242)	-	-
Interest on long-term debt	1,623,712	-	-	-	(1,623,712)	-	(1,623,712)	-	-
Total governmental activities	$ 46,429,126	$ 873,412	$ 10,170,554	$ 262,809	$ (35,122,351)	$ -	$ (35,122,351)	$ -	$ -
Business-type activities:									
Public utilities	$ 17,697,147	$ 16,017,671	$ 33,661	$ -	$ -	$ (1,645,815)	$ (1,645,815)	$ -	$ -
Total business-type activities	$ 17,697,147	$ 16,017,671	$ 33,661	$ -	$ -	$ (1,645,815)	$ (1,645,815)	$ -	$ -
Total primary government	$ 64,126,273	$ 16,891,083	$ 10,204,215	$ 262,809	$ (35,122,351)	$ (1,645,815)	$ (36,768,166)	$ -	$ -
COMPONENT UNITS:									
School Board	$ 41,605,371	$ 938,554	30,141,933	$ -	$ -	$ -	$ -	$ (10,524,884)	$ -
Comprehensive Services Act Board	2,665,640	-	1,803,627	-	-	-	-	-	(862,013)
Total component units	$ 44,271,011	$ 938,554	$ 31,945,560	$ -	$ -	$ -	$ -	$ (10,524,884)	$ (862,013)
General revenues:									
General property taxes					$ 21,003,914	$ -	$ 21,003,914	$ -	$ -
Local sales tax					1,872,972	-	1,872,972	-	-
Business license tax					1,621,535	-	1,621,535	-	-
Consumer's utility tax					665,210	-	665,210	-	-
Restaurant food taxes					1,604,238	-	1,604,238	-	-
Other local taxes					2,365,779	-	2,365,779	-	-
Unrestricted revenues from use of money and property					1,407,833	843,518	2,251,351	77,558	-
Miscellaneous					266,593	-	266,593	117,767	56,060
Grants and contributions not restricted to specific programs					1,768,070	-	1,768,070	-	-
Payment from the City of Hopewell					-	-	-	11,562,348	805,953
Gain on disposal of capital assets					1,000,000	-	1,000,000	-	-
Total general revenues					$ 33,576,144	$ 843,518	$ 34,419,662	$ 11,757,673	$ 862,013
Change in net assets					$ (1,546,207)	$ (802,297)	$ (2,348,504)	$ 1,232,789	$ -
Net assets - beginning - as adjusted					30,965,516	22,987,697	53,953,213	18,493,108	1,619
Net assets - ending					$ 29,419,309	$ 22,185,400	$ 51,604,709	$ 19,725,897	$ 1,619

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

Fund Financial Statements

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Exhibit 3

City of Hopewell, Virginia
Balance Sheet
Governmental Funds
June 30, 2008

	General	Virginia Public Assistance	Capital Projects	Other Governmental Funds	Total
ASSETS					
Cash and investments	$ 12,654,164	$ -	$ 13,118,258	$ 332,025	$ 26,104,447
Receivables (net of allowance for uncollectibles):					
Taxes receivable	2,767,938	-	-	-	2,767,938
Accounts receivable	202,355	5,043	190,111	251	397,760
Due from other funds	136,569	-	-	-	136,569
Due from other governmental units	961,775	291,329	-	-	1,253,104
Inventories	92,295	-	-	-	92,295
Prepaid items	4,232	-	-	-	4,232
Restricted assets:					
Temporarily restricted:					
Cash and investments	-	-	382,128	-	382,128
Total assets	$ 16,819,328	$ 296,372	$ 13,690,497	$ 332,276	$ 31,138,473
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 1,089,370	$ 7,191	$ 56,183	$ 46,081	$ 1,198,825
Accrued liabilities	505,074	64,650	-	134,212	703,936
Retainage payable	-	-	202,844	-	202,844
Due to other funds	-	136,569	-	-	136,569
Deferred revenue	3,410,913	-	4,712	-	3,415,625
Total liabilities	$ 5,005,357	$ 208,410	$ 263,739	$ 180,293	$ 5,657,799
Fund balances:					
Reserved for:					
Inventories	$ 92,295	$ -	$ -	$ -	$ 92,295
Prepaid items	4,232	-	-	-	4,232
Encumbrances	225,593	-	1,105,503	11,135	1,342,231
Perpetual care	983,265	-	-	-	983,265
Unreserved:					
Designated:					
Bond coverage reserve	-	-	4,500,000	-	4,500,000
Tourism office	55,218	-	-	-	55,218
Beautification of perpetual care	280,824	-	-	-	280,824
Fire department equipment	735,787	-	-	-	735,787
Self insurance	2,659,442	-	-	-	2,659,442
Youth Care Commission	144,946	-	-	-	144,946
Designated capital projects	-	-	318,002	-	318,002
Undesignated:					
General fund	6,632,369	-	-	-	6,632,369
Special revenue funds	-	87,962	-	140,848	228,810
Capital projects funds	-	-	7,503,253	-	7,503,253
Total fund balances	$ 11,813,971	$ 87,962	$ 13,426,758	$ 151,983	$ 25,480,674
Total liabilities and fund balances	$ 16,819,328	$ 296,372	$ 13,690,497	$ 332,276	$ 31,138,473

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

Exhibit 4

City of Hopewell, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2008

Amounts reported for governmental activities in the statement of net assets are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 25,480,674
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		40,365,162
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Deferred revenue	$ 2,489,130	
Unamortized bond issue costs	594,616	3,083,746
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	$ (31,342,111)	
State literary fund loans payable	(6,559,000)	
Landfill closure liability	(401,314)	
Accrued interest payable	(272,419)	
Compensated absences	(935,429)	(39,510,273)
Net assets of governmental activities		$ 29,419,309

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

Exhibit 5

City of Hopewell, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General	Virginia Public Assistance	Capital Projects	Other Governmental Funds	Total
REVENUES					
General property taxes	$ 22,641,265	$ -	$ -	$ -	$ 22,641,265
Other local taxes	5,923,616	-	2,206,118	-	8,129,734
Permits, privilege fees, and regulatory licenses	206,454	-	-	-	206,454
Fines and forfeitures	155,217	-	-	-	155,217
Revenue from the use of money and property	456,479	-	825,176	126,178	1,407,833
Charges for services	334,173	-	-	177,568	511,741
Miscellaneous	97,955	-	137,060	31,578	266,593
Recovered costs	823,000	-	-	-	823,000
Intergovernmental revenues:					
Commonwealth	8,010,637	1,367,161	-	2,978	9,380,776
Federal	172,991	2,384,857	-	262,809	2,820,657
Total revenues	$ 38,821,787	$ 3,752,018	$ 3,168,354	$ 601,111	$ 46,343,270
EXPENDITURES					
Current:					
General government administration	$ 3,471,465	$ -	$ -	$ -	$ 3,471,465
Judicial administration	1,707,438	-	-	-	1,707,438
Public safety	12,235,866	-	-	-	12,235,866
Public works	4,155,561	-	-	5,618	4,161,179
Health and welfare	1,293,009	4,284,310	-	-	5,577,319
Education	9,146,514	-	1,360,520	-	10,507,034
Parks, recreation, and cultural	546,232	-	-	1,755,806	2,302,038
Community development	838,462	-	-	240,090	1,078,552
Nondepartmental	968,612	-	-	-	968,612
Capital projects	-	-	3,823,661	-	3,823,661
Debt service:					
Principal retirement	1,457,341	-	1,056,000	-	2,513,341
Interest and other fiscal charges	470,074	-	2,505,759	-	2,975,833
Total expenditures	$ 36,290,574	$ 4,284,310	$ 8,745,940	$ 2,001,514	$ 51,322,338
Excess (deficiency) of revenues over (under) expenditures	$ 2,531,213	$ (532,292)	$ (5,577,586)	$ (1,400,403)	$ (4,979,068)
OTHER FINANCING SOURCES (USES)					
Transfers in	$ 393,645	$ 620,254	$ 1,339,039	$ 1,283,955	$ 3,636,893
Transfers out	(3,243,248)	-	(393,645)	-	(3,636,893)
Issuance of refunding bonds	-	-	18,210,000	-	18,210,000
Sale of capital assets	-	-	1,000,000	-	1,000,000
Refunded bonds redeemed	-	-	(20,000,000)	-	(20,000,000)
Total other financing sources (uses)	$ (2,849,603)	$ 620,254	$ 155,394	$ 1,283,955	$ (790,000)
Net change in fund balances	$ (318,390)	$ 87,962	$ (5,422,192)	$ (116,448)	$ (5,769,068)
Fund balances - beginning, as adjusted	12,132,361	-	18,848,950	268,431	31,249,742
Fund balances - ending	$ 11,813,971	$ 87,962	$ 13,426,758	$ 151,983	$ 25,480,674

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

Exhibit 6

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, 2008

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (5,769,068)
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	$ 1,870,380	
Depreciation expense	(1,667,388)	202,992
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(1,637,351)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of long-term debt	$ (18,210,000)	
Capitalization of bond issue costs	594,616	
Amortization of bond premium	259,485	
Principal payments on debt	22,513,341	
Decrease in landfill closure liability	39,583	5,197,025
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
(Increase) decrease in interest payable	$ 498,020	
(Increase) decrease in accrued leave	(37,825)	460,195
Change in net assets of governmental activities		$ (1,546,207)

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

Exhibit 7

City of Hopewell, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-Type Activities - Enterprise Funds			
	Hopewell Regional Wastewater Treatment Facilities Fund	Sewer Service Fund	Solid Waste Fund	Totals
ASSETS				
Current assets:				
Cash and investments	$ 4,187,047	$ 15,712,751	$ 2,153,557	$ 22,053,355
Interest receivable	1,780	55,690	1,950	59,420
Accounts receivable, net of allowances for uncollectibles	218,554	495,414	237,241	951,209
Inventories	1,003,114	-	-	1,003,114
Total current assets	$ 5,410,495	$ 16,263,855	$ 2,392,748	$ 24,067,098
Noncurrent assets:				
Restricted assets:				
Cash and investments	$ 395,641	$ -	$ -	$ 395,641
Total restricted assets	$ 395,641	$ -	$ -	$ 395,641
Capital assets:				
Utility plant in service	$ 9,105,295	$ 501,878	$ -	$ 9,607,173
Land	216,026	97,920	-	313,946
Machinery and equipment	52,490,011	806,368	-	53,296,379
Sewer main improvements	-	5,011,534	-	5,011,534
Construction in progress	493,829	-	-	493,829
Less accumulated depreciation	(52,430,505)	(4,178,248)	-	(56,608,753)
Total capital assets	$ 9,874,656	$ 2,239,452	$ -	$ 12,114,108
Total noncurrent assets	$ 10,270,297	$ 2,239,452	$ -	$ 12,509,749
Total assets	$ 15,680,792	$ 18,503,307	$ 2,392,748	$ 36,576,847
LIABILITIES				
Current liabilities:				
Accounts payable	$ 828,566	$ 89,648	$ 220,985	$ 1,139,199
Accrued liabilities	1,150,745	13,554	3,995	1,168,294
Compensated absences	145,738	21,259	-	166,997
Deferred revenue	97,083	17,988	-	115,071
Bonds payable - current portion	490,000	-	-	490,000
Total current liabilities	$ 2,712,132	$ 142,449	$ 224,980	$ 3,079,561
Noncurrent liabilities:				
Bonds payable - net of current portion	$ 11,245,000	$ -	$ -	$ 11,245,000
Compensated absences	55,599	11,287	-	66,886
Total noncurrent liabilities	$ 11,300,599	$ 11,287	$ -	$ 11,311,886
Total liabilities	$ 14,012,731	$ 153,736	$ 224,980	$ 14,391,447
NET ASSETS				
Invested in capital assets, net of related debt	$ (1,860,344)	$ 2,239,452	$ -	$ 379,108
Restricted for debt service and bond covenants	395,641	-	-	395,641
Unrestricted	3,132,764	16,110,119	2,167,768	21,410,651
Total net assets	$ 1,668,061	$ 18,349,571	$ 2,167,768	$ 22,185,400

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

Exhibit 8

City of Hopewell, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds			
	Hopewell Regional Wastewater Treatment Facilities Fund	Sewer Service Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Charges for services:				
Wastewater treatment revenues	$ 9,860,422	$ -	$ -	$ 9,860,422
Sewer revenues	-	4,101,718	-	4,101,718
Refuse collection	-	-	2,055,531	2,055,531
Total operating revenues	$ 9,860,422	$ 4,101,718	$ 2,055,531	$ 16,017,671
OPERATING EXPENSES				
Personal services	$ 2,713,779	$ 297,115	$ 62,426	$ 3,073,320
Fringe benefits	872,881	107,143	25,417	1,005,441
Contractual services	775,440	1,522,070	1,285,691	3,583,201
Administrative services	93,751	376,074	524,685	994,510
Materials and supplies	299,324	52,964	1,716	354,004
Repairs and maintenance	952,206	929,723	41,367	1,923,296
Utilities	84,950	79,902	7,317	172,169
Fuel	2,178,485	21,352	2,556	2,202,393
Insurance	71,560	17,172	7,397	96,129
Chemicals	754,840	2,750	-	757,590
Miscellaneous	12,194	420	83,628	96,242
Depreciation	2,673,331	160,650	-	2,833,981
Total operating expenses	$ 11,482,741	$ 3,567,335	$ 2,042,200	$ 17,092,276
Operating income (loss)	$ (1,622,319)	$ 534,383	$ 13,331	$ (1,074,605)
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	$ 33,661	$ -	$ -	$ 33,661
Investment earnings	179,528	585,970	78,020	843,518
Interest expense	(604,871)	-	-	(604,871)
Total nonoperating revenues (expenses)	$ (391,682)	$ 585,970	$ 78,020	$ 272,308
Income before contributions and transfers	$ (2,014,001)	$ 1,120,353	$ 91,351	$ (802,297)
Total net assets - beginning	3,682,062	17,229,218	2,076,417	22,987,697
Total net assets - ending	$ 1,668,061	$ 18,349,571	$ 2,167,768	$ 22,185,400

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

Exhibit 9

City of Hopewell, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds			
	Hopewell Regional Wastewater Treatment Facilities Fund	Sewer Service Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 9,556,759	$ 4,223,866	$ 2,008,632	$ 15,789,257
Payments to suppliers	(4,974,383)	(3,126,936)	(1,747,099)	(9,848,418)
Payments to employees	(3,603,992)	(404,004)	(87,843)	(4,095,839)
Net cash provided (used) by operating activities	$ 978,384	$ 692,926	$ 173,690	$ 1,845,000
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental revenue	$ 33,661	$ -	$ -	$ 33,661
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Additions to utility plant	$ (719,760)	$ (26,947)	$ -	$ (746,707)
Principal payments on bonds	(465,000)	-	-	(465,000)
Interest payments	(604,871)	-	-	(604,871)
Net cash provided (used) by capital and related financing activities	$ (1,789,631)	$ (26,947)	$ -	$ (1,816,578)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	$ 182,723	$ 616,514	$ 78,989	$ 878,226
Net cash provided (used) by investing activities	$ 182,723	$ 616,514	$ 78,989	$ 878,226
Net increase (decrease) in cash and cash equivalents	$ (594,863)	$ 1,282,493	$ 252,679	$ 940,309
Cash and cash equivalents - beginning - including restricted	$ 5,177,551	$ 14,430,258	$ 1,900,878	$ 21,508,687
Cash and cash equivalents - ending - including restricted	$ 4,582,688	$ 15,712,751	$ 2,153,557	$ 22,448,996
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ (1,622,319)	$ 534,383	$ 13,331	$ (1,074,605)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	$ 2,673,331	$ 160,650	$ -	$ 2,833,981
(Increase) decrease in accounts receivable	(106,729)	104,160	(46,899)	(49,468)
(Increase) decrease in inventories	(37,393)	-	-	(37,393)
Increase (decrease) in accounts payable and accrued liabilities	268,428	(124,255)	207,258	351,431
Increase (decrease) in deferred revenue	(196,934)	17,988	-	(178,946)
Total adjustments	$ 2,600,703	$ 158,543	$ 160,359	$ 2,919,605
Net cash provided (used) by operating activities	$ 978,384	$ 692,926	$ 173,690	$ 1,845,000

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

Exhibit 10

City of Hopewell, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 25,939
Total assets	$ 25,939
LIABILITIES	
Amounts held for social services clients	$ 25,939
Total liabilities	$ 25,939

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

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.

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, 2008.

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, 2008.

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, 2008. 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 $522,932 to the Library for fiscal 2008. 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 Region, a regional economic development organization. The City provided funding of $101,379 and $29,620, respectively, during fiscal 2008 to these entities. The City also participates with six other localities in the Crater Youth Care Commission and provided funding in the amount of $272,272.

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, 2008 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.

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

F. Investments

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

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $2,551,128 at June 30, 2008 is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

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

H. Capital Assets

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

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

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, 2008 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.

Assets	Years
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 and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Prepaid Items

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

P. Inventory

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

Note 2—Stewardship, Compliance, and Accounting:

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

1. The City Charter requires the City Manager to submit to the City Council an annual budget for the ensuing fiscal year at least 60 days prior to the beginning of such fiscal year.

2. A public hearing on the budget is held after a synopsis of the budget is published in a local newspaper of general circulation. After a public hearing, the City Council may change any item in the budget (other than debt service or items required by law). A budget resolution must be adopted by the City Council prior to June 30 or as soon thereafter as is practicable.

3. The City utilizes the budget resolution as a budgetary control whereby City Council adopts budgets for estimated revenues and expenditures on a departmental basis for the General Fund and Special Revenue Funds. Capital Projects Funds are budgeted on a project-length basis. Adopted budgets may be amended or superseded by action of City Council.

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, 2008.

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, 2008.

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).

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The City's rated debt investments as of June 30, 2008 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	$ -	$ 19,279,933	$ -	$ -	$ -	$ -	$ -
Virginia State Non-Arbitrage Pool	-	501,481	-	-	-	-	-
Municipal/Public Bonds	1,868,626	-	-	-	-	-	200,450
Corporate Bonds	149,876	-	251,125	346,886	1,363,720	-	-
Certificate of Deposit	-	-	-	-	150,365	-	-
Commercial Paper	-	-	-	-	-	273,987	198,804
Repurchase Agreements - Underlying:							
U.S. Agency Securities	798,906	-	-	-	-	-	6,251,687
Commercial Paper	-	-	-	-	-	7,063,827	-
Certificate of Deposit	-	-	-	-	-	699,845	-
Total	$ 2,817,408	$ 19,781,414	$ 251,125	$ 346,886	$ 1,514,085	$ 8,037,659	$ 6,650,941

Interest Rate Risk

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

Investment Maturities (in years)

Investment Type	Fair Value	Less Than 1 Year	1-5 Years
Municipal/Public Bonds	$ 2,069,076	$ 1,558,919	$ 510,157
Corporate Debt	2,111,607	1,802,087	309,520
Certificate of Deposit	150,365	150,365	-
Commercial paper	472,791	472,791	-
Repurchase Agreements - Underlying:			
U.S. Agency Securities	7,050,593	7,050,593	-
Certificate of Deposit	699,845	699,845	-
Commercial paper	7,063,827	7,063,827	-
Total	$ 19,618,104	$ 18,798,427	$ 819,677

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.

Note 4—Due from Other Governments:

At June 30, 2008, the City had receivables from other governments as follows:

	Primary Government	Component Unit School Board	Component Unit Comprehensive Services Act Board
Other Local Governments:			
City of Hopewell Comprehensive Services Act Board	$ 357,128	$ -	$ -
Commonwealth of Virginia:			
Local sales tax	299,156	-	-
Communications tax	155,498	-	-
VPA funds	110,165	-	-
State Sales Tax	-	574,690	-
Constitutional officer reimbursements	103,467	-	-
Miscellaneous grants	46,526	-	-
Comprehensive service	-	-	656,850
Federal Government:			
School fund grants	-	466,806	-
VPA funds	181,164	-	-
Total due from other governments	$ 1,253,104	$ 1,041,496	$ 656,850

Amounts due to other governments are as follows:

Other Local Governnments:			
City of Hopewell	$ -	$ -	$ 357,128

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Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables and payables as of June 30, 2008 are as follows:

Fund	Interfund Receivable	Interfund Payable
General	$ 136,569	$ -
Virginia Public Assistance	-	136,569
	$ 136,569	$ 136,569

Details of the Component Unit School Board's interfund receivables and payables as of June 30, 2008 are as follows:

Fund	Interfund Receivable	Interfund Payable
Building and Bus Replacement	$ 404,014	$ -
School Operating	-	404,014
	$ 404,014	$ 404,014

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.

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2008:

Primary Government:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Governmental activities:				
Capital assets not subject to depreciation:				
Land	$ 6,671,459	$ 167,500	$ -	$ 6,838,959
Construction in progress (includes infrastructure)	4,169,943	-	4,169,943	-
Total capital assets not subject to depreciation	$ 10,841,402	$ 167,500	$ 4,169,943	$ 6,838,959
Capital assets subject to depreciation:				
Buildings and system	$ 24,304,034	$ 6,557,749	$ -	$ 30,861,783
Machinery and equipment	6,565,826	389,569	294,316	6,661,079
Jointly owned assets	18,161,872	-	1,543,628	16,618,244
Total capital assets being depreciated	$ 49,031,732	$ 6,947,318	$ 1,837,944	$ 54,141,106
Less accumulated depreciation for:				
Buildings and system	$ (10,404,572)	$ (757,325)	$ -	$ (11,161,897)
Machinery and equipment	(4,744,971)	(527,218)	(294,316)	(4,977,873)
Jointly owned assets	(4,561,421)	(382,845)	(469,133)	(4,475,133)
Total accumulated depreciation	$ (19,710,964)	$ (1,667,388)	$ (763,449)	$ (20,614,903)
Total capital assets being depreciated, net	$ 29,320,768	$ 5,279,930	$ 1,074,495	$ 33,526,203
Governmental capital assets, net	$ 40,162,170	$ 5,447,430	$ 5,244,438	$ 40,365,162

Component Unit - School Board:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Governmental activities:				
Capital assets not subject to depreciation:				
Land	$ 398,728	$ -	$ -	$ 398,728
Capital assets subject to depreciation:				
Machinery and equipment	$ 3,024,025	$ 425,801	$ 129,771	$ 3,320,055
Jointly owned assets	19,039,796	1,950,180	-	20,989,976
Total capital assets being depreciated	$ 22,063,821	$ 2,375,981	$ 129,771	$ 24,310,031
Less accumulated depreciation for:				
Machinery and equipment	$ (1,753,953)	$ (268,734)	$ (129,771)	$ (1,892,916)
Jointly owned assets	(4,781,912)	(401,352)	469,133	(5,652,397)
Total accumulated depreciation	$ (6,535,865)	$ (670,086)	$ 339,362	$ (7,545,313)
Total capital assets being depreciated, net	$ 15,527,956	$ 1,705,895	$ 469,133	$ 16,764,718
Governmental capital assets, net	$ 15,926,684	$ 1,705,895	$ 469,133	$ 17,163,446

Note 6—Capital Assets: (Continued)

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

Governmental activities:		
General government	$	271,896
Judicial administration		212,201
Public safety		406,249
Public works		117,409
Health and welfare		36,218
Education		382,845
Parks, recreation and cultural		240,570
Total Governmental activities	$	1,667,388
Enterprise activities:		
Hopewell Regional Wastewater Treatment Facilities	$	2,673,331
Sewer		160,650
Total Enterprise activities	$	2,833,981
Component Unit School Board	$	670,086

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, 2008, is that school financed assets in the amount of $12,143,111 are reported in the Primary Government for financial reporting purposes

Note 6—Capital Assets: (Continued)

A summary of changes in proprietary fund property, plant, and equipment for the year ended June 30, 2008 follows:

Primary Government:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Enterprise activities:				
Sewer Service Fund:				
Capital assets not subject to depreciation:				
Land	$ 97,920	$ -	$ -	$ 97,920
Capital assets subject to depreciation:				
Utility plant in service	$ 501,878	$ -	$ -	$ 501,878
Machinery and equipment	779,421	26,947	-	806,368
Sewer main improvements	5,011,534	-	-	5,011,534
Total capital assets being depreciated	$ 6,292,833	$ 26,947	$ -	$ 6,319,780
Less accumulated depreciation for:				
Utility plant in service	$ (453,249)	$ (8,066)	$ -	$ (461,315)
Machinery and equipment	(510,978)	(36,231)	-	(547,209)
Sewer main improvements	(3,053,371)	(116,353)	-	(3,169,724)
Total accumulated depreciation	$ (4,017,598)	$ (160,650)	$ -	$ (4,178,248)
Total capital assets being depreciated, net	$ 2,275,235	$ (133,703)	$ -	$ 2,141,532
Enterprise capital assets, net	$ 2,373,155	$ (133,703)	$ -	$ 2,239,452
Hopewell Regional Wastewater Treatment Facilities Fund:				
Capital assets not subject to depreciation:				
Land	$ 216,026	$ -	$ -	$ 216,026
Construction in progress	19,500	493,829	19,500	493,829
Total capital assets not subject to depreciation	$ 235,526	$ 493,829	$ 19,500	$ 709,855
Capital assets subject to depreciation:				
Utility plant in service	$ 9,107,100	$ -	$ 1,805	$ 9,105,295
Machinery and equipment	52,434,773	261,699	206,461	52,490,011
Total capital assets being depreciated	$ 61,541,873	$ 261,699	$ 208,266	$ 61,595,306
Less accumulated depreciation for:				
Utility plant in service	$ (7,113,529)	$ (164,871)	$ -	$ (7,278,400)
Machinery and equipment	(42,835,643)	(2,508,460)	(191,998)	(45,152,105)
Total accumulated depreciation	$ (49,949,172)	$ (2,673,331)	$ (191,998)	$ (52,430,505)
Total capital assets being depreciated, net	$ 11,592,701	$ (2,411,632)	$ 16,268	$ 9,164,801
Enterprise capital assets, net	$ 11,828,227	$ (1,917,803)	$ 35,768	$ 9,874,656

Note 7– Interfund Transfers:

Interfund transfers for the year ended June 30, 2008 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ 393,645	$ 3,243,248
Capital Projects	1,339,039	393,645
Virginia Public Assistance	620,254	-
Recreation	1,283,955	-
Total	$ 3,636,893	$ 3,636,893

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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Note 8—Long-Term Obligations:

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

Primary Government:

	Amounts Payable at July 1, 2007	Increases	Decreases	Amounts Payable at June 30, 2008	Amounts Due Within One Year
Governmental Obligations:					
Incurred by City					
Claims, judgments and compensated absences payable	$ 897,604	$ 37,825	$ -	$ 935,429	$ 93,543
General obligation bonds	28,604,000	18,210,000	21,056,000	25,758,000	2,279,000
Add deferred amounts:					
For issuance premium	259,485	-	259,485	-	-
Landfill closure liability	440,897	9,406	48,989	401,314	100,328
Total incurred by City	$ 30,201,986	$ 18,257,231	$ 21,364,474	$ 27,094,743	$ 2,472,871
Incurred by School Board:					
State Literary Fund Loans payable	$ 7,390,000	$ -	$ 831,000	$ 6,559,000	$ 737,700
General obligation bonds payable	6,210,452	-	626,341	5,584,111	634,595
Total incurred by School Board	$ 13,600,452	$ -	$ 1,457,341	$ 12,143,111	$ 1,372,295
Total Governmental Obligations	$ 43,802,438	$ 18,257,231	$ 22,821,815	$ 39,237,854	$ 3,845,166
Enterprise Obligations:					
Claims, judgments and compensated absences payable	$ 250,961	$ -	$ 17,078	$ 233,883	$ 166,997
Revenue bonds payable	12,200,000	-	465,000	11,735,000	490,000
Total Enterprise Obligations	$ 12,450,961	$ -	$ 482,078	$ 11,968,883	$ 656,997

The City issued Series 2008A and B public improvement general obligation bonds in the amount of $18,210,000 to be used with other City funds to refund the balance due on Series 2004A and B public improvement general obligation bonds. There was no economic gain or loss on this transaction.

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

	City Obligations	
Year Ending June 30	General Obligation Bonds Payable	
	Principal	Interest
2009	$ 2,279,000	$ 798,952
2010	1,079,000	1,099,389
2011	1,103,000	1,052,566
2012	1,133,000	1,005,927
2013	1,019,000	947,214
2014	1,065,000	913,796
2015	1,116,000	864,707
2016	1,163,000	813,921
2017	786,000	769,917
2018	535,000	733,701
2019	560,000	709,686
2020	590,000	681,616
2021	615,000	649,910
2022	650,000	618,805
2023	680,000	588,040
2024	710,000	555,307
2025	745,000	520,528
2026	785,000	483,521
2027	825,000	444,225
2028	865,000	402,525
2029	910,000	358,322
2030	955,000	311,372
2031	1,005,000	261,541
2032	1,060,000	208,975
2033	1,115,000	153,515
2034	1,175,000	95,047
2035	1,235,000	32,517
Total	$ 25,758,000	$ 16,075,542

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

	School Obligations			
Year Ending June 30	State Literary Fund Loans		General Obligation Bonds Payable	
	Principal	Interest	Principal	Interest
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	$ 6,559,000	$ 830,485	$ 5,584,111	$ 1,827,248

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

	Enterprise Obligations	
	Revenue Bonds Payable	
Year Ending June 30	Principal	Interest
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	$ 11,735,000	$ 5,527,048

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%	$ 1,485,000
$4,500,000 obligation payable in various annual installments through July 15, 2015, interest payable semi-annually at 4.05% - 5.10%	2,775,000
$13,730,000 general obligation public improvement bonds series 2008A, payable in various annual installments through July 15, 2034, interest payable semi-annually at 4.63%.	13,730,000
$4,480,000 general obligation public improvement bonds series 2008B, payable in various annual installments through July 15, 2034, interest payable semi-annually at 5.25%	4,480,000
$2,751,000 general obligation public improvement bond, series 2002, payable in various annual installments through May 1, 2017, interest payable semi-annually at 4.16% -5.87%	2,074,000
$1,214,000 obligation payable, interest payable semi-annually through July 19, 2009 at 6.64%, principal balloon payment due on July 19, 2009	1,214,000
Total General Obligation Bonds	$ 25,758,000
Landfill closure liability	$ 401,314
Compensated absences (Payable from the General Fund)	$ 935,429
Total Incurred by City	$ 27,094,743

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Incurred by School Board:

State Literary Fund Loans:

$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%	$ 525,000
$1,760,000 State Literary Fund Loan issued February 13, 1990, due in annual principal installments of $88,500 through 2010; interest payable annually at 3%	167,000
$209,000 State Literary Fund Loan issued September 26, 1997, due in annual principal installments of $10,450 through 2017; interest payable at 2%	104,500
$939,000 State Literary Fund Loan issued September 26, 1997, due in annual installments of $46,950 through 2017; interest payable annually at 2%	469,500
$239,000 State Literary Fund Loan issued September 26, 1997, due in annual principal installments of $11,950 through 2017; interest payable annually at 2%	119,500
$597,000 State Literary Fund Loan issued September 26, 1997, due in annual principal installments of $29,850 through 2017; interest payable annually at 2%	298,500
$7,500,000 State Literary Fund Loan issued May 15, 2001, due in annual principal installments of $375,000 through 2021; interest payable annually at 2%	4,875,000
Total State Literary Fund Loans	$ 6,559,000

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of 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 2013; interest payable annually at varying rates 4.90% - 6.30%	$ 847,744
$2,285,000 Virginia Public Authority Subsidy Bonds issued in 1994, due in annual installments of varying amounts through 2012; interest payable annually at varying rates 6.35% - 7.90%	245,000
$4,862,705 Virginia Public Authority Subsidy Bonds issued in 2001, due in annual installments of varying amounts through 2022; interest payable annually at varying rates 3.10% - 5.10%	3,610,211
$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%	791,156
$1,020,000 General Obligation Bonds issued in 1989, due in annual installments of varying amounts through 2009; interest payable annually at 6.40%	90,000
Total Virginia Public Authority and Other Bonds	$ 5,584,111
Total Incurred by School Board	$ 12,143,111

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of 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%	$ 8,030,000
$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%	3,705,000
Total revenue bond obligations	$ 11,735,000
Compensated absences (Payable from the Enterprise Funds)	$ 233,883
Total enterprise obligations	$ 11,968,883

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, 2008:

	Amounts Payable at July 1, 2007	Increases	Decreases	Amounts Payable at June 30, 2008	Amounts Due Within one year
Compensated absences payable	$ 710,782	$ 96,977	$ 44,555	$ 763,204	$ 254,401

Details of Long-Term Indebtedness:	
Compensated Absences (Payable from the School Fund)	$ 763,204

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

Note 9—Landfill Post closure Costs:

In October 1993, the City discontinued accepting solid waste at its landfill. In conjunction with the closing of the landfill, an environmental engineering firm was engaged to devise a closure plan in accordance with federal and state regulations. During fiscal year 2002, the City received a closing permit and is now responsible for maintaining the site for the next four years. Total estimated costs of maintaining the site for this period is $401,314. 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 $3,415,625 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled $2,485,844 at June 30, 2008.

Prepaid Property Taxes and other Revenue: Property taxes due subsequent to June 30, 2008, but paid in advance by the tax payers totaled $704,368 at June 30, 2008. Deferred revenue representing unspent grants and donation funds totaled $222,127 at June 30, 2008.

Deferred Other Tax Revenue: Deferred revenue representing uncollected other tax billings not available for funding of current expenditures totaled $3,286 at June 30, 2008.

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, 2008:

Fund	Project	Contractor	Amount of Contract	Contract Outstanding at June 30, 2008
Capital projects	Downtown streetscape enhancement	Messer Contracting, LLC	$ 4,795,519	$ 700,000

Note 12—Litigation:

At June 30, 2008, 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, 2008, the City has designated fund balance of $2,659,442 to pay future insurance claims, if any. Changes in the reported liability since July 1, 2000 resulted from the following:

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

Note 14—Defined Benefit Pension Plan:

A. Plan Description

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

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% to sheriffs and if the employer elects, to other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at http://www.varetire.org/Pdf/publications/2007AnnuRept.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 annual salary 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 their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City and School Board's non-professional employee contribution rates for the fiscal year ended 2008 were 9.79% and 13.02% of annual covered payroll, respectively.

The School Board's professional employees contributed $2,160,844, $1,835,826, and $1,273,264 to the teacher cost-sharing pool for the fiscal years ended June 30, 2008, 2007, and 2006 respectively and these contributions represented 10.30%, 9.20%, and 6.62% respectively, of current covered payroll.

Note 14—Defined Benefit Pension Plan (Continued):

C. Annual Pension Cost

For fiscal year 2008, the City's annual pension cost of $1,423,442 was equal to the City's required and actual contributions.

For fiscal year 2008, the City School Board's annual pension cost for the Board's non-professional employees was $206,148 which was equal to the Board's required and actual contributions.

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

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
City:			
June 30, 2008	$ 1,423,442	100%	$ -
June 30, 2007	1,342,859	100%	-
June 30, 2006	1,142,443	100%	-
School Board:			
Non-Professional:			
June 30, 2008	$ 206,148	100%	$ -
June 30, 2006	203,932	100%	-
June 30, 2005	134,144	100%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.50% to 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the City's assets is equal to the modified market value assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 21 years.

Note 14–Defined Benefit Pension Plan (Continued):

D. Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the City plan was 92.17% funded. The actuarial accrued liability for benefits was $72,502,252, and the actuarial value of assets was $66,825,420 resulting in an unfunded actuarial accrued liability (UAAL) of $5,676,832. The covered payroll (annual payroll of active employees covered by the plan) was $13,811,548 and ratio of the UAAL to the covered payroll was 41.10%.

As of June 30, 2007, the most recent actuarial valuation date, the School Board Non-Professional plan was 86.20% funded. The actuarial accrued liability for benefits was $6,447,680, and the actuarial value of assets was $5,557,639, resulting in an unfunded actuarial accrued liability (UAAL) of $890,041. The covered payroll (annual payroll of active employees covered by the plan) was $1,588,006 and ratio of the UAAL to the covered payroll was 56.05%.

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

Note 15–Surety Bonds:

The following Surety bonds are maintained by the City:

		Amount
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 2008, 121 persons were enrolled in the program and the cost to the City was $486,894.

Note 17–Adjustment to Beginning Fund Balance and Net Assets:

The following adjustments were made to beginning fund balance and net assets:

	Governmental Funds- General Fund	Governmental Activities
Fund balance and net assets as previously reported at June 30, 2007	$ 12,827,261	$ 31,660,416
Adjustment to recognize prior year prepaid real estate tax revenue in the appropriate fiscal year	(694,900)	(694,900)
Fund balance and net assets as adjusted at July 1, 2007	$ 12,132,361	$ 30,965,516

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Required Supplementary Information

Note to Required Supplementary Information:

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

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Exhibit 11

City of Hopewell, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 23,108,905	$ 23,206,905	$ 22,641,265	$ (565,640)
Other local taxes	6,060,197	5,923,638	5,923,616	(22)
Permits, privilege fees, and regulatory licenses	119,650	179,650	206,454	26,804
Fines and forfeitures	110,800	72,000	155,217	83,217
Revenue from the use of money and property	606,200	606,200	456,479	(149,721)
Charges for services	312,130	312,130	334,173	22,043
Miscellaneous	129,680	119,833	97,955	(21,878)
Recovered costs	823,000	823,000	823,000	-
Intergovernmental revenues:				
Commonwealth	7,908,086	8,103,767	8,010,637	(93,130)
Federal	140,000	195,465	172,991	(22,474)
Total revenues	$ 39,318,648	$ 39,542,588	$ 38,821,787	$ (720,801)
EXPENDITURES				
Current:				
General government administration	$ 3,523,140	$ 3,724,254	$ 3,471,465	$ 252,789
Judicial administration	1,533,087	1,783,439	1,707,438	76,001
Public safety	12,155,277	12,769,885	12,235,866	534,019
Public works	4,338,168	4,518,731	4,155,561	363,170
Health and welfare	1,033,548	1,507,046	1,293,009	214,037
Education	9,146,514	9,146,514	9,146,514	-
Parks, recreation, and cultural	546,232	546,232	546,232	-
Community development	959,701	1,064,337	838,462	225,875
Nondepartmental	1,768,426	889,209	968,612	(79,403)
Debt service:				
Principal retirement	1,457,341	1,457,341	1,457,341	-
Interest and other fiscal charges	470,074	470,074	470,074	-
Total expenditures	$ 36,931,508	$ 37,877,062	$ 36,290,574	$ 1,586,488
Excess (deficiency) of revenues over (under) expenditures	$ 2,387,140	$ 1,665,526	$ 2,531,213	$ 865,687
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 393,645	$ 393,645	$ 393,645	$ -
Transfers out	(3,143,248)	(3,249,248)	(3,243,248)	6,000
Total other financing sources and uses	$ (2,749,603)	$ (2,855,603)	$ (2,849,603)	$ 6,000
Net change in fund balances	$ (362,463)	$ (1,190,077)	$ (318,390)	$ 871,687
Fund balances - beginning, as adjusted	362,463	1,243,487	12,132,361	10,888,874
Fund balances - ending	$ -	$ 53,410	$ 11,813,971	$ 11,760,561

Exhibit 12

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, 2008

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Commonwealth	$ 1,248,629	$ 1,572,556	$ 1,367,161	$ (205,395)
Federal	2,738,931	2,484,088	2,384,857	(99,231)
Total revenues	$ 3,987,560	$ 4,056,644	$ 3,752,018	$ (304,626)
EXPENDITURES				
Current:				
Health and welfare	$ 4,607,814	$ 4,676,898	$ 4,284,310	$ 392,588
Total expenditures	$ 4,607,814	$ 4,676,898	$ 4,284,310	$ 392,588
Excess (deficiency) of revenues over (under) expenditures	$ (620,254)	$ (620,254)	$ (532,292)	$ 87,962
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 620,254	$ 620,254	$ 620,254	$ -
Total other financing sources and uses	$ 620,254	$ 620,254	$ 620,254	$ -
Net change in fund balances	$ -	$ -	$ 87,962	$ 87,962
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ 87,962	$ 87,962

Exhibit 13

City of Hopewell, Virginia
Schedule of Pension Funding Progress
For the Year Ended June 30, 2008

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:						
6/30/2007	$ 66,825,420	$ 72,502,252	$ 5,676,832	92.17%	$ 13,811,548	41.10%
6/30/2006	59,832,526	66,044,668	6,212,142	90.59%	13,391,483	46.39%
6/30/2005	56,480,077	64,889,807	8,409,730	87.04%	13,017,627	64.60%
6/30/2004	55,148,704	59,368,261	4,219,557	92.89%	12,385,659	34.07%
6/30/2003	54,702,642	55,989,663	1,287,021	97.70%	12,687,512	10.14%
6/30/2002	54,668,531	53,114,303	(1,554,228)	102.93%	12,792,556	-12.15%
6/30/2001	52,875,793	49,747,009	(3,128,784)	106.29%	12,251,270	-25.54%
6/30/2000	47,984,520	45,594,272	(2,390,248)	105.24%	11,526,891	-20.74%
6/30/1999	41,346,952	43,632,480	2,285,528	94.76%	11,192,061	20.42%
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:						
6/30/2007	$ 5,557,639	$ 6,447,680	$ 890,041	86.20%	$ 1,588,006	56.05%
6/30/2006	4,941,039	6,163,736	1,222,697	80.16%	1,498,902	81.57%
6/30/2005	4,661,894	6,286,427	1,624,533	74.16%	1,529,553	106.21%
6/30/2004	4,593,982	5,380,165	786,183	85.39%	1,456,175	53.99%
6/30/2003	4,593,503	5,210,111	616,608	88.17%	1,431,394	43.08%
6/30/2002	4,645,651	4,958,376	312,725	93.69%	1,424,368	21.96%
6/30/2001	4,555,060	4,633,682	78,622	98.30%	1,349,696	5.83%
6/30/2000	4,168,669	4,217,943	49,274	98.83%	1,202,495	4.10%
6/30/1999	3,650,932	4,294,395	643,463	85.02%	1,209,508	53.20%
6/30/1998	3,201,669	4,371,182	1,169,513	73.24%	1,198,958	97.54%

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OTHER SUPPLEMENTARY INFORMATION

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Exhibit 14

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, 2008

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Other local taxes	$ 2,138,437	$ 2,138,437	$ 2,206,118	$ 67,681
Revenue from the use of money and property	644,000	644,000	825,176	181,176
Miscellaneous	125,000	125,000	137,060	12,060
Total revenues	$ 2,907,437	$ 2,907,437	$ 3,168,354	$ 260,917
EXPENDITURES				
Current:				
Education	$ 1,360,520	$ 1,360,520	$ 1,360,520	$ -
Capital projects	659,500	5,844,663	3,823,661	2,021,002
Debt service:				
Principal retirement	1,155,999	1,056,000	1,056,000	-
Interest and other fiscal charges	1,406,905	1,406,405	2,505,759	(1,099,354)
Total expenditures	$ 4,582,924	$ 9,667,588	$ 8,745,940	$ 921,648
Excess (deficiency) of revenues over (under) expenditures	$ (1,675,487)	$ (6,760,151)	$ (5,577,586)	$ 1,182,565
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 1,309,039	$ 1,339,039	$ 1,339,039	$ -
Transfers out	(393,645)	(393,645)	(393,645)	-
Issuance of refunding bonds	-	-	18,210,000	18,210,000
Sale of capital assets	-	-	1,000,000	1,000,000
Refunded bonds redeemed	-	-	(20,000,000)	(20,000,000)
Total other financing sources and uses	$ 915,394	$ 945,394	$ 155,394	$ (790,000)
Net change in fund balances	$ (760,093)	$ (5,814,757)	$ (5,422,192)	$ 392,565
Fund balances - beginning	760,093	5,814,757	18,848,950	13,034,193
Fund balances - ending	$ -	$ -	$ 13,426,758	$ 13,426,758

Exhibit 15

City of Hopewell, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

	Recreation Fund	Community Development Block Grant Fund	Anti-Litter Fund	Total
ASSETS				
Cash and cash equivalents	$ 296,345	$ 24,494	$ 11,186	$ 332,025
Receivables (net of allowance for uncollectibles):				
Accounts receivable	221	18	12	251
Total assets	$ 296,566	$ 24,512	$ 11,198	$ 332,276
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 46,081	$ -	$ -	$ 46,081
Accrued liabilities	133,906	306	-	134,212
Total liabilities	$ 179,987	$ 306	$ -	$ 180,293
Fund balances:				
Reserved for:				
Encumbrances	$ 11,135	$ -	$ -	$ 11,135
Unreserved:				
Undesignated	105,444	24,206	11,198	140,848
Total fund balances	$ 116,579	$ 24,206	$ 11,198	$ 151,983
Total liabilities and fund balances	$ 296,566	$ 24,512	$ 11,198	$ 332,276

Exhibit 16

City of Hopewell, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2008

	Recreation Fund	Community Development Block Grant Fund	Anti-Litter Fund	Total
REVENUES				
Revenue from the use of money and property	$ 125,533	$ 191	$ 454	$ 126,178
Charges for services	177,568	-	-	177,568
Miscellaneous	31,578	-	-	31,578
Intergovernmental revenues:				
Commonwealth	-	-	2,978	2,978
Federal	-	262,809	-	262,809
Total revenues	$ 334,679	$ 263,000	$ 3,432	$ 601,111
EXPENDITURES				
Current:				
Public works	$ -	$ -	$ 5,618	$ 5,618
Parks, recreation, and cultural	1,755,806	-	-	1,755,806
Community development	-	240,090	-	240,090
Total expenditures	$ 1,755,806	$ 240,090	$ 5,618	$ 2,001,514
Excess (deficiency) of revenues over (under) expenditures	$ (1,421,127)	$ 22,910	$ (2,186)	$ (1,400,403)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 1,283,955	$ -	$ -	$ 1,283,955
Total other financing sources and uses	$ 1,283,955	$ -	$ -	$ 1,283,955
Net change in fund balances	$ (137,172)	$ 22,910	$ (2,186)	$ (116,448)
Fund balances - beginning	253,751	1,296	13,384	268,431
Fund balances - ending	$ 116,579	$ 24,206	$ 11,198	$ 151,983

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, 2008

	Recreation Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	$ 108,500	$ 173,775	$ 125,533	$ (48,242)
Charges for services	361,518	222,830	177,568	(45,262)
Miscellaneous	10,000	64,401	31,578	(32,823)
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	$ 480,018	$ 461,006	$ 334,679	$ (126,327)
EXPENDITURES				
Current:				
Public works	$ -	$ -	$ -	$ -
Parks, recreation, and cultural	1,800,973	1,849,533	1,755,806	93,727
Community development	-	-	-	-
Total expenditures	$ 1,800,973	$ 1,849,533	$ 1,755,806	$ 93,727
Excess (deficiency) of revenues over (under) expenditures	$ (1,320,955)	$ (1,388,527)	$ (1,421,127)	$ (32,600)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 1,313,955	$ 1,289,955	$ 1,283,955	$ (6,000)
Total other financing sources and uses	$ 1,313,955	$ 1,289,955	$ 1,283,955	$ (6,000)
Net change in fund balances	$ (7,000)	$ (98,572)	$ (137,172)	$ (38,600)
Fund balances - beginning	7,000	98,572	253,751	155,179
Fund balances - ending	$ -	$ -	$ 116,579	$ 116,579

Community Development Block Grant Fund				Anti-Litter Fund			
Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
$ -	$ -	$ 191	$ 191	$ -	$ -	$ 454	$ 454
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	6,000	6,000	2,978	(3,022)
-	218,552	262,809	44,257	-	-	-	-
$ -	$ 218,552	$ 263,000	$ 44,448	$ 6,000	$ 6,000	$ 3,432	$ (2,568)
$ -	$ -	$ -	$ -	$ 6,000	$ 6,000	$ 5,618	$ 382
-	-	-	-	-	-	-	-
-	578,385	240,090	338,295	-	-	-	-
$ -	$ 578,385	$ 240,090	$ 338,295	$ 6,000	$ 6,000	$ 5,618	$ 382
$ -	$ (359,833)	$ 22,910	$ 382,743	$ -	$ -	$ (2,186)	$ (2,186)
$ -	$ 359,833	$ -	$ (359,833)	$ -	$ -	$ -	$ -
$ -	$ 359,833	$ -	$ (359,833)	$ -	$ -	$ -	$ -
$ -	$ -	$ 22,910	$ 22,910	$ -	$ -	$ (2,186)	$ (2,186)
-	-	1,296	1,296	-	-	13,384	13,384
$ -	$ -	$ 24,206	$ 24,206	$ -	$ -	$ 11,198	$ 11,198

Exhibit 18

City of Hopewell, Virginia
Fiduciary Funds
Statement of Changes in Assets and Liabilities - Agency Fund
For the year ended June 30, 2008

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	$ 30,657	$ 49,422	$ 54,140	$ 25,939
Total assets	$ 30,657	$ 49,422	$ 54,140	$ 25,939
Liabilities:				
Amounts held for social services clients	$ 30,657	$ 49,422	$ 54,140	$ 25,939

Discretely Presented Component Unit
School Board

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City of Hopewell, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2008

	School Operating Fund	School Cafeteria Fund	Building and Bus Replacement Fund
ASSETS			
Cash and cash equivalents	$ 3,588,125	$ 982,776	$ 1,042,942
Receivables (net of allowance for uncollectibles):			
Accounts receivable	99,912	80	-
Due from other funds	-	-	404,014
Due from other governmental units	989,217	52,279	-
Inventories	-	53,127	-
Total assets	$ 4,677,254	$ 1,088,262	$ 1,446,956
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 176,764	$ (595)	$ -
Accrued liabilities	4,057,802	95,443	-
Due to other funds	404,014	-	-
Deferred revenue	38,674	40,805	-
Total liabilities	$ 4,677,254	$ 135,653	$ -
Fund balances:			
Reserved for:			
Inventories	$ -	$ 53,127	$ -
Unreserved:			
Undesignated	-	899,482	1,446,956
Total fund balances	$ -	$ 952,609	$ 1,446,956
Total liabilities and fund balances	$ 4,677,254	$ 1,088,262	$ 1,446,956

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.

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
$ 671,689	$ 6,285,532
-	99,992
-	404,014
-	1,041,496
-	53,127
$ 671,689	$ 7,884,161
$ -	$ 176,169
-	4,153,245
-	404,014
-	79,479
$ -	$ 4,812,907
$ -	$ 53,127
671,689	3,018,127
$ 671,689	$ 3,071,254
$ 671,689	$ 7,884,161
	$ 3,071,254
	17,163,446
	(508,803)
	$ 19,725,897

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Exhibit 20

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, 2008

	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	$ 21,257	$ 27,011	$ 16,668	$ 12,622	$ 77,558
Charges for services	290,540	648,014	-	-	938,554
Miscellaneous	115,736	-	-	2,031	117,767
Recovered costs	82,809	-	-	-	82,809
Intergovernmental revenues:					
Local government	10,487,853	-	-	-	10,487,853
Commonwealth	24,703,151	33,706	159,751	289,262	25,185,870
Federal	3,744,441	1,350,110	-	-	5,094,551
Total revenues	$ 39,445,787	$ 2,058,841	$ 176,419	$ 303,915	$ 41,984,962
EXPENDITURES					
Current:					
Education	$ 39,040,581	$ 1,961,916	$ -	$ 130,450	$ 41,132,947
Capital projects	-	-	682,552	-	682,552
Total expenditures	$ 39,040,581	$ 1,961,916	$ 682,552	$ 130,450	$ 41,815,499
Excess (deficiency) of revenues over (under) expenditures	$ 405,206	$ 96,925	$ (506,133)	$ 173,465	$ 169,463
OTHER FINANCING SOURCES (USES)					
Transfers in	$ 470,797	$ -	$ 777,896	$ 98,107	$ 1,346,800
Transfers out	(876,003)	-	(470,797)	-	(1,346,800)
Total other financing sources and uses	$ (405,206)	$ -	$ 307,099	$ 98,107	$ -
Net change in fund balances	$ -	$ 96,925	$ (199,034)	$ 271,572	$ 169,463
Fund balances - beginning	-	855,684	1,645,990	400,117	2,901,791
Fund balances - ending	$ -	$ 952,609	1,446,956	$ 671,689	$ 3,071,254

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		$ 169,463
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	$ 1,906,848	
Depreciation expense	(670,086)	1,236,762
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(138,488)
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. This amount represents the change in the long-term portion of accrued leave.		(34,948)
Change in net assets of governmental activities		$ 1,232,789

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, 2008

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 10,000	$ 10,000	$ 21,257	$ 11,257
Charges for services	283,739	328,397	290,540	(37,857)
Miscellaneous	120,511	204,653	115,736	(88,917)
Recovered costs	57,505	57,505	82,809	25,304
Intergovernmental revenues:				
Local government	10,487,853	10,487,853	10,487,853	-
Commonwealth	24,541,372	24,783,492	24,703,151	(80,341)
Federal	4,481,234	4,661,021	3,744,441	(916,580)
Total revenues	$ 39,982,214	$ 40,532,921	$ 39,445,787	$ (1,087,134)
EXPENDITURES				
Current:				
Education	$ 39,981,022	$ 40,654,672	$ 39,040,581	$ 1,614,091
Capital projects	-	-	-	-
Total expenditures	$ 39,981,022	$ 40,654,672	$ 39,040,581	$ 1,614,091
Excess (deficiency) of revenues over (under) expenditures	$ 1,192	$ (121,751)	$ 405,206	$ 526,957
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 470,797	$ 470,797	$ 470,797	$ -
Transfers out	(471,989)	(471,989)	(876,003)	(404,014)
Total other financing sources and uses	$ (1,192)	$ (1,192)	$ (405,206)	$ (404,014)
Net change in fund balances	$ -	$ (122,943)	$ -	$ 122,943
Fund balances - beginning	-	97,058	-	(97,058)
Fund balances - ending	$ -	$ (25,885)	$ -	$ 25,885

School Cafeteria Fund				Building and Bus Replacement Fund			
Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
$ 3,000	$ 3,000	$ 27,011	$ 24,011	$ 8,500	$ 8,500	$ 16,668	$ 8,168
567,000	567,000	648,014	81,014	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
30,195	30,195	33,706	3,511	159,751	159,751	159,751	-
918,000	918,000	1,350,110	432,110	-	-	-	-
$ 1,518,195	$ 1,518,195	$ 2,058,841	$ 540,646	$ 168,251	$ 168,251	$ 176,419	$ 8,168
$ 2,040,740	$ 2,040,740	$ 1,961,916	$ 78,824	$ -	$ -	$ -	$ -
-	-	-	-	313,698	763,698	682,552	81,146
$ 2,040,740	$ 2,040,740	$ 1,961,916	$ 78,824	$ 313,698	$ 763,698	$ 682,552	$ 81,146
$ (522,545)	$ (522,545)	$ 96,925	$ 619,470	$ (145,447)	$ (595,447)	$ (506,133)	$ 89,314
$ -	$ -	$ -	$ -	$ 373,882	$ 373,882	$ 777,896	$ 404,014
-	-	-	-	(470,797)	(470,797)	(470,797)	-
$ -	$ -	$ -	$ -	$ (96,915)	$ (96,915)	$ 307,099	$ 404,014
$ (522,545)	$ (522,545)	$ 96,925	$ 619,470	$ (242,362)	$ (692,362)	$ (199,034)	$ 493,328
607,197	607,197	855,684	248,487	242,362	242,362	1,645,990	1,403,628
$ 84,652	$ 84,652	$ 952,609	$ 867,957	$ -	$ (450,000)	$ 1,446,956	$ 1,896,956

Exhibit 22

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, 2008

	Textbook Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	$ 8,000	$ 8,000	$ 12,622	$ 4,622
Miscellaneous	-	-	2,031	2,031
Intergovernmental revenues:				
Commonwealth	291,982	291,982	289,262	(2,720)
Total revenues	$ 299,982	$ 299,982	$ 303,915	$ 3,933
EXPENDITURES				
Current:				
Education	$ 950,000	$ 950,000	$ 130,450	$ 819,550
Total expenditures	$ 950,000	$ 950,000	$ 130,450	$ 819,550
Excess (deficiency) of revenues over (under) expenditures	$ (650,018)	$ (650,018)	$ 173,465	$ 823,483
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 98,107	$ 98,107	$ 98,107	$ -
Total other financing sources and uses	$ 98,107	$ 98,107	$ 98,107	$ -
Net change in fund balances	$ (551,911)	$ (551,911)	$ 271,572	$ 823,483
Fund balances - beginning	631,285	631,285	400,117	(231,168)
Fund balances - ending	$ 79,374	$ 79,374	$ 671,689	$ 592,315

Discretely Presented Component Unit
Comprehensive Services Act Board

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Exhibit 23

City of Hopewell, Virginia
Balance Sheet
Discretely Presented Component Unit - Comprehensive Services Act Board
June 30, 2008

ASSETS		
Due from other governmental units	$	656,850
Total assets	$	656,850
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$	295,877
Accrued liabilities		2,226
Due to other governmental units		357,128
Total liabilities	$	655,231
Fund balances:		
Unreserved:		
Undesignated	$	1,619
Total fund balances	$	1,619
Total liabilities and fund balances	$	656,850

Exhibit 24

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, 2008

REVENUES		
Miscellaneous	$	56,060
Intergovernmental revenues:		
Local government		805,953
Commonwealth		1,803,627
Total revenues	$	2,665,640
EXPENDITURES		
Current:		
Health and welfare	$	2,665,640
Total expenditures	$	2,665,640
Excess (deficiency) of revenues over (under) expenditures	$	-
Net change in fund balances	$	-
Fund balances - beginning		1,619
Fund balances - ending	$	1,619

SUPPORTING SCHEDULES

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City of Hopewell, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 12,318,977	$ 12,416,977	$ 12,354,720	$ (62,257)
Real and personal public service corporation taxes	3,411,700	3,411,700	3,357,689	(54,011)
Personal property taxes	2,278,228	2,278,228	2,204,991	(73,237)
Machinery and tools taxes	4,400,000	4,400,000	3,936,830	(463,170)
Penalties	700,000	700,000	397,289	(302,711)
Interest	-	-	389,746	389,746
Total general property taxes	$ 23,108,905	$ 23,206,905	$ 22,641,265	$ (565,640)
Other local taxes:				
Local sales and use taxes	$ 2,045,073	$ 1,908,514	$ 1,872,972	$ (35,542)
Consumers' utility taxes	1,342,838	1,342,838	665,210	(677,628)
Electric and natural gas consumption taxes	-	-	174,232	174,232
Communications tax	-	-	967,818	967,818
E-911 telephone taxes	290,000	290,000	-	(290,000)
Business license taxes	1,515,157	1,515,157	1,621,535	106,378
Cable TV and gas franchise tax	150,000	150,000	2,100	(147,900)
Motor vehicle licenses	390,959	390,959	350,340	(40,619)
Bank stock taxes	121,170	121,170	77,119	(44,051)
Taxes on recordation and wills	205,000	205,000	192,290	(12,710)
Total other local taxes	$ 6,060,197	$ 5,923,638	$ 5,923,616	$ (22)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 3,000	$ 3,000	$ 4,899	$ 1,899
Permits and other licenses	116,650	176,650	201,555	24,905
Total permits, privilege fees, and regulatory licenses	$ 119,650	$ 179,650	$ 206,454	$ 26,804
Fines and forfeitures:				
Court fines and forfeitures	$ 110,800	$ 72,000	$ 155,217	$ 83,217
Revenue from use of money and property:				
Revenue from use of money	$ 546,200	$ 546,200	$ 405,708	$ (140,492)
Revenue from use of property	60,000	60,000	50,771	(9,229)
Total revenue from use of money and property	$ 606,200	$ 606,200	$ 456,479	$ (149,721)
Charges for services:				
Charges for law enforcement and traffic control	$ 10,300	$ 10,300	$ 11,112	$ 812
Charges for courthouse maintenance	16,000	16,000	14,844	(1,156)
Charges for EMS	260,000	260,000	270,178	10,178
Charges for law library	10,830	10,830	-	(10,830)
Charges for courthouse security	10,000	10,000	30,482	20,482
Miscellaneous dog fees	5,000	5,000	7,557	2,557
Total charges for services	$ 312,130	$ 312,130	$ 334,173	$ 22,043
Miscellaneous revenue:				
Miscellaneous	$ 129,680	$ 119,833	$ 74,709	$ (45,124)
Payment in lieu of taxes	-	-	23,246	23,246
Total miscellaneous revenue	$ 129,680	$ 119,833	$ 97,955	$ (21,878)
Recovered costs:				
Administrative charge back solid waste	$ 497,000	$ 497,000	$ 497,000	$ -
Administrative charge back sewer service	326,000	326,000	326,000	-
Total recovered costs	$ 823,000	$ 823,000	$ 823,000	$ -
Total revenue from local sources	$ 31,270,562	$ 31,243,356	$ 30,638,159	$ (605,197)

City of Hopewell, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
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	19,667	(333)
Mobile home titling tax	-	-	355	355
State recordation tax	25,000	25,000	103,269	78,269
Personal property tax relief funds	1,671,772	1,671,772	1,618,030	(53,742)
Total noncategorical aid	$ 1,743,472	$ 1,743,472	$ 1,768,070	$ 24,598
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 416,384	$ 416,384	$ 393,196	$ (23,188)
Sheriff	330,823	330,823	343,721	12,898
Commissioner of revenue	117,170	117,170	113,697	(3,473)
Treasurer	129,002	129,002	124,747	(4,255)
Registrar/electoral board	50,000	50,000	53,973	3,973
Clerk of the Circuit Court	251,355	251,355	234,781	(16,574)
Total shared expenses	$ 1,294,734	$ 1,294,734	$ 1,264,115	$ (30,619)
Other categorical aid:				
Street and highway maintenance	$ 2,804,319	$ 3,000,000	$ 2,953,771	$ (46,229)
Emergency medical services - 4 for life	15,000	15,000	29,671	14,671
DMV	3,000	3,000	9,257	6,257
Other state aid	-	-	218	218
HB 599 police support	1,679,630	1,679,630	1,506,371	(173,259)
E-911 wireless grant	28,189	28,189	159,808	131,619
Arts and humanities grant	4,150	4,150	4,150	-
Emergency management	30,000	30,000	-	(30,000)
School resource officer	-	-	37,238	37,238
Victim-witness grant	111,801	111,801	68,069	(43,732)
VJCCA	143,321	143,321	141,175	(2,146)
Fire programs	50,470	50,470	58,724	8,254
VDOT grant	-	-	10,000	10,000
Total other categorical aid	$ 4,869,880	$ 5,065,561	$ 4,978,452	$ (87,109)
Total categorical aid	$ 6,164,614	$ 6,360,295	$ 6,242,567	$ (117,728)
Total revenue from the Commonwealth	$ 7,908,086	$ 8,103,767	$ 8,010,637	$ (93,130)
Revenue from the federal government:				
Categorical aid:				
Police grant	$ -	$ 55,465	$ 31,313	$ (24,152)
Civil defense, emergency management	40,000	40,000	-	(40,000)
Social services indirect cost allocation	100,000	100,000	73,719	(26,281)
Emergency management, homeland security	-	-	67,959	67,959
Total categorical aid	$ 140,000	$ 195,465	$ 172,991	$ (22,474)
Total revenue from the federal government	$ 140,000	$ 195,465	$ 172,991	$ (22,474)
Total General Fund	$ 39,318,648	$ 39,542,588	$ 38,821,787	$ (720,801)

City of Hopewell, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	$ 1,248,629	$ 1,572,556	$ 1,367,161	$ (205,395)
Total categorical aid	$ 1,248,629	$ 1,572,556	$ 1,367,161	$ (205,395)
Total revenue from the Commonwealth	$ 1,248,629	$ 1,572,556	$ 1,367,161	$ (205,395)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	$ 2,738,931	$ 2,484,088	$ 2,384,857	$ (99,231)
Total categorical aid	$ 2,738,931	$ 2,484,088	$ 2,384,857	$ (99,231)
Total revenue from the federal government	$ 2,738,931	$ 2,484,088	$ 2,384,857	$ (99,231)
Total Virginia Public Assistance Fund	$ 3,987,560	$ 4,056,644	$ 3,752,018	$ (304,626)
Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ 7,000	$ 9,821	$ 2,821
Revenue from the use of property	108,500	166,775	115,712	(51,063)
Total revenue from use of money and property	$ 108,500	$ 173,775	$ 125,533	$ (48,242)
Charges for services:				
Other charges for services	$ 361,518	$ 222,830	$ 177,568	$ (45,262)
Total charges for services	$ 361,518	$ 222,830	$ 177,568	$ (45,262)
Miscellaneous revenue:				
Donations	$ 10,000	$ 9,800	$ 9,457	$ (343)
Miscellaneous refunds and grants	-	54,601	22,121	(32,480)
Total miscellaneous revenue	$ 10,000	$ 64,401	$ 31,578	$ (32,823)
Total revenue from local sources	$ 480,018	$ 461,006	$ 334,679	$ (126,327)
Total Recreation Fund	$ 480,018	$ 461,006	$ 334,679	$ (126,327)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Community Development Block Grant Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 191	$ 191
Revenue from the federal government:				
Categorical aid:				
Community Development Block Grant funds	$ -	$ 218,552	$ 262,809	$ 44,257
Total categorical aid	$ -	$ 218,552	$ 262,809	$ 44,257
Total revenue from the federal government	$ -	$ 218,552	$ 262,809	$ 44,257
Total Community Development Block Grant Fund	$ -	$ 218,552	$ 263,000	$ 44,448
Anti-Litter Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 454	$ 454
Total revenue from use of money and property	$ -	$ -	$ 454	$ 454
Total revenue from local sources	$ -	$ -	$ 454	$ 454
Revenue from the Commonwealth:				
Categorical aid:				
Anti-litter grant	$ 6,000	$ 6,000	$ 2,978	$ (3,022)
Total categorical aid	$ 6,000	$ 6,000	$ 2,978	$ (3,022)
Total revenue from the Commonwealth	$ 6,000	$ 6,000	$ 2,978	$ (3,022)
Total Anti-Litter Fund	$ 6,000	$ 6,000	$ 3,432	$ (2,568)
Capital Projects Fund:				
Revenue from local sources:				
Other local taxes:				
Hotel and motel room taxes	$ 602,937	$ 602,937	$ 601,880	$ (1,057)
Restaurant food taxes	1,535,500	1,535,500	1,604,238	68,738
Total other local taxes	$ 2,138,437	$ 2,138,437	$ 2,206,118	$ 67,681
Revenue from use of money and property:				
Revenue from the use of money	$ 644,000	$ 644,000	$ 703,571	$ 59,571
Revenue from the use of property	-	-	121,605	121,605
Total revenue from use of money and property	$ 644,000	$ 644,000	$ 825,176	$ 181,176
Miscellaneous revenue:				
Other miscellaneous	$ 125,000	$ 125,000	$ 137,060	$ 12,060
Total miscellaneous revenue	$ 125,000	$ 125,000	$ 137,060	$ 12,060
Total revenue from local sources	$ 2,907,437	$ 2,907,437	$ 3,168,354	$ 260,917
Total Capital Projects Fund	$ 2,907,437	$ 2,907,437	$ 3,168,354	$ 260,917
Total Primary Government	$ 46,699,663	$ 47,192,227	$ 46,343,270	$ (848,957)

City of Hopewell, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
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	$ 21,257	$ 11,257
Total revenue from use of money and property	$ 10,000	$ 10,000	$ 21,257	$ 11,257
Charges for services:				
Charges for education	$ 283,739	$ 328,397	$ 290,540	$ (37,857)
Total charges for services	$ 283,739	$ 328,397	$ 290,540	$ (37,857)
Miscellaneous revenue:				
Other miscellaneous	$ 120,511	$ 204,653	$ 115,736	$ (88,917)
Total miscellaneous revenue	$ 120,511	$ 204,653	$ 115,736	$ (88,917)
Recovered costs:				
E-rate funds	$ 57,505	$ 57,505	$ 82,809	$ 25,304
Total recovered costs	$ 57,505	$ 57,505	$ 82,809	$ 25,304
Total revenue from local sources	$ 471,755	$ 600,555	$ 510,342	$ (90,213)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from the City of Hopewell, Virginia	$ 10,487,853	$ 10,487,853	$ 10,487,853	$ -
Total revenues from local governments	$ 10,487,853	$ 10,487,853	$ 10,487,853	$ -
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 3,473,952	$ 3,473,952	$ 3,322,855	$ (151,097)
Basic school aid	12,732,574	12,732,574	12,700,853	(31,721)
ISAEP	15,717	15,717	15,717	-
Remedial summer education	93,521	93,521	93,828	307
Regular foster care	29,525	29,525	9,418	(20,107)
Homebound education	48,882	48,882	59,772	10,890
Gifted and talented	119,378	119,378	118,266	(1,112)
Remedial education	518,276	518,276	513,448	(4,828)
Salary supplement	844,383	844,383	845,170	787
Special education	1,563,564	1,563,564	1,551,503	(12,061)
School leadership grant	-	-	73,786	73,786
Vocational education	346,394	346,394	338,080	(8,314)
Social security fringe benefits	710,446	710,446	703,827	(6,619)
Retirement fringe benefits	1,062,758	1,062,758	1,052,857	(9,901)
Group life insurance benefits	37,852	37,852	37,499	(353)
Enrollment loss	-	-	53,074	53,074
State lottery payments	643,449	643,449	642,675	(774)
Early reading intervention	98,655	98,655	104,821	6,166
At risk payments	738,428	738,428	731,506	(6,922)
Primary class size	749,252	749,252	743,084	(6,168)
At risk four-year olds	358,382	358,382	358,382	-
Education technology	232,000	464,000	464,000	-
Standards of Learning algebra readiness	65,220	65,220	63,165	(2,055)
National board certified teacher	-	5,000	5,000	-
Mentor teacher program	-	5,120	26,334	21,214
English as a second language	58,764	58,764	71,684	12,920
Other state funds	-	-	2,547	2,547
Total categorical aid	$ 24,541,372	$ 24,783,492	$ 24,703,151	$ (80,341)
Total revenue from the Commonwealth	$ 24,541,372	$ 24,783,492	$ 24,703,151	$ (80,341)

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	$ 1,626,894	$ 1,186,405	$ (440,489)
Title VI-B, special education	934,692	916,383	874,736	(41,647)
Vocational education	102,578	102,578	82,166	(20,412)
21st Century learning grant	276,103	276,103	171,026	(105,077)
Title IID	12,458	11,626	17,335	5,709
Title III	-	13,978	-	(13,978)
Title II	286,010	286,010	244,640	(41,370)
Title V	30,027	30,027	12,374	(17,653)
Impact aid	38,640	38,640	30,463	(8,177)
Special projects	16,500	16,500	265	(16,235)
Gear up	-	31,760	56,098	24,338
Drug free school	31,223	31,223	23,273	(7,950)
Jr ROTC	49,500	49,500	52,573	3,073
Headstart	1,229,799	1,229,799	993,087	(236,712)
Total categorical aid	$ 4,481,234	$ 4,661,021	$ 3,744,441	$ (916,580)
Total revenue from the federal government	$ 4,481,234	$ 4,661,021	$ 3,744,441	$ (916,580)
Total School Operating Fund	$ 39,982,214	$ 40,532,921	$ 39,445,787	$ (1,087,134)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ 3,000	$ 3,000	$ 27,011	$ 24,011
Charges for services:				
Cafeteria sales	$ 567,000	$ 567,000	$ 648,014	$ 81,014
Total revenue from local sources	$ 570,000	$ 570,000	$ 675,025	$ 105,025
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	$ 30,195	$ 30,195	$ 33,706	$ 3,511
Revenue from the federal government:				
Categorical aid:				
School food program grant	$ 918,000	$ 918,000	$ 1,280,729	$ 362,729
USDA commodities	-	-	69,381	69,381
Total categorical aid	$ 918,000	$ 918,000	$ 1,350,110	$ 432,110
Total revenue from the federal government	$ 918,000	$ 918,000	$ 1,350,110	$ 432,110
Total School Cafeteria Fund	$ 1,518,195	$ 1,518,195	$ 2,058,841	$ 540,646

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 Textbook Fund:				
Revenue from use of money and property:				
Revenue from the use of property	$ 8,000	$ 8,000	$ 12,622	$ 4,622
Total revenue from use of money and property	$ 8,000	$ 8,000	$ 12,622	$ 4,622
Miscellaneous revenue:				
Other miscellaneous	$ -	$ -	$ 2,031	$ 2,031
Total miscellaneous revenue	$ -	$ -	$ 2,031	$ 2,031
Total revenue from local sources	$ 8,000	$ 8,000	$ 14,653	$ 6,653
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Textbook funds	$ 291,982	$ 291,982	$ 289,262	$ (2,720)
Total categorical aid	$ 291,982	$ 291,982	$ 289,262	$ (2,720)
Total revenue from the Commonwealth	$ 291,982	$ 291,982	$ 289,262	$ (2,720)
Total School Textbook Fund	$ 299,982	$ 299,982	$ 303,915	$ 3,933
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	$ 8,500	$ 8,500	$ 16,668	$ 8,168
Total revenue from use of money and property	$ 8,500	$ 8,500	$ 16,668	$ 8,168
Revenue from the Commonwealth:				
Categorical aid:				
State construction funds	$ 159,751	$ 159,751	$ 159,751	$ -
Total categorical aid	$ 159,751	$ 159,751	$ 159,751	$ -
Total revenue from the Commonwealth	$ 159,751	$ 159,751	$ 159,751	$ -
Total Building and Bus Replacement Fund	$ 168,251	$ 168,251	$ 176,419	$ 8,168
Total Discretely Presented Component Unit - School Board	$ 41,968,642	$ 42,519,349	$ 41,984,962	$ (534,387)

City of Hopewell, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Function, Activity and Department	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
City council	$ 144,357	$ 144,357	$ 134,526	$ 9,831
City clerk	81,093	81,093	74,304	6,789
Total general government administration	$ 225,450	$ 225,450	$ 208,830	$ 16,620
General and financial administration:				
City manager	$ 444,285	$ 477,819	$ 440,694	$ 37,125
City attorney	218,939	218,939	199,328	19,611
Information/Research department	101,549	103,838	86,609	17,229
Commissioner of revenue	348,173	395,525	359,592	35,933
Human resources department	281,474	292,190	225,767	66,423
Treasurer	343,339	378,981	358,733	20,248
Finance	1,400,668	1,458,527	1,435,406	23,121
Total general and financial administration	$ 3,138,427	$ 3,325,819	$ 3,106,129	$ 219,690
Board of elections:				
Electoral board and officials	$ 159,263	$ 172,985	$ 156,506	$ 16,479
Total board of elections	$ 159,263	$ 172,985	$ 156,506	$ 16,479
Total general government administration	$ 3,523,140	$ 3,724,254	$ 3,471,465	$ 252,789
Judicial administration:				
Courts:				
Circuit court	$ 89,480	$ 89,480	$ 83,729	$ 5,751
General district court	13,000	13,000	12,649	351
Sheriff	620,019	681,578	714,837	(33,259)
Law library	-	10,830	-	10,830
Clerk of the circuit court	327,633	353,934	334,997	18,937
Victim and witness assistance	-	111,801	64,491	47,310
Court services unit	8,500	8,500	7,524	976
Southside Legal Aid contribution	10,418	10,418	10,418	-
Total courts	$ 1,069,050	$ 1,279,541	$ 1,228,645	$ 50,896
Commonwealth's attorney:				
Commonwealth's attorney	$ 464,037	$ 503,898	$ 478,793	$ 25,105
Total commonwealth's attorney	$ 464,037	$ 503,898	$ 478,793	$ 25,105
Total judicial administration	$ 1,533,087	$ 1,783,439	$ 1,707,438	$ 76,001
Public safety:				
Law enforcement and traffic control:				
Police department	$ 5,546,479	$ 5,864,174	$ 6,015,991	$ (151,817)
Total law enforcement and traffic control	$ 5,546,479	$ 5,864,174	$ 6,015,991	$ (151,817)
Fire and rescue services:				
Fire department	$ 3,228,468	$ 3,526,483	$ 3,158,925	$ 367,558
Total fire and rescue services	$ 3,228,468	$ 3,526,483	$ 3,158,925	$ 367,558

City of Hopewell, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Function, Activity and Department	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Crater Youth Care Commission	$ 375,000	$ 375,000	$ 272,272	$ 102,728
Riverside Regional Jail	2,100,000	2,100,000	1,923,424	176,576
VJCCCA grant	189,909	186,234	184,346	1,888
Total correction and detention	$ 2,664,909	$ 2,661,234	$ 2,380,042	$ 281,192
Inspections:				
Building	$ 361,881	$ 361,881	$ 308,725	$ 53,156
Total inspections	$ 361,881	$ 361,881	$ 308,725	$ 53,156
Other protection:				
Animal control	$ 231,704	$ 231,704	$ 220,053	$ 11,651
Emergency and safety services	121,836	124,409	152,130	(27,721)
Total other protection	$ 353,540	$ 356,113	$ 372,183	$ (16,070)
Total public safety	$ 12,155,277	$ 12,769,885	$ 12,235,866	$ 534,019
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
General engineering	$ 4,257,218	$ 4,437,781	$ 4,125,395	$ 312,386
Total maintenance of highways, streets, bridges & sidewalks	$ 4,257,218	$ 4,437,781	$ 4,125,395	$ 312,386
Maintenance of general buildings and grounds:				
Cemetery perpetual care	$ 80,950	$ 80,950	$ 30,166	$ 50,784
Total maintenance of general buildings and grounds	$ 80,950	$ 80,950	$ 30,166	$ 50,784
Total public works	$ 4,338,168	$ 4,518,731	$ 4,155,561	$ 363,170
Health and welfare:				
Health:				
Supplement of local health department	$ 180,069	$ 180,069	$ 174,315	$ 5,754
Total health	$ 180,069	$ 180,069	$ 174,315	$ 5,754
Mental health and mental retardation:				
Community services board	$ 101,379	$ 101,379	$ 101,379	$ -
Total mental health and mental retardation	$ 101,379	$ 101,379	$ 101,379	$ -
Welfare:				
State/local hospitalization	$ -	$ 14,000	$ 6,623	$ 7,377
Contribution to Comprehensive Services Act Board	752,100	1,031,598	805,953	225,645
Tax relief for the elderly	-	180,000	204,739	(24,739)
Total welfare	$ 752,100	$ 1,225,598	$ 1,017,315	$ 208,283
Total health and welfare	$ 1,033,548	$ 1,507,046	$ 1,293,009	$ 214,037
Education:				
Other instructional costs:				
Contribution to community colleges	$ 19,181	$ 19,181	$ 19,181	$ -
Contribution to City School Board	9,127,333	9,127,333	9,127,333	-
Total education	$ 9,146,514	$ 9,146,514	$ 9,146,514	$ -

Fund, Function, Activity and Department	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and cultural:				
Cultural enrichment:				
Historic Hopewell Foundation	$ 12,500	$ 12,500	$ 12,500	$ -
Historical society	2,500	2,500	2,500	-
Arts and humanities	8,300	8,300	8,300	-
Total cultural enrichment	$ 23,300	$ 23,300	$ 23,300	$ -
Library:				
Contribution to regional library	$ 522,932	$ 522,932	$ 522,932	$ -
Total library	$ 522,932	$ 522,932	$ 522,932	$ -
Total parks, recreation, and cultural	$ 546,232	$ 546,232	$ 546,232	$ -
Community development:				
Planning and community development:				
Community development	$ 566,056	$ 664,672	$ 452,141	$ 212,531
Tourism and economic development	393,645	399,665	386,321	13,344
Total planning and community development	$ 959,701	$ 1,064,337	$ 838,462	$ 225,875
Total community development	$ 959,701	$ 1,064,337	$ 838,462	$ 225,875
Nondepartmental:				
Employee welfare and other benefits	$ 344,999	$ 300,425	$ 486,894	$ (186,469)
Property and liability insurance	270,950	270,950	300,951	(30,001)
Other	-	52,155	46,996	5,159
Contingency	823,392	130,000	-	130,000
Contributions to civic organizations	329,085	135,679	133,771	1,908
Total nondepartmental	$ 1,768,426	$ 889,209	$ 968,612	$ (79,403)
Debt service:				
Principal retirement	$ 1,457,341	$ 1,457,341	$ 1,457,341	$ -
Interest and other fiscal charges	470,074	470,074	470,074	-
Total debt service	$ 1,927,415	$ 1,927,415	$ 1,927,415	$ -
Total General Fund	$ 36,931,508	$ 37,877,062	$ 36,290,574	$ 1,586,488
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	$ 2,695,619	$ 2,434,136	$ 2,283,620	$ 150,516
Public assistance	455,503	721,771	669,454	52,317
Purchased services	1,456,692	1,520,991	1,331,236	189,755
Total welfare and social services	$ 4,607,814	$ 4,676,898	$ 4,284,310	$ 392,588
Total health and welfare	$ 4,607,814	$ 4,676,898	$ 4,284,310	$ 392,588
Total Virginia Public Assistance Fund	$ 4,607,814	$ 4,676,898	$ 4,284,310	$ 392,588

City of Hopewell, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Function, Activity and Department	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Recreation Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	$ 550,042	$ 550,491	$ 525,463	$ 25,028
Community division	103,516	101,866	93,811	8,055
Athletics division	169,122	165,728	124,998	40,730
Seniors division	137,320	144,496	145,737	(1,241)
Pool center	219,944	219,944	226,445	(6,501)
Parks	468,192	486,460	490,295	(3,835)
Harbor patrol and marina operation	108,500	160,782	112,792	47,990
Other	44,337	19,766	36,265	(16,499)
Total parks and recreation	$ 1,800,973	$ 1,849,533	$ 1,755,806	$ 93,727
Total Recreation Fund	$ 1,800,973	$ 1,849,533	$ 1,755,806	$ 93,727
Community Development Block Grant Fund:				
Community development:				
Planning and community development:				
Community development	$ -	$ 578,385	$ 240,090	$ 338,295
Anti-Litter Fund:				
Public works:				
Sanitation and waste removal:				
Anti-litter program	$ 6,000	$ 6,000	$ 5,618	$ 382
Capital Projects Fund:				
Education:				
Other instructional costs:				
Contribution to City School Board	$ 1,360,520	$ 1,360,520	$ 1,360,520	$ -
Capital projects expenditures:				
Parks and recreation	$ -	$ 89,261	$ 85,040	$ 4,221
Pavement management program	400,000	500,000	500,000	-
Tourism	125,000	100,000	100,000	-
GIS mapping	-	62,884	6,360	56,524
Library	-	997,881	100,798	897,083
East Broadway Bridge	-	156,100	23,700	132,400
Other projects	104,500	254,029	213,948	40,081
Streets, curbs and gutters	-	80,866	19,757	61,109
Information management system	-	55,009	49,405	5,604
Downtown development plan	-	450,740	575,736	(124,996)
Historic Hopewell project	30,000	30,000	33,000	(3,000)
Downtown construction street scape	-	2,829,281	1,908,700	920,581
School garage	-	238,612	207,217	31,395
Total capital projects	$ 659,500	$ 5,844,663	$ 3,823,661	$ 2,021,002
Debt service:				
Principal retirement	$ 1,155,999	$ 1,056,000	$ 1,056,000	$ -
Interest and other fiscal charges	1,401,405	1,401,405	1,903,297	(501,892)
Bond agent fees	5,500	5,000	7,846	(2,846)
Bond issuance costs	-	-	594,616	(594,616)
Total debt service	$ 2,562,904	$ 2,462,405	$ 3,561,759	$ (1,099,354)
Total Capital Projects Fund	$ 4,582,924	$ 9,667,588	$ 8,745,940	$ 921,648
Total Primary Government	$ 47,929,219	$ 54,655,466	$ 51,322,338	$ 3,333,128

City of Hopewell, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Function, Activity and Department	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration	$ 1,379,660	$ 1,441,752	$ 1,409,454	$ 32,298
Total administration of schools	$ 1,379,660	$ 1,441,752	$ 1,409,454	$ 32,298
Instruction costs:				
Compensation	$ 29,328,721	$ 29,606,469	$ 28,688,620	$ 917,849
Supplies	1,186,682	1,115,095	1,045,175	69,920
Equipment	468,744	741,209	836,930	(95,721)
Purchased services	1,457,919	1,562,851	1,391,845	171,006
Total instruction costs	$ 32,442,066	$ 33,025,624	$ 31,962,570	$ 1,063,054
Operating costs:				
Attendance and health services	$ 669,968	$ 672,968	$ 615,134	$ 57,834
Pupil transportation	841,238	866,238	821,712	44,526
Operation and maintenance of school plant	4,648,090	4,648,090	4,231,711	416,379
Total operating costs	$ 6,159,296	$ 6,187,296	$ 5,668,557	$ 518,739
Total education	$ 39,981,022	$ 40,654,672	$ 39,040,581	$ 1,614,091
Total School Fund	$ 39,981,022	$ 40,654,672	$ 39,040,581	$ 1,614,091
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	$ 2,040,740	$ 2,040,740	$ 1,961,916	$ 78,824
Total education	$ 2,040,740	$ 2,040,740	$ 1,961,916	$ 78,824
Total Cafeteria Fund	$ 2,040,740	$ 2,040,740	$ 1,961,916	$ 78,824
School Textbook Fund:				
Education:				
Instruction	$ 950,000	$ 950,000	$ 130,450	$ 819,550
Total education	$ 950,000	$ 950,000	$ 130,450	$ 819,550
Total School Textbook Fund	$ 950,000	$ 950,000	$ 130,450	$ 819,550
Capital Projects Fund:				
Building and Bus Replacement Fund:				
Capital projects expenditures:				
Capital projects	$ 313,698	$ 763,698	$ 682,552	$ 81,146
Total capital projects	$ 313,698	$ 763,698	$ 682,552	$ 81,146
Total Building and Bus Replacement Fund	$ 313,698	$ 763,698	$ 682,552	$ 81,146
Total Discretely Presented Component Unit - School Board	$ 43,285,460	$ 44,409,110	$ 41,815,499	$ 2,593,611

Statistical Section

Contents	Tables
Financial Trends These tables contain trend information to help the reader understand how the the City's financial performance and well-being have changed over time.	1 - 4
Revenue Capacity These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	5 - 8
Debt Capacity These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.	9 - 11
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	12 - 13
Operating Information These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	14 - 16

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

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City of Hopewell, Virginia **Table 1**

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

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

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

City of Hopewell, Virginia

Table 2
Page 1 of 2

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

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

City of Hopewell, Virginia

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

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

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

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City of Hopewell, Virginia

Table 3

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund:										
Reserved	$ 7,693,676	$ 6,994,970	$ 7,099,088	$ 5,456,484	$ 1,677,493	$ 1,483,892	$ 1,272,858	$ 1,486,858	$ 2,145,977	$ 1,305,385
Unreserved	4,374,830	3,893,133	3,546,836	3,205,324	6,946,757	7,777,384	8,604,101	10,815,318	10,681,284	10,508,586
Total general fund	$ 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	$ 11,813,971
All other governmental funds:										
Reserved	$ 15,421,384	$ 14,407,940	$ 10,841,312	$ 10,268,014	$ 7,231,064	$ 4,167,174	$ 15,503,841	$ 15,440,761	$ 3,553,176	$ 1,116,638
Unreserved, reported in:										
Special revenue funds	233,349	438,126	577,764	638,254	780,932	1,090,129	503,031	405,094	221,901	228,810
Capital projects funds	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	12,321,255
Total all other governmental funds	$ 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	$ 13,666,703

City of Hopewell, Virginia

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

	1999	2000	2001	2002
Revenues				
General property taxes	$ 18,945,849	$ 18,367,864	$ 19,795,128	$ 18,684,937
Other local taxes	5,852,180	6,138,220	6,371,934	6,460,305
Permits, privilege fees/regulatory licenses	135,824	112,536	81,277	60,406
Fines and Forfeitures	118,835	97,645	126,579	69,658
Revenue from use of money and property	1,539,735	2,271,959	2,204,478	866,706
Charges for services	194,080	174,065	212,132	284,368
Miscellaneous	329,467	1,137,617	209,227	846,622
Recovered costs	592,857	230,514	266,793	267,922
Intergovernmental	7,649,078	8,655,722	8,756,960	9,247,495
Total revenues	$ 35,357,905	$ 37,186,142	$ 38,024,508	$ 36,788,419
Expenditures				
General government administration	$ 2,575,685	$ 2,607,634	$ 2,999,608	$ 3,113,930
Judicial administration	1,041,626	1,058,827	1,129,005	1,204,103
Public safety	8,507,450	9,509,028	9,717,419	10,701,825
Public works	3,110,221	3,353,665	3,477,659	3,391,620
Health and welfare	3,330,380	3,851,364	3,848,489	3,938,094
Education	-	-	-	-
Parks, recreation and cultural	1,538,863	1,615,164	1,613,054	2,038,146
Community development	387,281	429,776	325,337	778,150
Nondepartmental	348,109	363,184	595,837	875,976
Capital projects	3,057,360	5,289,395	1,904,827	788,704
Debt service: (1)				
Principle	1,394,280	1,077,315	1,006,697	1,289,767
Interest	-	-	-	-
Total expenditures	$ 25,291,255	$ 29,155,352	$ 26,617,932	$ 28,120,315
Excess of revenues over (under) expenditures	10,066,650	8,030,790	11,406,576	8,668,104
Other financing sources (users)				
Transfer in	$ 5,921,899	$ 7,397,367	$ 3,070,857	$ 3,832,858
Transfer out	(16,874,228)	(17,101,735)	(15,681,892)	(15,721,311)
Refunding bonds issued	-	-	-	-
Bonds issued	10,235,000	-	-	-
Premium on bonds issued	-	-	-	-
Refunded bonds redeemed	(4,950,376)	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	$ (5,667,705)	$ (9,704,368)	$ (12,611,035)	$ (11,888,453)
Net change in fund balances	$ 4,398,945	$ (1,673,578)	$ (1,204,459)	$ (3,220,349)
Debt service as a percentage of noncapital expenditures	6.27%	4.51%	4.07%	4.72%

(1) For fiscal years 1999-2002 all principle and interest payments are listed as principle payments, as a principal and

2003	2004	2005	2006	2007	2008
$ 18,667,154	$ 20,092,804	$ 21,098,729	$ 22,011,460	$ 22,262,298	$ 24,259,295
6,765,497	6,778,505	6,932,533	7,591,154	7,627,538	8,129,734
94,530	82,108	93,462	179,406	204,618	206,454
65,830	61,411	79,376	74,318	69,921	155,217
614,596	383,429	992,484	1,736,958	2,033,562	1,407,833
221,092	477,448	353,602	517,450	499,070	511,741
314,115	890,576	143,552	549,450	271,236	266,593
-	-	-	996,392	824,000	823,000
10,480,710	11,400,349	11,266,690	11,331,922	11,603,268	10,583,403
$ 37,223,524	$ 40,166,630	$ 40,960,428	$ 44,988,510	$ 45,395,511	$ 46,343,270
$ 2,640,778	$ 2,666,849	$ 2,725,084	$ 2,869,051	$ 3,207,029	$ 3,471,465
1,292,301	1,291,736	1,331,479	1,436,093	1,500,445	1,707,438
9,224,023	9,406,283	10,307,147	10,594,210	11,715,197	12,235,866
3,280,814	3,428,681	3,339,381	3,736,617	3,682,520	4,161,179
4,671,981	4,990,898	5,218,907	5,143,541	5,198,729	5,577,319
9,535,795	9,548,805	9,564,280	9,708,817	9,800,130	10,507,034
1,793,430	1,972,933	2,216,435	2,283,280	2,255,777	2,302,038
1,130,602	1,113,053	1,308,672	1,164,345	978,544	1,078,552
608,575	1,275,270	864,169	746,960	903,500	968,612
3,886,805	1,252,346	1,511,459	6,254,211	10,846,799	3,823,661
2,230,299	2,119,642	2,388,320	3,427,039	2,379,916	2,513,941
1,233,136	1,192,075	1,893,991	2,168,868	1,980,517	2,975,833
$ 41,528,539	$ 40,258,571	$ 42,669,324	$ 49,533,032	$ 54,449,103	$ 51,322,938
(4,305,015)	(91,941)	(1,708,896)	(4,544,522)	(9,053,592)	(4,979,668)
$ 4,649,024	$ 3,808,160	$ 4,236,279	$ 4,394,863	$ 4,369,935	$ 3,636,893
(4,434,756)	(3,603,043)	(3,961,279)	(4,394,863)	(4,369,935)	(3,636,893)
-	-	-	-	-	18,210,000
3,965,000	-	20,000,000	858,896	-	-
-	-	648,711	-	-	-
-	-	-	-	-	(20,000,000)
-	-	-	-	-	1,000,000
$ 4,179,268	$ 205,117	$ 20,923,711	$ 858,896	$ -	$ (790,000)
$ (125,747)	$ 113,176	$ 19,214,815	$ (3,685,626)	$ (9,053,592)	$ (5,769,668)
5.93%	5.43%	5.80%	7.92%	5.46%	12.80%

interest breakdown is not available for these years.

Table 5

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
2008	$ 1,145,283,664	$ 127,665,229	$ 119,046,593	$ 308,044,862	$ 1,700,040,348	$ 1,666,039,541	1.37	102.04%
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%

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 commerical values, a breakdown is currently not available.

Table 6

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

Fiscal Year	Real Estate	Personal Property(2)	Machinery and Tools	Public Utility Real Estate	Public Utility Personal Property
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
2008	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.

Table 7

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

	Fiscal Year 2008		Fiscal Year 1999	
Taxpayer	2008 Assessed Valuation	% of Total Assessed Valuation	1999 Assessed Valuation	% of Total Assessed Valuation
Hopewell Cogentric Limited Partnership	$116,599,957	6.9%	$45,344,256	3.9%
Allied Signal Corporation/Honeywell	103,495,813	6.1%	139,246,924	12.1%
Stone Container Inc.	78,295,501	4.6%	65,717,468	5.7%
L G & E Westmoreland[1]	-	0.0%	20,574,979	1.8%
James River Cogeneration Company	45,646,437	2.7%	27,394,023	2.4%
Dominion Virginia Power	64,644,109	3.8%	22,140,785	1.9%
Aqualon Company	43,320,702	2.5%	30,643,556	2.7%
Columbia HCA/John Randolph Hospital	26,726,835	1.6%	27,155,934	2.4%
Virginia American Water Company	19,444,343	1.1%	22,357,002	1.9%
Verizon Virginia Inc.	8,223,578	0.5%	12,752,788	1.1%
	$506,397,275	29.8%	$413,327,715	35.9%

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
2008	$23,544,869	$21,035,463	89.34%	$ -	$21,035,463	89.34%
2007	23,967,262	21,167,844	88.32%	2,456,377	23,624,221	98.57%
2006	23,704,873	21,430,559	90.41%	2,015,329	23,445,888	98.91%
2005	24,705,828	18,391,177	74.44%	3,536,129	21,927,306	88.75%
2004	24,705,740	20,727,116	83.90%	2,495,002	23,222,118	93.99%
2003	19,301,997	16,317,240	84.54%	625,675	16,942,915	87.78%
2002	17,880,908	17,096,282	95.61%	1,391,817	18,488,099	103.40%
2001	19,768,008	18,636,237	94.27%	938,329	19,574,566	99.02%
2000	19,201,115	17,914,157	93.30%	240,938	18,155,095	94.55%
1999	18,948,788	18,362,964	96.91%	249,168	18,612,132	98.22%

Source: Municipal Tax Assessor

City of Hopewell, Virginia **Table 9**

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities			Business-Type Activities				
Fiscal Year	General Obligation Bonds	Literary Fund loans	Other Notes/ Bonds	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2008	$ 31,342,111	$ 6,559,000	$ -	$ 11,735,000	$ -	$ 49,636,111	7.22%	$ 2,220
2007	34,814,452	7,390,000	-	12,200,000	-	54,404,452	8.15%	2,434
2006	36,363,368	8,221,000	-	12,685,000	28,334	57,297,702	8.84%	2,563
2005	37,000,511	9,052,000	1,100,000	13,305,000	56,667	60,514,178	10.84%	2,707
2004	18,557,831	9,883,000	1,100,000	13,665,000	-	43,205,831	7.98%	1,933
2003	19,846,473	10,714,000	1,100,000	14,010,000	-	45,670,473	8.69%	2,043
2002	18,249,408	11,545,000	131,364	14,340,000	-	44,265,772	8.66%	1,980
2001	13,327,497	12,376,000	256,783	14,530,000	127,196	40,617,476	8.06%	1,817
2000	18,830,549	5,357,000	376,526	10,050,000	250,000	34,864,075	7.24%	1,560
1999	19,906,265	5,838,000	490,850	10,215,000	-	36,450,115	7.45%	1,578

Note: Details regarding the City's outstanding debt can be found in the notres to the financial statemetns.
(1) See the Schedule of Demographic and Economic Statistics - Table 12

City of Hopewell, Virginia **Table 10**

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt(3)	Ratio of Net General Obligation Debt to Assessed Value(2)	Net Bonded Debt per Capita (1)
2008	$ 37,901,111	$ 4,500,000	$ 33,401,111	2.92%	$ 1,085
2007	42,204,452	4,500,000	37,704,452	2.22%	1,687
2006	44,584,368	4,500,000	40,084,368	2.36%	1,793
2005	46,052,511	4,500,000	41,552,511	2.67%	1,859
2004	28,440,831	4,500,000	23,940,831	1.60%	1,071
2003	30,560,473	-	30,560,473	2.17%	1,367
2002	28,694,408	-	28,694,408	2.06%	1,284
2001	13,327,497	-	13,327,497	1.09%	596
2000	18,830,549	-	18,830,549	1.61%	842
1999	19,906,265	-	19,906,265	1.73%	862

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 12.
(2) See schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 5.
(3) Includes all long-term general obligation bonded debt, Literay fund Loans, excludes revenue bonds, capital lease, and compensated absences.

City of Hopewell, Virginia

Table 11

Legal Debt Margin Information
Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	$ 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	$ 114,528,366
Total net debt applicable to limit	25,744,265	24,187,549	25,703,497	29,925,772	31,660,473	29,540,831	47,152,511	47,152,511	42,204,452	37,901,111
Legal debt margin	$ 51,940,085	$ 54,609,302	$ 57,072,433	$ 50,132,889	$ 52,922,747	$ 55,383,636	$ 45,507,697	$ 45,766,969	$ 70,006,348	$ 76,627,255
Total net debt applicable to the limit as a percentage of debt limit	33.14%	30.70%	31.05%	37.38%	37.43%	34.78%	50.89%	50.75%	37.61%	33.09%

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 2008

Assessed value	$ 1,145,283,664
Add back: exempt real property	-
Total assessed value	$ 1,145,283,664
Debt limit (10% of total assessed value) (a)	$ 114,528,366
Net debt applicable to limit	37,901,111
Legal debt margin	$ 76,627,255

Table 12

City of Hopewell, Virginia

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate(d)
2008	22,354	$687,911,407	$30,774	6.30%
2007	22,354	667,875,152	29,877	4.50%
2006	22,354	648,422,478	29,007	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%

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

City of Hopewell, Virginia **Table 13**

Principal Employers
Current Year and Nine Years Ago

	Fiscal Year 2008		Fiscal Year 1999		
Employer	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%
Goldsmith Chemical Corporation	250-499	8	n/a	n/a	0.00%
Shaw Services LLC	100-249	9	n/a	n/a	0.00%
Hopewell Opeartions LLC	100-249	10	n/a	n/a	0.00%
					0.00%

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

City of Hopewell, Virginia **Table 14**

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

Function	Fiscal Year 1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
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	3	3
Finance department	14	14	14	14	14	14	14	14	18	18
City treasurer	5	5	5	5	5	6	6	6	6	6
Commissioner of revenue	6	5	6	6	6	6	6	6	6	6
Voter registrar	1	1	1	1	1	1	1	1	1	1
Judical administration-										
Clerk of circuit court	5	6	6	6	6	6	6	6	6	6
Commonwealth Attorney	5	5	5	6	6	6	7	7	7	7
Court services	3	4	4	4	4	4	3	4	4	4
Public safety-										
Sheriff department	7	7	7	7	7	9	9	9	9	9
Fire & rescue	38	38	37	37	37	37	40	41	41	41
Buidling inspections	4	3	3	3	3	4	5	5	5	5
Police department	63	66	68	70	73	73	73	73	76	76
Animal control	2	3	3	3	3	3	3	3	3	3
Emergency services	1	1	1	1	1	1	1	1	1	1
Public Works-										
General maintenance	40	29	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	67	67	67	67	67	63	63	63	63
Health & welfare-										
Department of Social Services	40	39	39	39	40	40	41	41	41	41
Community Services Act	1	2	2	2	2	2	2	1	1	1
Culture and recreation-										
Parks and recreation	16	15	15	15	15	16	17	17	17	17
Tourism	1	1	1	1	1	1	1	1	1	1
Community development	3	3	3	3	3	3	3	3	3	3
Planning	1	1	1	1	1	1	2	2	2	2
Totals	334	331	333	336	340	345	348	349	352	352

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year									
Function	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Public safety										
Police department:										
E911 calls answered	n/a	n/a	n/a	16,326	16,889	19,354	17,733	n/a	22,906	22,381
Animal calls answered	1,989	2,221	1,825	2,232	2,142	2,116	1,539	1,805	1,847	1,912
Physical arrests	1,639	1,617	1,514	1,408	1,241	1,334	1,733	1,154	1,362	n/a
Civil papers										
Fire and rescue:										
Fire calls	n/a	1,245	1,311	1,165	1,206	1,394	1,104	1,117	1,225	1,232
EMS calls	n/a	1,642	2,024	2,312	2,549	2,285	1,517	1,623	1,993	2,046
Building inspections:										
Permits issued(all)	1,935	1,505	1,261	1,554	1,274	1,233	1,277	1,270	1,535	1,482
Inspections done(all)	n/a	n/a	n/a	425	1,110	1,152	1,266	915	1,264	1,174
Health and welfare										
Department of Social Services:										
Caseload*	4,387	5,051	4,698	4,670	5,001	6,835	8,425	8,336	8,600	8,436
Culture and recreation										
Parks and recreation:										
Community center visits	n/a	17,790	32,642	36,742	43,536	37,564	40,672	44,099	43,369	55,066
Summer program participants	n/a	n/a	n/a	194	177	120	597	452	421	425
Youth sports participants	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4,039

Source: Individual city departments
* Average total case count.
n/a--information not available

Table 16

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government										
Adminisration buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	4	4	4	4	4	4	4	4	6	6
Public Works										
Vehicles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	43	43
Public safety										
Police department:										
Vehicles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	61	60
Sheriff department:										
Vehicles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11	13
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	6	6	6	7	8	8	8	8
Building inspectors:										
Vehicles	5	5	6	6	6	6	6	7	7	7
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	11	11	11	11	11	11	12	12	12	12
Parks acreage	139	139	139	161	161	161	161	161	161	161
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	14	14	14	14	14	14	14	14	14	14
Ballfields	16	16	16	20	20	20	20	20	20	20
Soccerfields	7	7	7	8	8	8	8	8	8	8

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

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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, 2008, which collectively comprise the City of Hopewell, Virginia's basic financial statements and have issued our report thereon dated November 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the Specifications for Audits of Counties, Cities, and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 17, 2008

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, 2008. 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, 2008.

Internal Control Over Compliance

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

Internal Control Over Compliance (Continued)

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

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

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

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 17, 2008

City of Hopewell, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

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	$ 993,087
Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	51,175
Temporary Assistance to Needy Families (TANF)	93.558	324,786
Refugee and Entrant Assistance - Discretionary Grants	93.566	1,303
Low Income Home Energy Assistance	93.568	8,680
Payments to States for Child Care Assistance	93.575	366,282
Child Care and Development Fund	93.596	370,144
Chafee Education and Training Vouchers Program	93.599	1,594
Child Welfare Services - State Grants	93.645	1,929
Foster Care - Title IV-E	93.658	308,910
Adoption Assistance	93.659	70,254
Social Services Block Grant	93.667	313,896
Independent Living	93.674	2,334
State Children's Insurance Program	93.767	20,513
Medical Assistance Program (Title XIX)	93.778	264,860
Total Department of Health and Human Services		$ 3,099,747
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution--School	10.555	$ 69,381
Department of Education:		
National school breakfast program	10.553	373,397
National school lunch program	10.555	907,332
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	351,916
Total Department of Agriculture		$ 1,702,026
Department of Justice:		
Direct Payments:		
Public Safety and Community Policing Grants	16.710	$ 31,313

City of Hopewell, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2008

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Assistance:		
Emergency Management Preparedness Grant	97.042	$ 67,959
Department of Housing and Urban Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community Development Block Grant	14.228	$ 262,809
Department of the Navy:		
Direct Payments:		
JROTC	12.xxx	$ 52,573
Department of Education:		
Direct Payments:		
School assistance in federally affected areas	84.041	$ 30,463
Pass Through Payments:		
Department of Education:		
Title I: Educationally deprived children	84.010	1,186,405
Title VI-B: Handicapped state grants	84.027	851,206
Vocational Education: Basic grants to states	84.048	82,166
Title VI-B: Handicapped preschool incentive grant	84.173	23,530
Drug free schools and communities	84.186	23,273
Title V: Improving school programs state block grant	84.298	12,374
AP Classes	84.330	265
21st Century Community Learning Centers	84.287	171,026
Gear-up grant	84.334	56,098
Technology Literacy Challenge Grant	84.318	17,335
Title II - Part A	84.367	244,640
Total Department of Education		$ 2,698,781
Total Federal Assistance		$ 7,915,208

City of Hopewell, Virginia

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Note 1 - General

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

Note 2 - Basis of Accounting

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
General Fund	$	172,991
Special Revenue Funds:		
Virginia Public Assistance Fund		2,384,857
Community Development Block Grant		262,809
Total primary government	$	2,820,657
Component Unit Public Schools:		
School Operating Fund	$	3,744,441
School Cafeteria Fund		1,350,110
Total component unit public schools	$	5,094,551
Total federal expenditures per basic financial statements	$	7,915,208
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	7,915,208

City of Hopewell, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Section I–Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	unqualified	
Internal control over financial reporting:		
a. Material weaknesses identified?	___ yes	_X_ no
b. Significant deficiencies identified that are not considered to be material weaknesses?	___ yes	_X_ no
Noncompliance material to financial statements noted?	___ yes	_X_ no

Federal Awards

Internal control over major programs:		
A. Material weaknesses identified?	___ yes	_X_ no
B. Significant deficiencies identified that are not considered to be material weaknesses?	___ yes	_X_ no
Type of auditors' report issued on compliance for major programs	unqualified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	___ yes	_X_ no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.561	Food Stamps
84.010	Title I
84.027/84.173	Special Education Cluster
93.658	Foster Care
93.667	Social Services Block Grant

Dollar threshold used to distinguish between type A and type B programs:	$300,000	
Auditee qualified as low-risk auditee?	_X_ yes	___ no

Section II–Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

City of Hopewell, Virginia
Schedule of Prior Year Findings and Questioned Costs
For the year ended June 30, 2008

There were no findings or questioned costs.

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