

CITY OF HOPEWELL, VIRGINIA



**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011**

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CITY OF HOPEWELL, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2011

Prepared by
Department of Finance
Elesteen Hager, Director

INTRODUCTORY SECTION

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MEMBERS OF THE CITY COUNCIL

Christina J. Luman-Bailey, Mayor

K. Wayne Walton, Vice-Mayor

Michael C. Bujakowski

Curtis W. Harris

Gerald S. Stokes

Brenda S. Pelham

Jackie M. Shornak

CITY OFFICIALS

Edwin C. Daley, City Manager

Thomas E. Lacheney, City Attorney

Ann Romano, City Clerk

Teresa L. Batton, City Treasurer

Debra A. Reason, Commissioner of Revenue

Richard K. Newman, Commonwealth's Attorney

Kay H. Rackley, Clerk of Circuit Court

Gregory L. Anderson, Sheriff

Dr. Francis Moore, Interim Superintendent of Schools

John M. Altman, Jr., Director of Development

Nancy Treanor, Director of Social Services

Phillip Elliot, Director of Public Works

Mark A. Haley, Director of Regional Wastewater Treatment Facility

Mary Jo Turek, Director of Recreation

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

John F. Koehane, Chief, Police Department

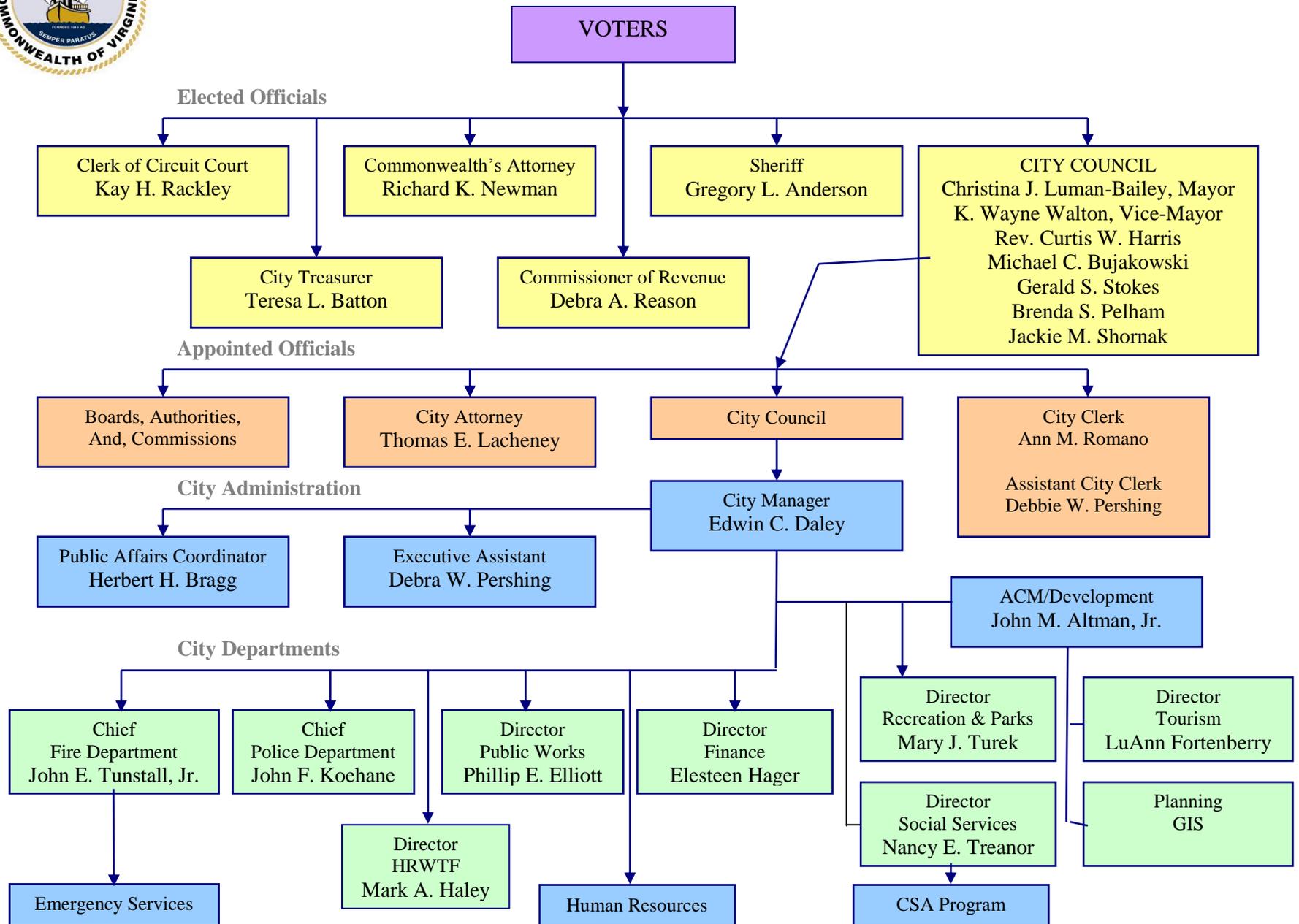
Elesteen Hager, Director of Finance

Herbert Bragg, Director of Intergovernmental and Public Affairs

James Gregory, Director of Human Resources



CITY OF HOPEWELL ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hopewell
Virginia

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

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.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director



Dr. Edwin C. Daley
City Manager

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

December 1, 2011

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, 2011 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

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

Appomattox Bio-Energy, Inc. completed the construction of a \$150 million ethanol production facility and now the plant is "for sale". Virginia American Water Company completed its \$24.7 million plant improvement project.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

The list below highlights some of the City's achievements/events for 2011:

- Fire Dept. - New truck, promoted emergency preparedness.
- Police Dept. - Renewed focus on neighborhood watch meetings for citizens and community.
- HRWTF - Began major renovation and relocated primary plant.
- Recreation
 - New League – Blast Ball – league for 3-4 year old introducing them to baseball/softball.
 - Kids Fun Run- Nearly 200 kids ran the race.
 - City Point 5K River Run and Walk – increased to 1000 participants for 2010-2011.
 - Began renovations at the Community Center.
- Social Services - Department moved into new building May 2011. This has been a long anticipated event.
- Development - Beacon transfer; began Marina redevelopment. Building Inspections/Code Enforcement consolidated with Development.

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 monetary savings to the City. In addition, it encourages increased effectiveness of service to the public, safer working conditions, and better public relations. The City Manager may award up to \$500 to the individual or individuals that meet the recommended objectives of this program.

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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, 2011 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 departmental 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 \$99,761,094 in 2011. This represents a decrease of \$3,064,660. Property taxes and intergovernmental revenues accounted for over 87% of revenues in the governmental funds.

Assessed real property valuations of \$1,359,312,700 did not increase due to the decline in the real estate market. Property tax collections were 97.33% of the tax levy, an increase of .08% from last year. The ratio of total collections (current and delinquent) to the current tax levy was 99%.

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 \$98,447,294 in 2011. This represents a decrease of \$3,774,685 or 4% over 2010.

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

Fund Balances

Fund balances in the major operating funds were maintained at adequate levels. The General Fund balance saw an increase this year. The unassigned fund balance for the General Fund was \$4,623,845 on June 30, 2011. This represents an increase of \$826,473. Obligated fund balances are: \$84,158 for non-spendable inventory and prepaid items, assigned fund balances include: \$978,469 for cemetery perpetual care, \$574,462 for fire equipment replacement, \$200,000 for police equipment replacement, \$4,172,600 for rainy day emergency response, \$1,326,998 for the self-insurance fund and \$180,623 for next year budget..

Virginia Public Assistance Fund unassigned fund balance was \$87,962, the same as last year.

Capital Projects Fund expenditures amounted to \$20,501,528 of which \$4,167,481 was spent on community development and infrastructure improvements, \$11,332,658 on high school renovations and \$5,001,389 was for long-term debt service.

The Capital Projects Fund unassigned fund balance at June 30, 2011 was \$17,308,381, of which \$10,098,751 is bond proceeds for construction projects.

Proprietary Funds

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

The Hopewell Regional Wastewater Treatment Facility Fund had a net income of \$107,658 for the year ended June 30, 2011. The Sewer Service Fund had net revenue of \$2,098,548 with restricted assets of \$14,780,420 as of June 30, 2011. The Solid Waste Fund had net revenue of \$199,278, leaving an unassigned fund balance of \$2,332,477.

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 2011 fiscal year were as follows:

	<u>Amount</u>	<u>Ratio of debt to assessed value</u>	<u>Debt per capita</u>
Bonded Debt	\$ 59,298,557	4.36%	\$ 2,625

Of the G O bonded debt outstanding at June 30, 2011, \$21,945,157 was School bonds, \$4,444,400 was School literary loans, and \$32,909,000 represented City public improvement bonds. In addition to the bonded debt, general long-term obligations of the City at June 30, 2011 include \$940,398 for compensated absences, \$729,387 for landfill closure maintenance costs, \$3,272,212 for OPEB liability and \$279,072 in unamortized bond premium.

Cash Management

Cash temporarily idle during the year was invested in repurchase agreements and certificates of deposit. Interest income for the fiscal year 2011 was \$149,154.

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, 2011 the City had a General Fund unreserved designated balance of \$1,326,991 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 \$88,857,276 for its general governmental funds (General Fund, Special Revenue Funds, Component Units, and Capital Projects Funds) for fiscal year 2011-12.

OTHER INFORMATION

Management, discussion and Analysis

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

Independent Audit

State Statutes require an annual audit by independent certified public accountants. The accounting firm of Cherry, Bekaert & Holland, L.L.P. 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 basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The independent auditors' reports related specifically to the single audit requirements are included in the compliance section of this report.

Certificate of Achievement

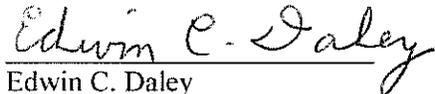
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hopewell for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the twenty-fifth consecutive year the City received this award.

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

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

ACKNOWLEDGMENTS

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


Edwin C. Daley
City Manager


Elesteen Hager
Director of Finance

FINANCIAL SECTION



Independent Auditors Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia, (the “City”) as of and for the year ended June 30, 2011, which collectively comprise the City’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City’s management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2012, on our consideration of the City’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Cherry, Bekaert + Holland, LLP

Richmond, Virginia
January 23, 2012

City of Hopewell, Virginia
Management's Discussion and Analysis

This section of the City of Hopewell, Virginia annual financial report presents our management discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Total net assets were \$47.4 million for the City's primary government. Of this total, \$24.5 million were for our business-type activities.
- The School Board Component unit total net assets for this year was \$27.0 million.
- In the City's business-type activities, operating and non-operating revenues equaled \$18.6 million while expenses were \$16.3 million.
- The total cost of all the City's programs and services was \$114.8 million.
- During this year, the City's governmental activities net assets decreased by \$2.6 million
- Overall, the City's financial position remained relatively unchanged with only a slight decrease in net assets of \$194,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The City has three kinds of funds:

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

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

Table A-1

City of Hopewell, Virginia Summary of Net Assets As of June 30, 2011

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>		<u>Total</u>
	<u>Activities</u>		<u>Activities</u>				<u>Percentage</u>
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>Change</u>
							<u>2010-2011</u>
Current and other assets	\$37,276,401	\$40,150,757	\$41,599,771	\$40,368,411	\$78,876,172	\$80,519,168	2.08%
Capital assets	40,930,546	49,842,270	12,556,121	21,714,729	53,486,667	71,556,999	33.78%
Total assets	\$78,206,947	\$90,352,543	\$54,155,892	\$62,083,140	\$132,362,839	\$152,076,167	
Other Liabilities	5,360,127	2,913,843	2,740,158	4,062,970	8,100,285	6,976,813	-13.87%
Long-term debt outstanding	47,327,988	64,519,626	29,364,317	33,563,269	76,692,305	98,082,895	27.89%
Total Liabilities	\$52,688,115	\$67,433,469	\$32,104,475	\$37,626,239	\$84,792,590	\$105,059,708	
Net assets-							
Invested in capital assets							
Net of related debt	2,462,560	409,366	833,056	3,522,077	3,295,616	3,931,443	19.29%
Restricted	1,054,321	1,024,445	395,641	395,641	1,449,962	1,420,086	-2.06%
Unrestricted	22,001,951	21,485,263	20,822,720	20,539,183	42,824,671	42,024,446	-1.87%
Total net assets	\$25,518,832	\$22,919,074	\$22,051,417	\$24,456,901	\$47,570,249	\$47,375,975	

Total net assets decreased \$2,599,758 during the current fiscal year for the City's governmental activities. This decrease in government net assets was affected by these particular features of the City’s recent financial activity:

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

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

- Inflation increase for utility costs
- Increased employee health care benefits
- Construction in-progress for new sewer plant

Effect of GASB 45

GASB 45 reporting requires the City to recognize its liability as it relates long-term post employee benefits (in this case, health care). General Fund liabilities in the amount \$606,904 were recorded in the Statement of Net Assets for General Government Activities and an amount of \$107,603 was recorded in the Business Activities section on this report.

The City is currently funding the OPEB on a pay-as-you-go basis. Next year costs are estimated to be \$498,300.

Changes in net assets

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

Governmental Activities

Total governmental activities revenues increased by 1.0 percent over 2010. At the same time, expenditures increased by 5 percent over 2010. The combined revenues and expenditures created a decrease in net assets of \$2,599,758. Net assets decreased because: sell of certain real estate for redevelopment, demolition of building for new construction of human services building, increased in liabilities for debt and OPEB obligations, and increased employee and retiree health care costs.

Business-type Activities

Charges for services revenues of the City's business-type activities decreased 1 percent, and expenses decreased 7 percent. Net assets increased due to the construction of the new sewer treatment plant. (Refer to Table A-2).

City of Hopewell, Virginia
Changes in Net Assets
For the Year Ended June 30, 2011

	Governmental		Business-type		Total		Total
	Activities		Activities		Total		Percentage
	2010	2011	2010	2011	2010	2011	Change
	2010	2011	2010	2011	2010	2011	2010-2011
Revenues							
Program revenues:							
Charges for services	\$829,640	\$869,429	\$18,400,410	\$18,537,642	\$19,230,050	\$19,407,071	0.92%
Federal/state grants and entitlements	10,470,377	10,931,343	513,084	82,284	10,983,461	11,013,627	0.27%
General revenues:							
Property taxes	24,953,126	24,183,723	-	-	24,953,126	24,183,723	-3.08%
Other taxes	9,471,975	9,762,861	-	-	9,471,975	9,762,861	3.07%
Other	3,027,584	3,278,420	36,210	134,000	3,063,794	3,412,420	11.38%
Total revenues	48,752,702	49,025,776	18,949,704	18,753,926	67,702,406	67,779,702	
Expenses							
General government	4,460,353	6,104,946	-	-	4,460,353	6,104,946	36.87%
Judicial	2,084,915	1,643,680	-	-	2,084,915	1,643,680	-21.16%
Public safety	12,847,039	10,761,188	-	-	12,847,039	10,761,188	-16.24%
Public works	4,705,675	5,338,658	-	-	4,705,675	5,338,658	13.45%
Health & welfare	5,486,078	5,514,230	-	-	5,486,078	5,514,230	0.51%
Education	14,587,637	15,960,520	-	-	14,587,637	15,960,520	9.41%
Parks, recreation, and cultural	2,396,107	1,187,879	-	-	2,396,107	1,187,879	-50.42%
Community development	1,499,806	2,885,797	-	-	1,499,806	2,885,797	92.41%
Interest on long-term debt	1,624,907	2,228,636	-	-	1,624,907	2,228,636	37.15%
Public utilities	-	-	17,709,774	16,348,442	17,709,774	16,348,442	-7.69%
Total expenses	\$49,692,517	\$51,625,534	\$17,709,774	\$16,348,442	\$67,402,291	\$67,973,976	
Increase(decrease)							
in net assets	(\$939,815)	(\$2,599,758)	\$1,239,930	\$2,405,484	\$300,115	(\$194,274)	

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

- The total costs of these larger governmental activities represent 65% of the \$52.0 million total costs of services.
- However, the amount that our taxpayers paid for these activities was \$40.2 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 \$40.2 million "public benefit" portion with taxes and with other revenues such as interest, and unrestricted state aid.

City of Hopewell, Virginia
Net Cost of Certain Governmental Activities
For the year ended June 30, 2011

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	<u>2010</u>	<u>2011</u>	<u>2010-2011</u>	<u>2010</u>	<u>2011</u>	<u>2010-2011</u>
Public Safety	\$12,847,039	\$10,084,812	-21.50%	\$11,601,404	\$8,656,005	-25.39%
Public Works	4,705,675	4,400,431	-6.49%	1,450,355	877,650	-39.49%
Education	14,587,637	15,960,520	9.41%	14,587,637	15,960,520	9.41%
Health & Welfare	5,486,078	3,173,241	-42.16%	1,945,374	(503,398)	-125.88%
Other	<u>12,066,088</u>	<u>18,006,530</u>	49.23%	<u>8,807,730</u>	<u>14,833,985</u>	68.42%
Total	<u>\$49,692,517</u>	<u>\$51,625,534</u>		\$38,392,500	\$39,824,762	

BALANCE SHEET DETAIL

FINANCIAL ANALYSIS OF THE CITY'S GENERAL FUND

The City closed this year with its general fund reporting an unassigned fund balance of \$4.6 million, after setting aside a “rainy day” assigned balance of \$4.2 mil. After adjusting assigned account balances at year-end, the fund balance showed a net increase of \$826,473.

FINANCIAL ANALYSIS OF THE CITY'S CAPITAL PROJECTS FUND

The City closed this year with its capital projects fund reporting an unassigned fund balance of \$17.3 million, \$5.8 million more than last year. This increase resulted from capital costs for renovation of high school, human services building construction and debt services requirements not yet spent.

FINANCIAL ANALYSIS OF THE CITY'S VIRGINIA PUBLIC ASSISTANCE FUND

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Amendments and appropriations approved after the beginning of the year to reflect prior year encumbrances that must be re-authorized for expenditure in the "new" budget year.
- Changes made to the budget midyear to address the budget priorities that changed the allocation of resources.

- Increases in appropriations for budget items occurring during the year that were not part of the original budget.
Even with these adjustments, actual expenditures were \$2.2 million below final budget amounts. The most significant positive budget variance resulted from:

- Public Works Dept. \$307,937
- Public Safety 778,347
- Non Department 716,530

Resources available for appropriation were \$1.960 mil more than final estimated budgeted amount. As noted previously:

- Court Fines & Forfeitures were up by \$756,530 over budget.
- Street Maint. Funds were up by \$284,780.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the City had invested \$70.8 million in a broad range of capital assets, including police and fire equipment, buildings, park facilities, sewer plants, and sewer lines. (See Table A-4). This amount represents a net increase (including additions and deductions) of \$17.3 million from last year.

Table A-4

**City of Hopewell, Virginia
Capital Assets net of Depreciation
At June 30, 2011**

	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2010	2011	2010	2011	2010	2011	Change
Land	\$6,321,385	\$6,622,991	\$313,946	\$313,946	\$6,635,331	\$6,936,937	4.55%
Buildings & improvements	19,041,158	22,847,682	4,742,966	5,437,443	23,784,124	28,285,125	18.92%
Equipment	2,171,249	2,156,747	4,770,930	4,163,161	6,942,179	6,319,908	-8.96%
Construction in Progress	1,014,410	229,990	2,728,280	11,388,966	3,742,690	11,618,956	210.44%
Jointly Owned Assets	12,382,344	17,984,860	-	-	12,382,344	17,984,860	45.25%
Total	\$40,930,546	\$49,842,270	\$12,556,122	\$21,303,516	\$53,486,668	\$71,145,786	

This year's major capital asset additions included:

- Human Services Building construction completion
- Public Works equipment
- Police cars
- High School Renovations

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

The City's fiscal year 2012 capital projects budget is \$11.1 million of which \$3.3 million is for debt service.

LONG-TERM DEBT-Government Activities

At year-end the City had \$59.3 million in G O bonds and literary loans outstanding—an increase of 30 percent over last year—as shown in Table A-5. More detailed information about the City's long-term liabilities is presented in footnote 8 to the financial statements.

Table A-5

City of Hopewell, Virginia Schedule of Outstanding Debt At June 30, 2011

	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2010	2011	2010	2011	2010	2011	Change
General obligation bonds	\$40,597,744	\$54,854,157	-	-	\$40,597,744	\$54,854,157	35.12%
Literary loans	5,093,600	4,444,400	-	-	5,093,600	4,444,400	-12.75%
Revenue bonds	-	-	28,580,000	32,205,000	28,580,000	32,205,000	12.68%
Total	\$45,691,344	\$59,298,557	\$28,580,000	\$32,205,000	\$74,271,344	\$91,503,557	

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Unemployment in the City at June 30, 2011 stood at 11.4 percent versus 10.9 percent a year ago.
- Inflation in the tri-cities metropolitan areas continues to track the national consumer price index due in part to the residential housing market and to lower energy costs.
 - The South-urban, all items, 1982-84 base CPI index change was -1.0 percent from June, 2008 - June, 2009.
 - The U. S city average, all items, 1982-84 base CPI index change was -1.0 percent from June, 2008 - June, 2009.

These indicators and other goals were taken into account when adopting the general fund budget for 2012. Amounts available for appropriation in the general fund budget are \$41.7 million. Property taxes and public service corporation taxes are expected to provide the majority of General Fund revenues.

Budgeted expenditures are expected to rise to \$41.7 million. Employee health insurance contributions are estimated to be the largest category increase.

It is estimated that the City's unassigned general fund balance will decline at the close of 2012 as the result of one-time employee pay bonus in December, 2011. As for the City's business-type activities, we expect the 2012 results to improve the financial position in a modest amount.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Hopewell Finance Office, 300 N Main Street, Hopewell, VA 23860 or call 804.541.2306.

City of Hopewell, Virginia

Statement of Net Assets

June 30, 2011

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business Type	Total	School Board	Comprehensive Services Act Board
		Activities			
Assets					
Cash and investments	\$ 26,045,268	\$ 22,158,151	\$ 48,203,419	\$ 6,485,695	\$ -
Receivables (net of allowance for uncollectibles)					
Taxes receivable	1,733,040	-	1,733,040	-	-
Accounts receivable	441,740	950,126	1,391,866	119,129	-
Interest receivable	725	1,449	2,174	-	-
Due from other funds	-	160,270	160,270	-	-
Due from other governmental units	1,268,641	-	1,268,641	1,443,326	542,067
Inventories	78,299	991,630	1,069,929	50,763	-
Prepaid expenses	274,574	449,915	724,489	-	-
Restricted assets:					
Temporarily restricted:					
Cash and investments (in custody of others)	10,144,725	15,176,061	25,320,786	-	-
Other assets:					
Due from other funds, net of current portion	-	480,809	480,809	-	-
Unamortized bond issue costs	523,261	-	523,261	-	-
Capital assets (net of accumulated depreciation)					
Land	6,622,991	313,946	6,936,937	398,728	-
Buildings and system	40,832,542	2,448,998	43,281,540	7,153,345	-
Machinery and equipment	2,156,747	4,706,575	6,863,322	1,678,138	-
Sewer main improvements	-	2,445,430	2,445,430	-	-
Work in progress	229,990	11,799,780	12,029,770	15,125,025	-
Total assets	\$ 90,352,543	\$ 62,083,140	\$ 152,435,683	\$ 32,454,149	\$ 542,067
Liabilities					
Accounts payable	\$ 1,052,148	\$ 1,987,407	\$ 3,039,555	\$ 218,639	\$ 260,210
Accrued liabilities	472,442	1,109,591	1,582,033	3,986,892	533
Accrued interest payable	901,275	-	901,275	-	-
Due to other funds, net of current portion	-	160,270	160,270	-	-
Due to other governmental units	-	-	-	-	279,706
Unearned revenue	487,978	324,893	812,871	37,465	-
Due to other funds, net of current portion	-	480,809	480,809	-	-
Long-term liabilities					
Due within one year	3,291,482	762,153	4,053,635	251,895	-
Due in more than one year	61,228,144	32,801,116	94,029,260	996,954	-
Total liabilities	\$ 67,433,469	\$ 37,626,239	\$ 105,059,708	\$ 5,491,845	\$ 540,449
Net assets					
Invested in capital assets, net of related debt	\$ 409,366	\$ 3,522,077	\$ 3,931,443	\$ 24,355,236	\$ -
Restricted for:					
Debt service and bond covenants	-	395,641	395,641	-	-
Perpetual care	978,469	-	978,469	-	-
Other	45,976	-	45,976	1,225,288	-
Unrestricted	21,485,263	20,539,183	42,024,446	1,381,780	1,618
Total net assets	\$ 22,919,074	\$ 24,456,901	\$ 47,375,975	\$ 26,962,304	\$ 1,618

The accompanying notes are an integral part of this statement.

City of Hopewell, Virginia
Statement of Activities
For the Year Ended June 30, 2011

Exhibit 2

Functions/Programs	Program Revenues				Primary Government			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units Comprehensive Services Act Board	
								School Board	Act Board
Primary government:									
Governmental activities:									
General government administration	\$ 6,104,946	\$ 7,620	\$ 1,819,545	\$ -	\$ (4,277,781)	\$ -	\$ (4,277,781)	\$ -	\$ -
Judicial administration	1,643,680	31,532	577,887	-	(1,034,261)	-	(1,034,261)	-	-
Public safety	10,761,188	463,133	965,674	-	(9,332,381)	-	(9,332,381)	-	-
Public works	5,338,658	19	3,522,762	-	(1,815,877)	-	(1,815,877)	-	-
Health and welfare	5,514,230	-	3,676,639	-	(1,837,591)	-	(1,837,591)	-	-
Education	15,960,520	-	-	-	(15,960,520)	-	(15,960,520)	-	-
Parks, recreation, and cultural	1,187,879	296,931	4,000	-	(886,948)	-	(886,948)	-	-
Community development	2,885,797	70,194	3,139	281,477	(2,530,987)	-	(2,530,987)	-	-
Interest on long-term debt	2,228,636	-	-	80,220	(2,148,416)	-	(2,148,416)	-	-
Total governmental activities	\$ 51,625,534	\$ 869,429	\$ 10,569,646	\$ 361,697	\$ (39,824,762)	\$ -	\$ (39,824,762)	\$ -	\$ -
Business-type activities:									
Public utilities	\$ 16,348,442	\$ 18,537,642	\$ -	\$ 82,284	-	\$ 2,271,484	\$ 2,271,484	\$ -	\$ -
Total business-type activities	\$ 16,348,442	\$ 18,537,642	\$ -	\$ 82,284	\$ -	\$ 2,271,484	\$ 2,271,484	\$ -	\$ -
Total primary government	\$ 67,973,976	\$ 19,407,071	\$ 10,569,646	\$ 443,981	\$ (39,824,762)	\$ 2,271,484	\$ (37,553,278)	\$ -	\$ -
Component units:									
School Board	\$ 43,037,827	\$ 779,860	\$ 30,705,736	\$ -	\$ -	\$ -	\$ -	\$ (11,552,231)	\$ -
Comprehensive Services Act Board	3,344,017	-	2,371,665	-	-	-	-	-	(972,352)
Total component units	\$ 46,381,844	\$ 779,860	\$ 33,077,401	\$ -	\$ -	\$ -	\$ -	\$ (11,552,231)	\$ (972,352)
General revenues:									
General property taxes					\$ 24,183,723	\$ -	\$ 24,183,723	\$ -	\$ -
Local sales tax					1,866,495	-	1,866,495	-	-
Business license tax					1,766,087	-	1,766,087	-	-
Communications tax					878,644	-	878,644	-	-
Restuarant food taxes					1,616,562	-	1,616,562	-	-
Other local taxes					3,635,073	-	3,635,073	-	-
Unrestricted from use of money and property					154,399	134,000	288,399	332	-
Miscellaneous					1,142,241	-	1,142,241	191,851	58,123
Grants and contributions not restricted to specific programs					1,618,030	-	1,618,030	-	-
Payment from the City of Hopewell					-	-	-	15,354,007	914,228
Interest rate subsidy					363,750	-	363,750	-	-
Total general revenues					\$ 37,225,004	\$ 134,000	\$ 37,359,004	\$ 15,546,190	\$ 972,351
Change in net assets					\$ (2,599,758)	\$ 2,405,484	\$ (194,274)	\$ 3,993,959	\$ (1)
Net assets - beginning, adjusted					25,518,832	22,051,417	47,570,249	22,968,345	1,619
Net assets - ending					\$ 22,919,074	\$ 24,456,901	\$ 47,375,975	\$ 26,962,304	\$ 1,618

The accompanying notes are an integral part of this statement.

City of Hopewell, Virginia
Balance Sheet
Governmental Funds
June 30, 2011

	General	Virginia Public Assistance	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 11,744,817	\$ -	\$ 13,839,475	\$ 460,976	\$ 26,045,268
Receivables (net of allowance for uncollectibles)					
Taxes receivable	1,733,040	-	-	-	1,733,040
Accounts receivable	211,249	-	230,075	418	441,742
Interest receivable	36	-	605	82	723
Due from other funds	267,177	-	-	-	267,177
Due from other governmental units	893,056	339,649	-	35,936	1,268,641
Inventories	78,299	-	-	-	78,299
Prepaid items	274,574	-	-	-	274,574
Restricted assets:					
Temporarily restricted:					
Cash and investments	45,974	-	10,098,751	-	10,144,725
Total assets	<u>\$ 15,248,222</u>	<u>\$ 339,649</u>	<u>\$ 24,168,906</u>	<u>\$ 497,412</u>	<u>\$ 40,254,189</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 854,244	\$ 2,261	\$ 169,075	\$ 26,568	\$ 1,052,148
Accrued liabilities	368,411	12,624	11,464	79,943	472,442
Due to other funds	-	236,802	-	30,375	267,177
Deferred revenue	1,884,418	-	-	-	1,884,418
Total liabilities	<u>\$ 3,107,073</u>	<u>\$ 251,687</u>	<u>\$ 180,539</u>	<u>\$ 136,886</u>	<u>\$ 3,676,185</u>
Fund balances:					
Non-spendable					
Inventories	\$ 78,299	\$ -	\$ -	\$ -	\$ 78,299
Prepaid items	274,574	-	-	-	274,574
Restricted for capital projects	-	-	10,098,751	-	10,098,751
Assigned					
Fire department equipment	574,462	-	-	-	574,462
Next year budget	180,623	-	-	-	180,623
Perpetual care	978,469	-	-	-	978,469
Police department equipment	200,000	-	-	-	200,000
Rainy day emergency	4,172,600	-	-	-	4,172,600
Self insurance	1,326,991	-	-	-	1,326,991
Assigned to funds	-	87,962	13,889,616	360,774	14,338,352
Unassigned:					
General fund	4,355,131	-	-	-	4,355,131
Special revenue	-	-	-	(248)	(248)
Total fund balances	<u>\$ 12,141,149</u>	<u>\$ 87,962</u>	<u>\$ 23,988,367</u>	<u>\$ 360,526</u>	<u>\$ 36,578,004</u>
Total liabilities and fund balances	<u>\$ 15,248,222</u>	<u>\$ 339,649</u>	<u>\$ 24,168,906</u>	<u>\$ 497,412</u>	<u>\$ 40,254,189</u>

The accompanying notes are an integral part of this statement.

City of Hopewell, Virginia
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Assets
June 30, 2011

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

Total fund balances per Exhibit 3- Balance Sheet- Governmental Funds	\$ 36,578,004
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	49,842,270
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Deferred revenue	1,396,440
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	(54,854,157)
Unamortized bond issue costs	523,261
Bond issuance premium	(279,072)
State literary fund loans payable	(4,444,400)
Landfill closure liability	(729,387)
Accrued interest payable	(901,275)
Other post employment benefit obligation	(3,272,212)
Compensated absences	(940,398)
	<u>(64,897,640)</u>
Net assets of governmental activities	<u>\$ 22,919,074</u>

The accompanying notes are an integral part of this statement.

City of Hopewell, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General	Virginia Public Assistance	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 23,818,310	\$ -	\$ -	\$ -	\$ 23,818,310
Other local taxes	6,053,930	-	2,440,253	-	8,494,183
Permits, privilege fees, and regulatory licenses	31,956	-	-	-	31,956
Fines and forfeitures	1,288,030	-	-	-	1,288,030
Revenue from the use of money and property	79,911	19	74,396	214,755	369,081
Charges for services	500,210	-	-	87,727	587,937
Miscellaneous	176,646	-	25,000	25,998	227,644
Recovered costs	884,500	-	-	-	884,500
Intergovernmental revenues:					
Commonwealth	7,930,358	1,365,293	-	3,139	9,298,790
Federal	577,540	2,311,346	-	298,301	3,187,187
Total revenues	<u>\$ 41,341,391</u>	<u>\$ 3,676,658</u>	<u>\$ 2,539,649</u>	<u>\$ 629,920</u>	<u>\$ 48,187,618</u>
EXPENDITURES					
Current:					
General government administration	\$ 2,836,083	\$ -	\$ -	\$ -	\$ 2,836,083
Judicial administration	1,603,353	-	-	-	1,603,353
Public safety	10,220,079	-	-	-	10,220,079
Public works	3,410,231	-	-	3,819	3,414,050
Health and welfare	1,409,301	4,104,929	-	-	5,514,230
Education	9,624,389	-	11,332,658	-	20,957,047
Parks, recreation, and cultural	536,575	-	-	1,543,902	2,080,477
Community development	544,605	-	-	248,904	793,509
Nondepartmental	5,075,563	-	-	-	5,075,563
Capital projects	-	-	4,167,481	-	4,167,481
Debt service:					
Principal retirement	1,327,787	-	488,000	-	1,815,787
Interest and other fiscal charges	605,989	-	2,173,958	-	2,779,947
Total expenditures	<u>\$ 37,193,955</u>	<u>\$ 4,104,929</u>	<u>\$ 18,162,097</u>	<u>\$ 1,796,625</u>	<u>\$ 61,257,606</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,147,436</u>	<u>(428,271)</u>	<u>(15,622,448)</u>	<u>(1,166,705)</u>	<u>(13,069,988)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	375,070	428,272	1,949,800	1,232,961	3,986,103
Transfers out	(3,696,033)	-	(290,070)	-	(3,986,103)
Issuance of refunding bonds	-	-	2,380,000	-	2,380,000
Issuance of bonds	-	-	15,335,000	-	15,335,000
Payment to refunded debt escrow agent	-	-	(2,339,431)	-	(2,339,431)
Interest rate subsidy	-	-	363,750	-	363,750
Premium on bond issuance	-	-	80,220	-	80,220
Total other financing sources (uses)	<u>(3,320,963)</u>	<u>428,272</u>	<u>17,479,269</u>	<u>1,232,961</u>	<u>15,819,539</u>
Net change in fund balances	826,473	1	1,856,821	66,256	2,749,551
Fund balance - beginning	11,314,676	87,961	22,131,546	294,270	33,828,453
Fund balance - ending	<u>\$ 12,141,149</u>	<u>\$ 87,962</u>	<u>\$ 23,988,367</u>	<u>\$ 360,526</u>	<u>\$ 36,578,004</u>

The accompanying notes are an integral part of this statement.

City of Hopewell, Virginia
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds \$ 2,749,551

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

Capital outlay	4,698,784	
Jointly-owned assets adjustment	8,790,112	
Depreciation expense	<u>(4,577,172)</u>	
		8,911,724

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 394,188

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	(17,715,000)	
Amortization of bond premium	12,134	
Amortization of bond issuance cost	(23,785)	
Principal payments on debt	4,107,787	
Increase in landfill closure liability	<u>(623,377)</u>	
		(14,242,241)

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	4,404	
(Increase) decrease in other post employment benefit payable	(480,904)	
(Increase) decrease in accrued leave	<u>63,520</u>	
		(412,980)

Change in net assets of governmental activities \$ (2,599,758)

The accompanying notes are an integral part of this statement.

City of Hopewell, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-Type Activities - Enterprise Funds			
	Hopewell Regional Wastewater Facilities Fund	Sewer Service Fund	Solid Waste Fund	Total
Assets				
Current assets:				
Cash and investments	\$ 5,373,810	\$ 14,526,364	\$ 2,257,977	\$ 22,158,151
Interest receivable	643	334	472	1,449
Accounts receivable, net of allowances for uncollectibles	122,386	702,313	125,427	950,126
Due from other funds, current portion	-	160,270	-	160,270
Inventories	991,630	-	-	991,630
Prepaid items	29,288	420,627	-	449,915
Total current assets	<u>\$ 6,517,757</u>	<u>\$ 15,809,908</u>	<u>\$ 2,383,876</u>	<u>\$ 24,711,541</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments	\$ 395,641	\$ 14,780,420	\$ -	\$ 15,176,061
Total restricted assets	<u>\$ 395,641</u>	<u>\$ 14,780,420</u>	<u>\$ -</u>	<u>\$ 15,176,061</u>
Receivables:				
Due from other funds, net of current portion	\$ -	\$ 480,809	\$ -	\$ 480,809
Total receivables	<u>\$ -</u>	<u>\$ 480,809</u>	<u>\$ -</u>	<u>\$ 480,809</u>
Capital assets:				
Utility plant in service	\$ 10,011,062	\$ 501,878	\$ -	\$ 10,512,940
Land	216,026	97,920	-	313,946
Machinery and equipment	53,331,063	892,242	-	54,223,305
Work in progress	-	11,799,780	-	11,799,780
Sewer main improvements	-	7,152,825	-	7,152,825
Accumulated depreciation	(57,580,672)	(4,707,395)	-	(62,288,067)
Total capital assets	<u>\$ 5,977,479</u>	<u>\$ 15,737,250</u>	<u>\$ -</u>	<u>\$ 21,714,729</u>
Total noncurrent assets	<u>\$ 6,373,120</u>	<u>\$ 30,998,479</u>	<u>\$ -</u>	<u>\$ 37,371,599</u>
Total assets	<u>\$ 12,890,877</u>	<u>\$ 46,808,387</u>	<u>\$ 2,383,876</u>	<u>\$ 62,083,140</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 486,456	\$ 1,477,490	\$ 23,461	\$ 1,987,407
Accrued liabilities	721,972	387,262	357	1,109,591
Compenstated absences - current portion	181,671	28,116	2,366	212,153
Deferred revenue	324,893	-	-	324,893
Due to other funds- current portion	160,270	-	-	160,270
Bonds payable - current portion	550,000	-	-	550,000
Total current liabilities	<u>\$ 2,425,262</u>	<u>\$ 1,892,868</u>	<u>\$ 26,184</u>	<u>\$ 4,344,314</u>
Noncurrent liabilities				
Bonds payable - net of current portion	\$ 9,650,000	\$ 22,392,480	\$ -	\$ 32,042,480
OPEB liability	633,039	75,646	25,215	733,900
Compensated absences - net of current	24,736	-	-	24,736
Due to other funds- net of current portion	480,809	-	-	480,809
Total noncurrent liabilities	<u>\$ 10,788,584</u>	<u>\$ 22,468,126</u>	<u>\$ 25,215</u>	<u>\$ 33,281,925</u>
Total liabilities	<u>\$ 13,213,846</u>	<u>\$ 24,360,994</u>	<u>\$ 51,399</u>	<u>\$ 37,626,239</u>
Net assets				
Invested in capital assets, net of related debt	\$ (4,222,521)	\$ 7,744,598	\$ -	\$ 3,522,077
Restricted for debt service	395,641	-	-	395,641
Unrestricted	3,503,911	14,702,795	2,332,477	20,539,183
Total net assets	<u>\$ (322,969)</u>	<u>\$ 22,447,393</u>	<u>\$ 2,332,477</u>	<u>\$ 24,456,901</u>

The accompanying notes are an integral part of this statement.

City of Hopewell, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds			
	Hopewell Regional Wastewater Facilities Fund	Sewer Service Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Charges for services:				
Wastewater treatment revenues	\$ 9,971,416	\$ -	\$ -	\$ 9,971,416
Sewer revenues	-	6,264,658	-	6,264,658
Refuse collection	-	-	2,301,568	2,301,568
Total operating revenues	<u>\$ 9,971,416</u>	<u>\$ 6,264,658</u>	<u>\$ 2,301,568</u>	<u>\$ 18,537,642</u>
OPERATING EXPENSES				
Personnel services	2,629,340	298,010	63,817	2,991,167
Fringe benefits	1,179,157	151,065	5,398	1,335,620
Contractual services	1,626,011	1,702,198	1,341,671	4,669,880
Administrative services	93,852	746,498	558,650	1,399,000
Materials and supplies	289,128	21,516	1,064	311,708
Repairs and maintenance	199,308	372,195	38,828	610,331
Utilities	101,881	82,208	13,028	197,117
Fuel	1,496,352	-	1,988	1,498,340
Insurance	129,950	38,548	6,184	174,682
Chemicals	598,450	2,750	-	601,200
Miscellaneous	147,368	117	72,612	220,097
Depreciation	902,537	187,188	-	1,089,725
Total operating expenses	<u>\$ 9,393,334</u>	<u>\$ 3,602,293</u>	<u>\$ 2,103,240</u>	<u>\$ 15,098,867</u>
Operating income	<u>\$ 578,082</u>	<u>\$ 2,662,365</u>	<u>\$ 198,328</u>	<u>\$ 3,438,775</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	\$ 5,323	\$ 127,727	\$ 950	\$ 134,000
Interest expense	(558,031)	(691,544)	-	(1,249,575)
Total nonoperating revenues (expenses)	<u>\$ (552,708)</u>	<u>\$ (563,817)</u>	<u>\$ 950</u>	<u>\$ (1,115,575)</u>
Income before capital contributions	\$ 25,374	\$ 2,098,548	\$ 199,278	\$ 2,323,200
Capital Grants	82,284	-	-	82,284
Net income	<u>\$ 107,658</u>	<u>\$ 2,098,548</u>	<u>\$ 199,278</u>	<u>\$ 2,405,484</u>
Total net assets - beginning	<u>(430,627)</u>	<u>20,348,845</u>	<u>2,133,199</u>	<u>22,051,417</u>
Total net assets - ending	<u>\$ (322,969)</u>	<u>\$ 22,447,393</u>	<u>\$ 2,332,477</u>	<u>\$ 24,456,901</u>

The accompanying notes are an integral part of this statement.

**City of Hopewell, Virginia
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2011**

	Business-Type Activities - Enterprise Funds			Total
	Hopewell Regional Wastewater Facilities Fund	Sewer Service Fund	Solid Waste Fund	
Cash flows from operating activities				
Receipts from customers and users	\$ 10,124,448	\$ 6,127,445	\$ 2,339,523	\$ 18,591,416
Payments to suppliers	(4,588,004)	(1,831,372)	(2,028,470)	(8,447,846)
Payments to employees	(3,916,368)	(32,273)	(98,887)	(4,047,528)
Net cash provided by (used in) operating activities	<u>1,620,076</u>	<u>4,263,800</u>	<u>212,166</u>	<u>6,096,042</u>
Cash flows from capital and related financing activities				
Purchase of capital assets	(241,132)	(10,007,201)	-	(10,248,333)
Principal payments on bonds	(535,000)	-	-	(535,000)
Interest payments	(558,031)	(691,544)	-	(1,249,575)
Interfund note	641,079	(641,079)	-	-
Proceeds from bond issuance	-	3,886,377	-	3,886,377
Proceeds from capital grants	82,284	-	-	82,284
Net cash provided (used) by capital and related financing activities	<u>(610,800)</u>	<u>(7,453,447)</u>	<u>-</u>	<u>(8,064,247)</u>
Cash flows from investing activities				
Interest and dividends received	4,819	176,442	746	182,007
Net cash provided (used) in investing activities	<u>4,819</u>	<u>176,442</u>	<u>746</u>	<u>182,007</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>1,014,095</u>	<u>(3,013,205)</u>	<u>212,912</u>	<u>(1,786,198)</u>
Cash and cash equivalents- beginning- including restricted	<u>4,755,356</u>	<u>32,319,989</u>	<u>2,045,065</u>	<u>39,120,410</u>
Cash and cash equivalents- ending- including restricted	<u>\$ 5,769,451</u>	<u>\$ 29,306,784</u>	<u>\$ 2,257,977</u>	<u>\$ 37,334,212</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 578,082	\$ 2,662,365	\$ 198,328	\$ 3,438,775
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	902,537	187,188	-	1,089,725
(Increase) decrease in accounts receivable	1,599	37,449	37,955	77,003
(Increase) decrease in inventories	21,962	-	-	21,962
(Increase) decrease in prepaid items	(3,746)	(56,985)	-	(60,731)
Increase (decrease) in accounts payable and accrued liabilities	(31,791)	1,608,445	(24,117)	1,552,537
Increase (decrease) in deferred revenue	151,433	(174,662)	-	(23,229)
Total adjustments	<u>1,041,994</u>	<u>1,601,435</u>	<u>13,838</u>	<u>2,657,267</u>
Net cash provided by (used in) operating activities	<u>\$ 1,620,076</u>	<u>\$ 4,263,800</u>	<u>\$ 212,166</u>	<u>\$ 6,096,042</u>

The accompanying notes are an integral part of this statement.

City of Hopewell, Virginia
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	Agency Funds
Assets	
Cash and cash equivalents	\$ 60,120
Total assets	\$ 60,120
 Liabilities	
Amounts held for social services clients	\$ 60,120
Total liabilities	\$ 60,120

The accompanying notes are an integral part of this statement.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

Note 1—Summary of Significant Accounting Policies

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

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

Financial Statement Presentation

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

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

Government-wide and Fund Financial Statements

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

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2011

segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

A. Financial Reporting Entity

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

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, 2011.

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, 2011.

The Comprehensive Services Act Board is responsible for providing family and youth services to the citizens of the City in accordance with the State Comprehensive Services Act. The Board consists of members appointed by the City Council. The Board is fiscally dependent on the City, i.e., the City Council must appropriate monies for this board to carry out its legal obligations. The CSA board has no power or authority to generate any revenue for its purposes required under state law, and therefore it is included in the City's financial statements as a discrete presentation for the year ended June 30, 2011. The Comprehensive Services Act Board does not issue a separate financial report.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

C. Other Related Organizations

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

The City is a participant with the County of Dinwiddie and County of Prince George in a joint venture to operate the Appomattox Regional Library (the Library). The Library is governed by an 11-member board comprised of five appointees from Hopewell and three each from Dinwiddie and Prince George. Each locality is obligated by contract to fund a percentage of the Library's approved budget. In accordance with the joint venture agreement, the City remitted \$524,075 to the Library for fiscal year 2011. The City has an ongoing financial responsibility to fund the Library, but does not retain a financial interest in the Library. Financial statements for the Library can be obtained at its administrative offices at 245 East Cawson Street, Hopewell, Virginia 23860.

Jointly Governed Organizations- The City participates with eight other Localities in the District 19 Community Services Board. The City also participates with five other Localities in Virginia's Gateway Region, a regional economic development organization. The City provided funding of \$105,288 and \$29,620, respectively, during fiscal year 2011 to these entities. The City also participates with six other localities in the Crater Youth Care Commission and provided funding in the amount of \$337,456.

Related Organizations - The City is also responsible for appointing members of the boards of two organizations, but the City's accountability for these organizations does not extend beyond making these appointments. Related organizations during the year ended June 30, 2011 are as follows: Hopewell Industrial Development Authority and Hopewell Redevelopment and Housing Authority.

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

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

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

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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2011

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

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

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

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

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

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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2011

1. Governmental Funds

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

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

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

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

2. Proprietary Funds

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

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

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

E. Cash and Cash Equivalents

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

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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

F. Investments

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

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for un-collectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$993,336 at June 30, 2011 and is comprised solely of property taxes.

Real and Personal Property Tax Data

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

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

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

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2011 was immaterial.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

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

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

I. Compensated Absences

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

J. Retirement Plan

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

K. Use of Estimates

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

L. Fund Equity

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The City does not have any nonspendable fund balances at June 30, 2011.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed Fund Balance –portion of fund balance that can only be used for specific purposes imposed by majority vote of the City Council. Any changes or removal of specific purpose requires majority action by the governing body.

Assigned fund balance – portion of fund balance that the City intends to use for specific purposes. Fund balances in the general fund are assigned by resolution of the City Council. Fund balances in the special revenue or capital projects funds are assigned if they are not committed, restricted or nonspendable.

Unassigned fund balance – the portion of the general fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

M. Net Assets

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

N. Long-term Obligations

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

O. Prepaid Items

Prepaid expenditures in governmental funds are offset by nonspendable 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 nonspendable fund balance which indicates that it does not constitute "currently expendable financial resources".

Q. Restricted Assets

The City reported restricted assets on the balance sheet in a governmental fund that represents bond proceeds that have not been spent at June 30, 2011 in accordance with the terms of the bond. These assets, in the amount of \$10,144,725 are to be used to fund future City public improvements.

Note 2—Stewardship, Compliance, and Accounting

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

1. The City Charter requires the City Manager to submit to the City Council an annual budget for the ensuing fiscal year at least 60 days prior to the beginning of such fiscal year.
2. A public hearing on the budget is held after a synopsis of the budget is published in a local newspaper of general circulation. After a public hearing, the City Council may change any item in the budget (other than debt service or items required by law). A budget resolution must be adopted by the City Council prior to June 30 or as soon thereafter as is practicable.
3. The City utilizes the budget resolution as a budgetary control whereby City Council adopts budgets for estimated revenues and expenditures on a departmental basis for the General Fund and Special Revenue Funds. Capital Projects Funds are budgeted on a project-length basis. Adopted budgets may be amended or superseded by action of City Council.
4. Budgets are also adopted by City Council for the Enterprise Funds. Budget to actual comparisons for these funds are not presented herein since there is no legal requirement for such presentation.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2011

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, 2011.
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 exceeded appropriations in the Capital Projects governmental fund for the year ended June 30, 2011.

Note 3—Deposits and Investments:

Deposits

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

Investments

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

Credit Risk of Debt Securities

The City's rated debt investments as of June 30, 2011 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The City's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed thirty-five percent of the investment portfolio.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

City's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings					
	AAA	AAA/AAA	AAAm	AA	AA+	AA-
Local Government Investment Pool	\$ -	\$ -	\$ 20,134,365	\$ -	\$ -	\$ -
Virginia State Non-Arbitrage Pool	-	-	10,098,751	-	-	-
Municipal/Public Bonds	668,108	-	-	331,619	756,601	-
Corporate Bonds	2,382,127	-	66,324	3,188	449,034	454,617
Repurchase Agreements - Underlying:						
Municipal/Public Bonds	-	848,928	9,787,739	-	-	-
Discount Notes	18,170,998	-	-	-	-	-
Total	<u>\$ 21,221,233</u>	<u>\$ 848,928</u>	<u>\$ 40,087,179</u>	<u>\$ 334,807</u>	<u>\$ 1,205,635</u>	<u>\$ 454,617</u>

Interest Rate Risk

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

Investment Type	Fair Value	Less Than	
		1 Year	1-5 Years
Municipal/Public Bonds	\$ 1,756,328	\$ 1,220,066	\$ 536,262
Corporate Debt	3,355,290	2,197,196	1,057,307
Repurchase Agreements – Underling:			
Municipal/Public Bonds	10,637,666	849,928	-
Discount Notes	18,170,998	18,170,998	-
Total	<u>\$ 33,920,282</u>	<u>\$ 22,438,188</u>	<u>\$ 1,593,569</u>

External Investment Pools

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

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CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements

As of June 30, 2011

Note 4—Due from Other Governments

At June 30, 2011, the City had receivables from other governments as follows:

Other Local Governments:

City of Hopewell Comprehensive Services Act Board	\$ 279,706	\$ -	\$ -
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Commonwealth of Virginia:

Local sales tax	298,612	-	-
Communications tax	133,803	-	-
E-911 wireless funds	7,336	-	-
VPA funds	127,926	-	-
Victim witness	18,888	-	-
State Sales tax	-	506,045	-
Constitutional officer reimbursements	90,045	-	-
Comprehensives service	-	-	542,067

Federal Government:

School fund grants	-	837,658	-
School fund grants	-	99,622	-
Community Development Block Grant	35,936	-	-
VPA funds	211,723	-	-
Public service grant	<u>64,666</u>		
Total due from other governments	<u>\$ 1,268,641</u>	<u>\$ 1,443,325</u>	<u>\$ 542,067</u>

Amounts due to other governments are as follow:

Other Local Governments:

City of Hopewell	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,706</u>
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CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

Note 5—Interfund Obligations

Details of the Primary Government's inter-fund receivables and payables as of June 30, 2011 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 267,177	\$ -
Virginia Public Assistance	-	236,802
Capital Projects Fund		30,375
	<u>\$ 267,177</u>	<u>\$ 267,177</u>

Details of the Component Unit School Board's inter-fund receivables and payables as of June 30, 2011 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Building and Bus Replacement	\$ 729,807	\$ -
School Operating	-	729,807
	<u>\$ 729,807</u>	<u>\$ 729,807</u>

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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

Note 6—Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2011

:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Government activities:				
Capital assets not subject to depreciation:				
Land	\$ 6,321,385	\$ 301,606	\$ -	\$ 6,622,991
Work in progress	1,014,410	229,990	1,014,410	229,990
Total capital assets not subject to depreciation	<u>\$ 7,335,795</u>	<u>\$ 531,596</u>	<u>\$ 1,014,410</u>	<u>\$ 6,852,981</u>
Capital assets subject to depreciation:				
Buildings and system	\$ 29,269,359	\$ 4,694,107	\$ -	\$ 33,963,466
Machinery and equipment	7,494,266	487,491	61,449	7,920,308
Jointly owned assets	17,980,306	5,987,898	-	23,968,204
Total capital assets being depreciated	<u>\$ 54,743,931</u>	<u>\$ 11,169,496</u>	<u>\$ 61,449</u>	<u>\$ 65,851,978</u>
Less accumulated depreciation for:				
Buildings and system	\$ (10,228,201)	\$ (887,583)	\$ -	\$ (11,115,784)
Machinery and equipment	(5,323,017)	(501,993)	61,449	(5,763,561)
Jointly owned assets	(5,597,962)	(385,382)	-	(5,983,344)
Total accumulated depreciation	<u>\$ (21,149,180)</u>	<u>\$ (1,774,958)</u>	<u>\$ 61,449</u>	<u>\$ (22,862,689)</u>
Total capital assets being depreciated, net	<u>\$ 33,594,751</u>	<u>\$ 9,394,538</u>	<u>\$ -</u>	<u>\$ 42,989,289</u>
Government capital assets, net	<u>\$ 40,930,546</u>	<u>\$ 9,926,134</u>	<u>\$ 1,014,410</u>	<u>\$ 49,842,270</u>
Component Unit - School Board				
	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Government activities:				
Capital assets not subject to depreciation:				
Land	\$ 398,728	\$ -	\$ -	\$ 398,728
Work in progress	4,505,576	10,619,449	-	15,125,025
Land	<u>\$ 4,904,304</u>	<u>\$ 10,619,449</u>	<u>\$ -</u>	<u>\$ 15,523,753</u>
Capital assets subject to depreciation:				
Machinery and equipment	\$ 4,540,558	\$ 166,083	\$ -	\$ 4,706,641
Buildings and system	37,668,635			37,668,635
Jointly owned assets	(17,980,306)	(5,987,898)		(23,968,204)
Total capital assets being depreciated	<u>\$ 24,228,887</u>	<u>\$ (5,821,815)</u>	<u>\$ -</u>	<u>\$ 18,407,072</u>
Less accumulated depreciation for:				
Machinery and equipment	\$ (2,557,529)	\$ (470,974)	\$ -	\$ (3,028,503)
Buildings and system	(11,727,697)	(802,733)		(12,530,430)
Jointly owned assets	5,597,962	385,382		5,983,344
Total accumulated depreciation	<u>\$ (8,687,264)</u>	<u>\$ (888,325)</u>	<u>\$ -</u>	<u>\$ (9,575,589)</u>
Total capital assets being depreciated, net	<u>\$ 15,541,623</u>	<u>\$ (6,710,140)</u>	<u>\$ -</u>	<u>\$ 8,831,483</u>
Government capital assets, net	<u>\$ 20,445,927</u>	<u>\$ 3,909,309</u>	<u>\$ -</u>	<u>\$ 24,355,236</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

Note 6—Capital Assets (Continued)

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

Government activities:

General government administration	\$	162,786
Judicial administration		219,782
Public safety		408,536
Public works		274,586
Health and welfare		15,437
Education		385,383
Parks, recreation and cultural		308,448
Total governmental activities	\$	<u>1,774,958</u>

Enterprise activities:

Hopewell Regional Wasterwater Treatmetn Facilities	\$	902,537
Sewer		187,188
Total Enterprise activities	\$	<u>1,089,725</u>

Component Unit School board	\$	<u>1,273,707</u>
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Legislation enacted during the year ended June 30, 2002, Section 15 of the Code of Virginia 1950, as amended, has changed the reporting of Local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the City of Hopewell, Virginia for the year ended June 30, 2011, is that school financed assets in the amount of \$17,984,860 are reported in the Primary Government for financial reporting purposes.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

Note 6—Capital Assets: (Continued)

A summary of changes in proprietary fund property, plant, and equipment for the year ended June 30, 2011 follows:

Primary Government:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Enterprise activities:				
Sewer Service Fund:				
Capital assets not subject to depreciation:				
Land	\$ 97,920	\$ -	\$ -	\$ 97,920
Construction in progres	2,728,280	9,071,500	-	11,799,780
Total capital assets not subject to depreciation	\$ 2,826,200	\$ 9,071,500	\$ -	\$ 11,897,700
Capital assets subject to depreciation				
Utility plant in service	\$ 501,878	\$ -	\$ -	\$ 501,878
Machinery and Equipment	892,242	-	-	892,242
Sewer Main Improvements	6,217,124	935,700	-	7,152,824
Total capital assets being depreciated	\$ 7,611,244	\$ 935,700	\$ -	\$ 8,546,944
Less accumulated depreciation for:				
Utility plant in service	\$ (477,449)	\$ (6,403)	\$ -	\$ (483,852)
Machinery and Equipment	(639,038)	(50,208)	-	(689,246)
Sewer Main Improvements	(3,403,719)	(130,577)	-	(3,534,296)
Total accumulated depreciation	\$ (4,520,206)	\$ (187,188)	\$ -	\$ (4,707,394)
Total capital assets being depreciated, net	\$ 3,091,038	\$ 748,512	\$ -	\$ 3,839,550
Enterprise capital assets, net	<u>\$ 5,917,238</u>	<u>\$ 9,820,012</u>	<u>\$ -</u>	<u>\$ 15,737,250</u>
Hopewell Regional Wastewater Treatment Facilities Fund:				
Capital assets not subject to depreciation:				
Land	\$ 216,026	\$ -	\$ -	\$ 216,026
Work in progress	-	-	-	-
Total capital assets not being depreciatrd	<u>\$ 216,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,026</u>
Capital assets subject to depreciation:				
Utility plant in service	\$ 9,936,120	\$ 74,943	\$ -	\$ 10,011,063
Machinery and equipment	53,189,489	166,189	24,617	53,331,061
Total capital assets being depreciated	<u>\$ 63,125,609</u>	<u>\$ 241,132</u>	<u>\$ 24,617</u>	<u>\$ 63,342,124</u>
Less accumulated depreciation for:				
Utility plant in service	\$ (8,030,988)	\$ (178,787)	\$ -	\$ (8,209,775)
Machinery and equipment	(48,671,763)	(723,750)	24,617	(49,370,896)
Total accumulated depreciation	<u>\$(56,702,751)</u>	<u>\$ (902,537)</u>	<u>\$ 24,617</u>	<u>\$(57,580,671)</u>
Total capital assets being depreciated, net	<u>\$ 6,422,858</u>	<u>\$ (661,405)</u>	<u>\$ 49,234</u>	<u>\$ 5,761,453</u>
Enterprise capital assets, net	<u>\$ 6,638,884</u>	<u>\$ (661,405)</u>	<u>\$ 49,234</u>	<u>\$ 5,977,479</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

Note 7— Inter-fund Transfers

Inter-fund transfers for the year ended June 30, 2011 consisted of the following:

Fund	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ 1,608,031	\$ 3,696,033
Capital Projects	1,949,800	290,070
Virginia Public Assistance	428,272	-
Total	<u>\$ 3,986,103</u>	<u>\$ 3,986,103</u>
Component Unit:		
School Operating	\$ 449,104	\$ 1,218,049
Building and Bus Replacement	1,178,911	449,104
Cafeteria	-	-
Textbook	39,138	-
Total	<u>\$ 1,667,153</u>	<u>\$ 1,667,153</u>

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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

Note 8—Long-Term Obligations

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

Primary Government	Amounts Payable at July 1, 2010	Increases	Decreases	Amounts Payable at June 30, 2011	Amounts Due Within One Year
Governmental Obligations:					
Incurred by City					
Compensated absences payable	\$ 1,003,917	\$ 1,067,768	\$ 1,131,287	\$ 940,398	\$ 853,687
General obligation bonds	33,309,000	2,380,000	2,780,000	32,909,000	547,000
Landfill closure liability	106,010	623,377	-	729,387	729,387
OPEB liability	2,791,308	900,411	419,507	3,272,212	-
Add deferred amount:					
For issuance premium	291,206	-	12,134	279,072	12,134
Total incurred by City	\$ 37,501,441	\$ 4,971,556	\$ 4,342,928	\$ 38,130,069	\$ 2,142,208
Incurred by School Board:					
State Literary Fund Loans payable	\$ 5,093,600	\$ -	\$ 649,200	\$ 4,444,400	\$ 474,200
General obligation bonds payable	7,288,744	15,335,000	678,587	21,945,157	675,074
Total incurred by School Board	\$ 12,382,344	\$ 15,335,000	\$ 1,327,787	\$ 26,389,557	\$ 1,149,274
Total Governmental Obligations	\$ 49,883,785	\$ 20,306,556	\$ 5,670,715	\$ 64,519,626	\$ 3,291,482
Enterprise Obligations:					
Compensated absences payable	\$ 239,080	\$ 317,919	\$ 320,110	\$ 236,889	\$ 212,153
Revenue bonds payable	28,580,000	4,160,000	535,000	32,205,000	550,000
OPEB liability	623,644	203,570	93,224	733,990	-
Add deferred amount:					
For issuance premium	661,103	-	273,623	387,480	273,623
Total Enterprise Obligations	\$ 30,103,827	\$ 4,681,489	\$ 1,221,957	\$ 33,563,359	\$ 1,035,776

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

Note 8—Long-Term Obligations (Continued)

Primary Government: (Continued)

During fiscal year 2011, the City issued \$2.83 Mil in General Obligation Bonds in order to refund the principal amounts of \$1.525 Mil and \$726,000 on the 1999 and 2002 General Obligation Bonds. The money to refund the 1999 and 2002 bonds was deposited with an escrow agent and the cash and debt are no longer included on the City's financial statements.

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

Year Ending June 30	City Obligations	
	General Obligation Bonds Payable	
	Principal	Interest
2012	\$ 547,000	\$ 1,580,711
2013	1,133,000	1,566,650
2014	1,163,000	1,524,485
2015	1,223,000	1,479,682
2016	1,288,000	1,432,233
2017	1,015,000	1,371,330
2018	1,435,000	1,310,439
2019	1,610,000	1,244,224
2020	1,705,000	1,167,579
2021	1,135,000	1,100,254
2022	1,195,000	1,045,118
2023	1,155,000	988,065
2024	1,210,000	930,956
2025	1,270,000	870,553
2026	1,340,000	805,852
2027	1,410,000	736,631
2028	1,480,000	662,663
2029	1,560,000	582,453
2030	1,645,000	496,141
2031	1,735,000	404,597
2032	1,840,000	307,675
2033	1,520,000	217,406
2034	1,605,000	134,409
2035	1,690,000	45,881
Total	\$ 32,909,000	\$ 22,005,987

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

Note 8—Long-Term Obligations (Continued)

Primary Government: (Continued)

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

Year Ending June 30	State Literary Loans		Fund	General Obligation Bonds Payable	
	Principal	Interest		Principal	Interest
2012	474,200	88,888		675,074	953,875
2013	474,200	79,404		903,573	959,460
2014	474,200	69,920		893,223	936,048
2015	474,200	60,436		900,611	918,013
2016	474,200	50,952		1,263,488	899,490
2017	474,200	41,468		1,505,110	880,555
2018	474,200	31,984		1,513,832	861,186
2019	375,000	22,500		1,523,011	841,361
2020	375,000	15,000		1,532,669	821,055
2021	375,000	7,500		1,474,798	803,278
2022	-	-		1,628,968	785,129
2023	-	-		1,333,474	767,106
2024	-	-		1,339,837	756,502
2025	-	-		1,346,204	745,369
2026	-	-		1,170,968	735,330
2027	-	-		1,105,317	727,881
2028	-	-		165,000	89,463
2029	-	-		175,000	81,213
2030	-	-		185,000	72,463
2031	-	-		195,000	63,213
2032	-	-		200,000	53,463
2033	-	-		215,000	43,463
2034	-	-		220,000	33,250
2035	-	-		235,000	22,800
2036	-	-		245,000	11,638
Total	\$ 4,444,400	\$ 468,052	\$	21,945,157	\$ 13,862,604

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

Note 8—Long-Term Obligations (Continued)

Primary Government: (Continued)

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

Year Ending June 30	Enterprise Obligations	
	Revenue	Bonds
	Payable	
	Principal	Interest
2012	550,000	1,414,288
2013	18,420,000	1,253,400
2014	690,000	628,922
2015	715,000	596,839
2016	755,000	562,966
2017	785,000	526,356
2018	825,000	487,709
2019	860,000	446,859
2020	905,000	403,376
2021	950,000	357,363
2022	1,000,000	307,930
2023	660,000	266,522
2024	690,000	234,564
2025	725,000	201,066
2026	765,000	165,785
2027	125,000	144,544
2028	130,000	138,169
2029	135,000	131,544
2030	140,000	124,669
2031	150,000	117,419
2032	155,000	109,794
2033	165,000	101,794
2034	175,000	93,294
2035	180,000	84,306
2036	190,000	74,825
2037	200,000	64,831
2038	210,000	54,325
2039	220,000	43,306
2040	235,000	31,647
2041	245,000	19,347
2042	255,000	6,534
Total	\$ <u>32,205,000</u>	\$ <u>9,194,293</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

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:

\$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%	13,405,000
\$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%	4,395,000
\$652,000 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%	574,000
\$10,000,000 general obligation payable Series 2009A, payable in various semi-annual installments through July 15, 2034 interest payable semi-annually at various coupon rates from 3.00% to 5.875%. Face amount of bonds outstanding, \$10,000,000	10,000,000
\$2,155,000 general obligation payable Series 2009B, payable in various semi-annual installments through July 15, 2034 interest payable semi-annually at various coupon rates from 4.00% to 5.00%. Face amount of bonds outstanding \$2,155,000.	<u>2,155,000</u>
Total General Obligation Bonds	\$ 32,909,000
Landfill closure liability (payable from the General Fund)	729,387
Compensated absences (payable from the General Fund)	940,398
OPEB liability (payable from the General Fund)	<u>3,272,212</u>
Total Incurred by City	<u>\$ 37,850,997</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

Incurred by School Board:

State Literary Fund Loans

\$209,000 State Literary Fund Loan issued September 26, 1997, due in annual principal installments of \$10,450 through 2017; interest payable at 2.00%.	73,150
\$939,000 State Literary Fund Loan issued September 26, 1997, due in annual installments of \$46,950 through 2017; interest payable annually at 2.00%	328,650
\$239,000 State Literary Fund Loan issued September 26, 1997, due in annual principal installments of \$11,950 through 2017; interest payable annually at 2.00%.	83,650
\$597,000 State Literary Fund Loan issued September 26, 1997, due in annual principal installments of \$29,850 through 2017; interest payable annually at 2.00%	208,950
\$7,500,000 State Literary Fund Loan issued May 15, 2001, due in annual principal installments of \$375,000 through 2021; interest payable annually at 2.00%.	<u>3,750,000</u>
Total State Literary Fund Loans	<u>\$ 4,444,400</u>

Virginia Public Authority Subsidy and Other Bonds

\$2,727,630 Virginia Public Authority Subsidy Bonds issued in 1992, due in annual installments of varying amounts through 2012; interest payable annually at varying rates 4.90% - 6.35%	\$ 360,203
\$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 6.19% - 7.90%.	40,000
\$4,862,705 Virginia Public Authority Subsidy Bonds issued in 2001, due in annual installments of varying amounts through 2021; interest payable annually at varying rates 3.10% - 5.35%.	2,936,707
\$858,896 Virginia Public Authority Subsidy Bonds issued in 2005, due in annual installments of varying amounts through 2025; interest payable annually at varying rates 4.60% - 5.10%.	681,264
\$2,800,000 General Obligation Qualified Zone Academy Bond issued in 2009, due in annual installments of varying amounts through 2024; interest payable annually at 1.83%.	2,591,983
\$7,635,000 Virginia Public Authority Subsidy Bonds issued 2010, due in annual installments of varying amounts through June 1, 2027; interest payable semi-annually at 0.00%.	7,635,000
\$5,000,000 Virginia Public Authority Subsidy Bonds issued 2011, due in annual installments of varying amounts through June 1, 2027; interest payable semi-annually at 4.50%.	5,000,000
\$2,700,000 General Obligation issued in 2011, due in annual installments of varying amounts through June 20, 2036; interest payable semi-annually at 2.00% - 5.00%.	<u>2,700,000</u>
Total Virginia Public Authority and Other Bonds	<u>\$ 21,945,157</u>
Total Incurred on behalf of School Board	<u>\$ 26,389,557</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

Enterprise Obligations:

Revenue Bond Obligations:

\$8,640,000 revenue bond issued December 1, 2005, payable in various annual installments through October 1, 2025; interest payable semi-annually at varying rates 3.64% - 4.85%.	\$ 7,080,000
\$4,640,000 revenue bond issued October 1, 2000, payable in various annual installments through October 1, 2021; interest payable semi-annually at varying rates 4.00% - 5.10%.	3,120,000
\$17,845,000 revenue bond issued December 22, 2009, payable in various annual installments through October 1, 2021; interest payable semi-annually at varying rates up to 4.50%.	17,845,000
\$4,160,000 revenue bond issued December 2, 2010, payable in various annual installments through July 15, 2025; interest payable semi-annually at 2.87% - 3.38%.	<u>4,160,000</u>
 Total revenue bond obligations	 \$ 32,205,000
 Compensated absences (Payable from the Enterprise Funds)	 236,889
 OPEB liability (payable from the Enterprise Funds)	 <u>733,900</u>
 Total enterprise obligations	 <u>\$ 33,175,879</u>

Component Unit School Board

The following is a summary of long-term debt transactions of the Component Unit School Board for the year ended June 30, 2011:

	Amounts Payable at July 1, 2010	Increases	Decreases	Amounts Payable at July 1, 2010	Amounts Due Within One Year
Compensated absences	\$ 797,184	\$ 41,776	\$ 83,275	\$ 755,685	\$ 251,895
OPEB liability	249,239	431,325	187,400	493,164	-
Total Component Unit School Board	<u>\$ 1,046,423</u>	<u>\$ 473,101</u>	<u>\$ 270,675</u>	<u>\$ 1,248,849</u>	<u>\$ 251,895</u>

Note 9—Interfund Loan

During fiscal year 2011, the City agreed to loan the Hopewell Regional Wastewater Treatment Facility (the "Facility") \$801,349 over a five year period for the purchase of oxygen compressors for the Facility. The Sewer Services Fund was the source of the funding for the loan to the Facility. Annual principal payments of \$160,270 plus interest are due annually on June 15 through 2015. The interest rate on this loan is 5%. At June 30, 2011, \$641,079 of the loan was still outstanding.

Note 10—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 one more year. Total estimated costs of maintaining the site for this period is \$729,387. The total current cost of Landfill post closure care is an

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2011

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 11—Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$1,884,418 reported in governmental funds, \$324,893 in proprietary funds and \$37,465 in the component unit school board and is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,380,281 at June 30, 2011.

Prepaid Property Taxes and other Revenue: Property taxes due subsequent to June 30, 2011, but paid in advance by the tax payers totaled \$478,348 at June 30, 2011. Deferred revenue representing unspent grants and donation funds totaled \$9,530 at June 30, 2011.

Deferred Other Tax Revenue: Deferred revenue representing uncollected other tax billings not available for funding of current expenditures totaled \$16,259 at June 30, 2011.

Other Deferred Revenue: Deferred revenue representing primarily unearned state and federal grants totaled \$37,465 at June 30, 2011 and is reported in the component unit. Deferred revenue totaling \$324,893 represents uncollected utility billings not available for funding current expenses.

Note 12—Commitments and Contingencies

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

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

On December 16, 2010, the City was informed by the United States Environmental Protection Agency that the Hopewell Regional Wastewater Treatment Facility (the "Facility") was in violation of the Clean Air Act for 32 days during January and February of 2010. The Facility is potentially subject to a \$37,500 administrative penalty and a \$37,500 civil action for injunctive relief and/or civil penalties for each day in violation. The City and the Facility are currently negotiating the potential penalties with the EPA as of the audit report date. Regardless of the outcome, the City is not solely responsible for any financial exposure, as the five other Facility Commission members would be liable for their portion of any future settlement.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

Note 13—Litigation

On February 11, 2008, the City entered into an agreement with Osage Bio Energy, LLC (“Osage”) for the sale and development of City-owned property and for the construction and operation of an ethanol production facility. As part of this agreement, within 3 years of the signed agreement Osage agreed to obtain and maintain a stand-by letter of credit from a bona fide financial institution to ensure that Osage pays to the City an aggregate of at least \$5 Million in tax revenue by the end of the fourth year of operations. Osage would be allowed to reduce the secured amount on the line of credit by the amount of taxes for real property, personal property, and machinery and tools actually paid in a timely manner by Osage to the City. However, Osage never officially opened its plant for operations, and officially closed the plant on May 24, 2011. As of the report date, Osage has yet to secure the \$5 Mil line of credit. The City has filed suit in an attempt to force Osage to honor their contractual obligation to the City.

At June 30, 2011, there were no other 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 14—Defined Benefit Pension Plan

A. Plan Description

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

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at Least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits, Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/pdf/publications/2010AnnuRept.pdf> or obtained by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. This 5% member contribution has been assumed by the employer. In addition, the City and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City and School Board's non-professional employee contribution rates for the fiscal year ended 2011 were 10.35% and 9.03% of annual covered payroll, respectively.

The School Board contributed, \$861,523, \$1,473,251, and \$1,958,660 to the teacher cost-sharing pool for the fiscal years ended June 30, 2011, 2010, and 2009 respectively and these contributions represented 3.94%, 6.64%, and 8.81%, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2011, the City's annual pension cost of \$1,521,286 was equal to the City's required and actual contributions.

For fiscal year 2011, the City School Board's annual pension cost for the Board's non-professional employees was \$148,674 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, 2011	\$ 1,521,286	100.00%	\$ -
June 30, 2010	1,241,404	100.00%	-
June 30, 2009	1,246,158	100.00%	-
School Board:			
June 30, 2011	\$ 148,674	100.00%	\$ -
June 30, 2010	165,227	100.00%	-
June 30, 2009	159,594	100.00%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2010 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.60%. The actuarial value of the City's

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

and School Board's assets is equal to the modified market value assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five period. The City and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010 was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the City plan was 80.36% funded. The actuarial accrued liability for benefits was \$89,338,086, and the actuarial value of assets was \$71,787,987 resulting in an unfunded actuarial accrued liability (UAAL) of \$17,550,099. The covered payroll (annual payroll of active employees covered by the plan) was \$15,187,470 and ratio of the UAAL to the covered payroll was 115.56%.

As of June 30, 2010, the most recent actuarial valuation date, the School Board Non-Professional plan was 79.26% funded. The actuarial accrued liability for benefits was \$7,629,194, and the actuarial value of assets was \$6,046,574, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,582,620. The covered payroll (annual payroll of active employees covered by the plan) was \$1,761,512 and ratio of the UAAL to the covered payroll was 89.84%.

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

Note 15—Surety Bonds:

The following Surety bonds are maintained by the City:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Faithful Performance of Duty Schedule Position Bond:	
Commonwealth Funds	
Kay H. Rackley, Clerk of the Circuit Court	\$ 1,075,000
Teresa L. Batton, Treasurer	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
VSBA - Surety	
Dr. Winston Odom, Superintendent of Schools	10,000
Samuel Ray Watson, Clerk of School Board	10,000
Melody F. Bage, Deputy Clerk of School Board	10,000

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

Note 16—Postemployment Benefits Other Than Pensions:

Plan Description

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

Funding Policy

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

Group

- A. Hired before July 1, 2003 and retired before January 1, 2004 with at least 15 Years of Service
- B. Hired on or after July 1, 2003 but before July 1, 2008 with at least 11 Years of Service
- C. Hired on or after July 1, 2008 with at least 5 Years of Service

<u>Group</u>	<u>City Contribution</u>		<u>Notes</u>
	<u>Retiree Only</u>	<u>Retiree and Spouse</u>	
A	\$475	\$843	Frozen contribution rate; will not change in future years
B	\$421	N/A	2011 City contribution for a single active employee; will be adjusted in future years
C	Varies	N/A	Percentage of City contribution for a single active employee, based on years of services. See table below.

<u>Years of Service</u>	<u>Percentage of Premium</u>
0-10	0%
11	40%
16-20	60%
21	80%

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

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

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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

the retiree is eligible will apply toward the Medicare Part D Premium in addition to the Ovarations premium.

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

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

The Schools currently have 63 retirees without spouse coverage, 25 retirees with spouse coverage and 3 surviving spouses on their plan. The City has 55 retirees without spouse coverage and 32 retirees with spouse coverage and 1 surviving spouse participating in the plan.

Annual OPEB Cost and Net OPEB Obligation

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

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

	Primary Government	Component Unit School Board
Annual required contribution	\$ 1,105,600	\$ 430,300
Interest on net OPEB obligation	136,598	9,970
Adjustment to annual required contribution	<u>(122,563)</u>	<u>(8,945)</u>
Annual OPEB cost (expense)	1,119,635	431,325
Estimated contributions made	<u>(512,731)</u>	<u>(187,400)</u>
Increase in net OPEB obligation	606,904	243,925
Net OPEB obligation-beginning of year	<u>3,414,952</u>	<u>249,239</u>
Net OPEB obligation-end of year	<u>\$ 4,021,856</u>	<u>\$ 493,164</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

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

The City and School Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
City			
June 30, 2011	1,119,635	45.79%	4,021,856
June 30, 2010	1,839,800	35.93%	3,414,952
June 30, 2009	3,338,046	33.01%	2,236,152
School Board:			
June 30, 2011	431,325	43.45%	493,164
June 30, 2010	269,200	65.56%	249,239
June 30, 2009	515,239	69.62%	156,539

Funded Status and Funding Progress

As of July 1, 2011, the City’s actuarial accrued liability for benefits was \$14,363,300, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$14,355,500, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 100.05%.

As of July 1, 2011, the School Board’s actuarial accrued liability for benefits was \$4,495,400, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$24,583,200, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 18.29%.

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

Methods and Assumptions

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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2011

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

amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial calculations reflect a long-term perspective.

Actuarial Cost Method- The cost method for valuation of liabilities used for this valuation is the Projected Unit Credit Actuarial Cost Method. A PUC accrued benefit is determined for each active member in the Plan on the basis of the member's average final compensation projected to the assumed date of retirement and the member's creditable service at the valuation date. The actuarial liability for retirement benefits is the sum of the actuarial present value of the PUC accrued benefit of each active member. The normal cost for retirement benefits is the sum of the actuarial present value for the expected increase in the PUC accrued benefit during the plan year for each active member under the assumed retirement age.

The actuarial liability and the normal cost for termination benefits, disability benefits, and pre-retirement spouse's death benefits are determined in a similar manner by projecting the member's average final compensation to each assumed date of termination, disablement, or death. The actuarial liability and normal cost for the supplemental benefits are based upon the present value of the expected supplement expected to be paid to those covered employees attaining eligibility. The actuarial liability for inactive members is determined as the actuarial present value of the pension and supplemental benefits expected to be paid.

The difference between the actuarial liability and the actuarial value of the assets is the unfunded actuarial liability. The annual required contribution is the sum of the normal cost and the amount necessary to amortize the unfunded actuarial liability over the amortization period. The amortization amount is determined as a level percent of payroll.

The following simplifying assumptions were made:

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

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

Coverage elections - The actuary assumed that 70% of current actives of the Hopewell City Public Schools will elect medical coverage when they retire and that 30% of retirees who elect coverage will cover a spouse. The actuary assumed that 70% of current actives of the City of Hopewell will elect medical coverage when they retire and that 30% of retirees who elect coverage will cover a spouse.

Based on the historical and expected returns of the City and School Board's short-term investment portfolio, a discount of 4.0% was used. In addition, the projected unit credit actuarial cost method was used. Other assumptions include 1) Payroll increases of 3.75% per year and 2) Health Care Cost Trend of 6.30% graded to 4.70% over 80 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 was thirty years.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements

As of June 30, 2011

Note 17—Social Services Building Lease

Effective May 1, 2011, the City executed a lease agreement with the Hopewell Department of Social Services (“HDSS”) for the occupancy of office space at the newly constructed HDSS/CSA building. Under the terms of the agreement, the City subleased a portion of the 21,225 square foot building to HDSS for a minimum rent of \$15,043 per year over a term of 40 years.

Note 18—Subsequent Event

Subsequent to year end, the City issued sewer revenue bonds in the amount of \$18,210,000 to re-fund the 2009 sewer revenue bonds of \$17,845,000. Additionally, the City issued \$3,385,000 in taxable sewer revenue bonds to rebuild Bear Creek Sewer Pump Station.

REQUIRED SUPPLEMENTARY INFORMATION

City of Hopewell, Virginia
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
REVENUES				
General property taxes	\$ 26,272,204	\$ 26,449,404	\$ 23,818,310	\$ (2,631,094)
Other local taxes	5,893,399	5,893,399	6,053,930	160,531
Permits, privilege fees, and regulatory licenses	20,155	20,155	31,956	11,801
Fines and forfeitures	471,500	531,500	1,288,030	756,530
Revenue from the use of money and property	302,070	302,070	79,911	(222,159)
Charges for services	373,059	398,059	500,210	102,151
Miscellaneous	605,998	1,672,996	176,646	(1,496,350)
Recovered costs	884,500	884,500	884,500	-
Intergovernmental revenues:				
Commonwealth	6,074,910	6,155,534	7,930,358	1,774,824
Federal	616,500	841,196	577,540	(263,656)
Total revenues	<u>\$ 41,514,295</u>	<u>\$ 43,148,813</u>	<u>\$ 41,341,391</u>	<u>\$ (1,807,422)</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,014,650	\$ 3,111,091	\$ 2,836,083	\$ 275,008
Judicial administration	1,355,159	1,506,442	1,603,353	(96,911)
Public safety	11,107,834	10,780,106	10,001,759	778,347
Public works	3,776,759	3,718,168	3,410,231	307,937
Health and welfare	1,150,842	1,523,231	1,409,301	113,930
Education	9,568,724	9,624,389	9,624,389	-
Parks, recreation, and cultural	528,075	536,575	536,575	-
Community development	581,353	856,511	762,925	93,586
Nondepartmental	5,833,344	5,792,093	5,075,563	716,530
Debt service:				
Principal retirement	1,327,787	1,327,787	1,327,787	-
Interest and other fiscal charges	605,989	605,989	605,989	-
Total expenditures	<u>\$ 38,850,516</u>	<u>\$ 39,382,382</u>	<u>\$ 37,193,955</u>	<u>\$ 2,188,427</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,663,779</u>	<u>\$ 3,766,431</u>	<u>\$ 4,147,436</u>	<u>\$ 381,005</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 375,070	\$ 375,070	\$ 375,070	\$ -
Transfers out	(3,712,156)	(3,827,156)	(3,696,033)	131,123
Total other financing sources (uses)	<u>\$ (3,337,086)</u>	<u>\$ (3,452,086)</u>	<u>\$ (3,320,963)</u>	<u>\$ 131,123</u>
Net change in fund balances	\$ (673,307)	\$ 314,345	826,473	\$ 512,128
Fund balances- beginning	519,084	-	11,314,676	11,314,676
Fund balances- ending	<u>\$ (154,223)</u>	<u>\$ 314,345</u>	<u>\$ 12,141,149</u>	<u>\$ 11,826,804</u>

City of Hopewell, Virginia
Virginia Public Assistance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Commonwealth	\$ 1,644,262	\$ 1,573,526	\$ 1,365,293	\$ (208,233)
Federal	2,672,708	2,338,058	2,311,346	(26,712)
Revenue from the use of money and property	-	-	19	19
Total revenues	<u>\$ 4,316,970</u>	<u>\$ 3,911,584</u>	<u>\$ 3,676,658</u>	<u>\$ (234,926)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 4,899,523	\$ 4,469,137	\$ 4,104,929	\$ 364,208
Total expenditures	<u>\$ 4,899,523</u>	<u>\$ 4,469,137</u>	<u>\$ 4,104,929</u>	<u>\$ 364,208</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (582,553)</u>	<u>\$ (557,553)</u>	<u>\$ (428,271)</u>	<u>\$ 129,282</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 558,395	\$ 664,420	\$ 428,272	\$ (236,148)
Total other financing sources (uses)	<u>\$ 558,395</u>	<u>\$ 664,420</u>	<u>\$ 428,272</u>	<u>\$ (236,148)</u>
Net change in fund balances	\$ (24,158)	\$ 106,867	1	\$ (106,866)
Fund balances- beginning	-	-	87,961	87,961
Fund balances- ending	<u>\$ (24,158)</u>	<u>\$ 106,867</u>	<u>\$ 87,962</u>	<u>\$ (18,905)</u>

City of Hopewell, Virginia
Schedule of Pension Funding Progress
For the Year Ended June 30, 2011

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial 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:						
6/30/2010	\$ 71,787,987	\$ 89,338,086	\$ 17,550,099	80.36%	\$ 15,018,566	116.86%
6/30/2009	72,512,633	82,610,742	10,098,109	87.78%	15,018,566	67.24%
6/30/2008	72,632,953	77,699,914	5,066,961	93.48%	14,588,852	34.73%
6/30/2007	66,825,420	72,502,252	5,676,832	92.17%	13,811,548	41.10%
6/30/2006	59,832,526	66,044,668	6,212,142	90.59%	13,391,483	46.39%
6/30/2005	56,480,077	64,889,807	8,409,730	87.04%	13,017,627	64.60%
6/30/2004	55,148,704	59,368,261	4,219,557	92.89%	12,385,659	34.07%
6/30/2003	54,702,642	55,989,663	1,287,021	97.70%	12,687,512	10.14%
6/30/2002	54,668,531	53,114,303	(1,554,228)	102.93%	12,792,556	-12.15%
6/30/2001	52,875,793	49,747,009	(3,128,784)	106.29%	12,251,270	-25.54%
Discretely Presented Component Unit:						
School Board Non-Professionals Retirement Plan:						
6/30/2010	\$ 6,046,574	\$ 7,629,194	\$ 1,582,620	79.26%	\$ 1,761,512	89.84%
6/30/2009	6,099,049	7,026,534	927,485	86.80%	1,838,339	50.45%
6/30/2008	6,133,803	6,624,043	490,240	92.60%	1,579,381	31.04%
6/30/2007	5,557,639	6,447,680	890,041	86.20%	1,588,006	56.05%
6/30/2006	4,941,039	6,163,736	1,222,697	80.16%	1,498,902	81.57%
6/30/2005	4,664,894	6,286,427	1,621,533	74.21%	1,529,553	106.01%
6/30/2004	4,593,982	5,380,165	786,183	85.39%	1,456,175	53.99%
6/30/2003	4,593,503	5,210,111	616,608	88.17%	1,431,394	43.08%
6/30/2002	4,645,651	4,958,376	312,725	93.69%	1,424,368	21.96%
6/30/2001	4,555,060	4,633,682	78,622	98.30%	1,349,696	5.83%

City of Hopewell, Virginia
Schedule of Funding Progress for Retiree Health Insurance Plan
For the Year Ended June 30, 2011

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
(1)	(2)	(3)	(3) - (2)	(2) / (3)	(6)	(7)

Primary Government:

City Health Plan:

6/30/2011	\$	-	\$ 14,363,300	\$ 14,363,300	0.00%	\$ 14,355,500	100.05%
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Discretely Presented Component Unit:

School Health Plan

6/30/2010	\$	-	\$ 4,495,400	\$ 4,495,400	0.00%	\$ 24,583,200	18.29%
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City of Hopewell, Virginia
Notes to Required Supplementary Information
Year Ended June 30, 2011

Budgetary Data

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

1. The City Charter requires the City Manager to submit to the City Council an annual budget for the ensuing fiscal year at least 60 days prior to the beginning of such fiscal year.
2. A public hearing on the budget is held after a synopsis of the budget is published in a local newspaper of general circulation. After a public hearing, the City Council may change any item in the budget (other than debt service or items required by law). A budget resolution must be adopted by the City Council prior to June 30 or as soon thereafter as is practicable.
3. The City utilizes the budget resolution as a budgetary control whereby City Council adopts budgets for estimated revenues and expenditures on a departmental basis for the general fund and special revenue funds. Capital Projects Funds are budgeted on a project-length basis. Adopted budgets may be amended or superseded by action of City Council.
4. Appropriation control is maintained at the function level within individual funds. Appropriations lapse at year end. Encumbrances and reserved fund balances outstanding at year-end are re-appropriated in the succeeding year. Several supplemental appropriations were necessary during the fiscal year.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

SUPPLEMENTARY INFORMATION

**City of Hopewell, Virginia
Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual
For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Federal	\$ -	\$ 350,000	\$ -	\$ (350,000)
Other local taxes	2,269,000	2,269,000	2,440,253	171,253
Revenue from the use of money and property	296,441	296,441	74,396	(222,045)
Miscellaneous	261,739	5,478,104	25,000	(5,453,104)
Total revenues	<u>\$ 2,827,180</u>	<u>\$ 8,393,545</u>	<u>\$ 2,539,649</u>	<u>\$ (5,853,896)</u>
EXPENDITURES				
Current:				
Education	\$ -	\$ -	\$ 11,332,658	\$ (11,332,658)
Capital projects	873,800	6,860,165	4,167,481	2,692,684
Debt service:				
Principal retirement	674,667	674,667	488,000	186,667
Interest and other fiscal charges	2,668,443	2,668,443	2,173,958	494,485
Total expenditures	<u>\$ 4,216,910</u>	<u>\$ 10,203,275</u>	<u>\$ 18,162,097</u>	<u>\$ (7,958,822)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (1,389,730)	\$ (1,809,730)	\$ (15,622,448)	\$ (13,812,718)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,679,800	\$ 2,099,800	\$ 1,949,800	\$ (150,000)
Transfers out	(290,070)	(290,070)	(290,070)	-
Issuance of refunding bonds			2,380,000	2,380,000
Issuance of bonds	-	-	15,335,000	15,335,000
Payment to refunded debt escrow agent			(2,339,431)	(2,339,431)
Interest rate subsidy	-	-	363,750	363,750
Premium on bond issuance	-	-	80,220	80,220
Total other financing sources (uses)	<u>\$ 1,389,730</u>	<u>\$ 1,809,730</u>	<u>\$ 17,479,269</u>	<u>\$ 15,669,539</u>
Net change in fund balances	\$ -	\$ -	\$ 1,856,821	\$ 1,856,821
Fund balances- beginning	-	-	22,131,546	22,131,546
Fund balances- ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,988,367</u>	<u>\$ 23,988,367</u>

City of Hopewell, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011

	Recreation Fund	Community Development Block Grant Fund	Anti-Litter Fund	Total
Assets				
Cash and investments	\$ 449,905	\$ -	\$ 11,071	\$ 460,976
Receivables (net of allowance for uncollectibles)				
Accounts receivable	498	-	2	500
Due from other governmental units	-	35,936	-	35,936
Total assets	<u>\$ 450,403</u>	<u>\$ 35,936</u>	<u>\$ 11,073</u>	<u>\$ 497,412</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 20,828	\$ 5,740	\$ -	\$ 26,568
Accrued liabilities	79,874	69	-	79,943
Due to other funds	-	30,375	-	30,375
Total liabilities	<u>\$ 100,702</u>	<u>\$ 36,184</u>	<u>\$ -</u>	<u>\$ 136,886</u>
Fund balances:				
Assigned to funds	349,701	-	11,073	360,774
Unassigned	\$ -	\$ (248)	\$ -	\$ (248)
Total fund balances	<u>\$ 349,701</u>	<u>\$ (248)</u>	<u>\$ 11,073</u>	<u>\$ 360,526</u>
Total liabilities and fund balances	<u>\$ 450,403</u>	<u>\$ 35,936</u>	<u>\$ 11,073</u>	<u>\$ 497,412</u>

City of Hopewell, Virginia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2011

	Recreation Fund	Community Development Block Grant Fund	Anti-Litter Fund	Total
REVENUES				
Revenue from the use of money and property	\$ 214,750	\$ -	\$ 5	\$ 214,755
Charges for services	87,727	-	-	87,727
Miscellaneous	25,998	-	-	25,998
Intergovernmental revenues:				
Commonwealth	-	-	3,139	3,139
Federal	16,824	281,477	-	298,301
Total revenues	<u>\$ 345,299</u>	<u>\$ 281,477</u>	<u>\$ 3,144</u>	<u>\$ 629,920</u>
EXPENDITURES				
Current:				
Public works	\$ -	\$ -	\$ 3,819	\$ 3,819
Parks, recreation, and cultural	1,543,902	-	-	1,543,902
Community development	-	248,904	-	248,904
Total expenditures	<u>\$ 1,543,902</u>	<u>\$ 248,904</u>	<u>\$ 3,819</u>	<u>\$ 1,796,625</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,198,603)</u>	<u>\$ 32,573</u>	<u>\$ (675)</u>	<u>\$ (1,166,705)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,232,961	\$ -	\$ -	\$ 1,232,961
Total other financing sources (uses)	<u>\$ 1,232,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,232,961</u>
Net change in fund balances	\$ 34,358	\$ 32,573	\$ (675)	\$ 66,256
Fund balance - beginning	315,343	(32,821)	11,748	294,270
Fund balance - ending	<u>\$ 349,701</u>	<u>\$ (248)</u>	<u>\$ 11,073</u>	<u>\$ 360,526</u>

City of Hopewell, Virginia
Recreation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ 264,351	\$ 281,271	\$ 214,750	\$ (66,521)
Charges for services	131,000	131,000	87,727	(43,273)
Miscellaneous	77,349	104,588	25,998	(78,590)
Intergovernmental revenues:				
Federal	8,000	8,000	16,824	8,824
Total revenues	<u>\$ 480,700</u>	<u>\$ 524,859</u>	<u>\$ 345,299</u>	<u>\$ (179,560)</u>
EXPENDITURES				
Current:				
Parks, recreation, and cultural	\$ 1,853,661	\$ 1,755,826	\$ 1,543,902	\$ 211,924
Total expenditures	<u>\$ 1,853,661</u>	<u>\$ 1,755,826</u>	<u>\$ 1,543,902</u>	<u>\$ 211,924</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,372,961)</u>	<u>\$ (1,230,967)</u>	<u>\$ (1,198,603)</u>	<u>\$ 32,364</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,372,961	\$ 1,232,961	\$ 1,232,961	\$ -
Total other financing sources (uses)	<u>\$ 1,372,961</u>	<u>\$ 1,232,961</u>	<u>\$ 1,232,961</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 1,994	\$ 34,358	\$ 32,364
Fund balances- beginning	-	37,738	315,343	277,605
Fund balances- ending	<u>\$ -</u>	<u>\$ 39,732</u>	<u>\$ 349,701</u>	<u>\$ 309,969</u>

City of Hopewell, Virginia
Community Development Block Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Federal	\$ 232,935	\$ 465,309	\$ 281,477	\$ (183,832)
Total revenues	<u>\$ 232,935</u>	<u>\$ 465,309</u>	<u>\$ 281,477</u>	<u>\$ (183,832)</u>
EXPENDITURES				
Current:				
Community development	\$ 232,935	\$ 465,309	\$ 248,904	\$ 216,405
Total expenditures	<u>\$ 232,935</u>	<u>\$ 465,309</u>	<u>\$ 248,904</u>	<u>\$ 216,405</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,573</u>	<u>\$ 32,573</u>
Net change in fund balances	\$ -	\$ -	\$ 32,573	\$ 32,573
Fund balances- beginning	-	-	(32,821)	
Fund balances- ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (248)</u>	<u>\$ 32,573</u>

City of Hopewell, Virginia
Anti-Litter Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 5	\$ 5
Intergovernmental revenues:				
Commonwealth	-	8,139	3,139	(5,000)
Total revenues	<u>\$ -</u>	<u>\$ 8,139</u>	<u>\$ 3,144</u>	<u>\$ (4,995)</u>
EXPENDITURES				
Current:				
Public works	\$ -	\$ 8,139	\$ 3,819	4,320
Total expenditures	<u>\$ -</u>	<u>\$ 8,139</u>	<u>\$ 3,819</u>	<u>\$ 4,320</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (675)</u>	<u>\$ (675)</u>
Net change in fund balances	\$ -	\$ -	\$ (675)	\$ (675)
Fund balances- beginning	-	-	11,748	11,748
Fund balances- ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,073</u>	<u>\$ 11,073</u>

City of Hopewell, Virginia
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 53,648	\$ 55,162	\$ 48,690	\$ 60,120
Total assets	<u>\$ 53,648</u>	<u>\$ 55,162</u>	<u>\$ 48,690</u>	<u>\$ 60,120</u>
Liabilities:				
Amounts held for social services clients	<u>\$ 53,648</u>	<u>\$ 55,162</u>	<u>\$ 48,690</u>	<u>\$ 60,120</u>

City of Hopewell, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2011

	School Operating Fund	School Cafeteria Fund	Textbook Fund	Building and Bus Replacement Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,379,609	\$ 1,205,264	\$ 1,079,709	\$ 821,113	\$ 6,485,695
Receivables (net of allowance for uncollectibles):					
Accounts receivable	117,410	1,719	-	-	119,129
Due from other funds	-	-	-	729,807	729,807
Due from other governmental units	1,343,704	99,622	-	-	1,443,326
Inventories	-	50,763	-	-	50,763
Total assets	<u>\$ 4,840,723</u>	<u>\$ 1,357,368</u>	<u>\$ 1,079,709</u>	<u>\$ 1,550,920</u>	<u>\$ 8,828,720</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	212,808	5,831	-	-	\$ 218,639
Accrued liabilities	3,895,966	90,926	-	-	3,986,892
Due to other funds	729,807	-	-	-	729,807
Deferred revenue	2,142	35,323	-	-	37,465
Total liabilities	<u>\$ 4,840,723</u>	<u>\$ 132,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,972,803</u>
Fund balances:					
Nonspendable	-	50,763	-	-	\$ 50,763
Restricted	-	1,174,525	-	-	1,174,525
Assigned	-	-	1,079,709	1,550,920	2,630,629
Unassigned	-	-	-	-	-
Total fund balances	<u>\$ -</u>	<u>\$ 1,225,288</u>	<u>\$ 1,079,709</u>	<u>\$ 1,550,920</u>	<u>\$ 3,855,917</u>
Total liabilities and fund balances	<u>\$ 4,840,723</u>	<u>\$ 1,357,368</u>	<u>\$ 1,079,709</u>	<u>\$ 1,550,920</u>	<u>\$ 8,828,720</u>

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

Total fund balances per above	\$ 3,855,917
-------------------------------	--------------

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

Capital assets	\$ 33,930,825	
Less: accumulated depreciation	<u>(9,575,589)</u>	24,355,236

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

Compensated absences	(755,685)	
OPEB liability	<u>(493,164)</u>	(1,248,849)

Net assets of governmental activities	<u>\$ 26,962,304</u>
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City of Hopewell, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2011

	School Operating Fund	School Cafeteria Fund	Textbook Fund	Building and Bus Replacement Fund	Total
REVENUES					
Revenue from the use of money and property	\$ 6	\$ 351	\$ 364	\$ (389)	\$ 332
Charges for services	264,475	515,385	-	-	779,860
Miscellaneous	191,312	-	539	-	191,851
Recovered costs	101,451	-	-	-	101,451
Intergovernmental revenues:					
Local government	11,103,921	2,639	-	9,849,963	20,956,523
Commonwealth	22,584,081	75,286	157,271	-	22,816,638
Federal	6,132,724	1,756,374	-	-	7,889,098
Total revenues	<u>\$ 40,377,970</u>	<u>\$ 2,350,035</u>	<u>\$ 158,174</u>	<u>\$ 9,849,574</u>	<u>\$ 52,735,753</u>
EXPENDITURES					
Current:					
Administration	\$ 1,370,554	\$ -	\$ -	\$ -	\$ 1,370,554
Instruction	32,501,883	-	21,106	-	32,522,989
Operating	5,736,588	2,082,682	-	-	7,819,270
Capital projects	-	-	-	10,735,864	10,735,864
Total expenditures	<u>\$ 39,609,025</u>	<u>\$ 2,082,682</u>	<u>\$ 21,106</u>	<u>\$ 10,735,864</u>	<u>\$ 52,448,677</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 768,945</u>	<u>\$ 267,353</u>	<u>\$ 137,068</u>	<u>\$ (886,290)</u>	<u>\$ 287,076</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 449,104	\$ -	\$ 39,138	\$ 1,178,911	\$ 1,667,153
Transfers out	(1,218,049)	-	-	(449,104)	(1,667,153)
Total other financing sources and uses	<u>\$ (768,945)</u>	<u>\$ -</u>	<u>\$ 39,138</u>	<u>\$ 729,807</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 267,353	\$ 176,206	\$ (156,483)	\$ 287,076
Fund balances - beginning	-	957,935	903,503	1,707,401	3,568,839
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,225,288</u>	<u>\$ 1,079,709</u>	<u>\$ 1,550,918</u>	<u>\$ 3,855,915</u>

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

Net change in fund balances - total governmental funds - per above \$ 287,076

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	10,785,532	
Net change in City interest in school assets	(5,987,898)	
Depreciation expense	<u>(888,325)</u>	3,909,309

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

(Increase) decrease in compensated absences	41,499	
(Increase) decrease in OPEB liability	<u>(243,925)</u>	(202,426)

Change in net assets of governmental activities \$ 3,993,959

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, 2011

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 2,000	2,000	6	(1,994)
Charges for services	306,539	306,539	264,475	(42,064)
Miscellaneous	352,793	520,888	191,312	(329,576)
Recovered costs	75,000	75,000	101,451	26,451
Intergovernmental revenues:				
Local government	12,985,241	13,038,267	11,103,921	(1,934,346)
Commonwealth	23,441,805	23,060,471	22,584,081	(476,390)
Federal	4,595,146	6,747,989	6,132,724	(615,265)
Total revenues	<u>41,758,524</u>	<u>43,751,154</u>	<u>40,377,970</u>	<u>(3,373,184)</u>
EXPENDITURES				
Current:				
Education	39,785,041	41,789,894	39,609,025	2,180,869
Debt service	1,934,346	1,934,346	-	1,934,346
Capital projects	-	-	-	-
Total expenditures	<u>41,719,387</u>	<u>43,724,240</u>	<u>39,609,025</u>	<u>4,115,215</u>
Excess (deficiency) of revenues over (under) expenditures	<u>39,137</u>	<u>26,914</u>	<u>768,945</u>	<u>742,031</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	449,104	449,104	449,104	-
Transfers out	(488,242)	(488,242)	(1,218,049)	(729,807)
Total other financing sources and uses	<u>(39,138)</u>	<u>(39,138)</u>	<u>(768,945)</u>	<u>(729,807)</u>
Net change in fund balances	(1)	(12,224)	-	12,224
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ (1)</u>	<u>\$ (12,224)</u>	<u>\$ -</u>	<u>\$ 12,224</u>

City of Hopewell, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2011

	School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 8,000	\$ 8,000	\$ 351	\$ (7,649)
Charges for services	567,000	567,000	515,385	(51,615)
Intergovernmental revenues:				-
City Contribution	-	2,639	2,639	-
Commonwealth	38,659	38,659	75,286	36,627
Federal	1,190,000	1,200,406	1,756,374	555,968
Total revenues	<u>1,803,659</u>	<u>1,816,704</u>	<u>2,350,035</u>	<u>533,331</u>
EXPENDITURES				
Current:				-
Education	2,407,905	2,403,650	2,082,682	320,968
Capital projects	13,153	30,453	-	30,453
Total expenditures	<u>2,421,058</u>	<u>2,434,103</u>	<u>2,082,682</u>	<u>351,421</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(617,399)</u>	<u>(617,399)</u>	<u>267,353</u>	<u>884,752</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(617,399)	(617,399)	267,353	884,752
Fund balances - beginning	757,197	757,197	957,935	200,738
Fund balances - ending	<u>\$ 139,798</u>	<u>\$ 139,798</u>	<u>\$ 1,225,288</u>	<u>\$ 1,085,490</u>

City of Hopewell, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2011

	Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 8,000	\$ 8,000	\$ 364	\$ (7,636)
Miscellaneous	-	-	539	539
Intergovernmental revenues:				-
Commonwealth	161,624	161,624	157,271	(4,353)
Total revenues	<u>169,624</u>	<u>169,624</u>	<u>158,174</u>	<u>(11,450)</u>
EXPENDITURES				
Current:				
Education	525,000	525,000	21,106	503,894
Total expenditures	<u>525,000</u>	<u>525,000</u>	<u>21,106</u>	<u>503,894</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(355,376)</u>	<u>(355,376)</u>	<u>137,068</u>	<u>492,444</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	39,138	39,138
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>39,138</u>	<u>39,138</u>
Net change in fund balances	(355,376)	(355,376)	176,206	531,582
Fund balances - beginning	676,031	676,031	903,503	227,472
Fund balances - ending	<u>\$ 320,655</u>	<u>\$ 320,655</u>	<u>\$ 1,079,709</u>	<u>\$ 759,054</u>

City of Hopewell, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2011

	Building and Bus Replacement Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 1,000	\$ 1,000	\$ (389)	\$ (1,389)
Intergovernmental revenues:				
Local government	7,500,000	12,500,000	9,849,963	(2,650,037)
Total revenues	7,501,000	12,501,000	9,849,574	(2,651,426)
EXPENDITURES				
Capital projects				
Capital outlay	7,595,000	12,595,000	10,092,288	2,502,712
Purchased services and other	1,030,850	1,030,850	643,576	387,274
Total expenditures	8,625,850	13,625,850	10,735,864	2,889,986
Excess (deficiency) of revenues over (under) expenditures	(1,124,850)	(1,124,850)	(886,290)	238,560
OTHER FINANCING SOURCES (USES)				
Transfers in	449,104	449,104	1,178,911	729,807
Transfers out	(449,104)	(449,104)	(449,104)	-
Total other financing sources and uses	-	-	729,807	729,807
Net change in fund balances	(1,124,850)	(1,124,850)	(156,483)	968,367
Fund balances - beginning	1,124,850	1,124,850	1,707,401	582,551
Fund balances - ending	\$ -	\$ -	\$ 1,550,918	\$ 1,550,918

**City of Hopewell, Virginia
Balance Sheet
Discretely Presented Component Unit - Comprehensive Services Act Board
June 30, 2011**

ASSETS

Due from other governmental units	\$ 542,067
Total assets	542,067

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	260,210
Accrued liabilities	533
Due to other governmental units	279,706
Total liabilities	540,449

Fund balances:

Unassigned	1,618
Total fund balances	1,618
Total liabilities and fund balances	\$ 542,067

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, 2011

REVENUES

Miscellaneous	\$ 58,123
Intergovernmental revenues:	
Local government	914,228
Commonwealth	2,371,665
Total revenues	<u>\$ 3,344,016</u>

EXPENDITURES

Current:	
Health and welfare	<u>\$ 3,344,016</u>
Total expenditures	<u>\$ 3,344,016</u>

Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>
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Net change in fund balances	\$ -
Fund balances - beginning	<u>1,618</u>
Fund balances - ending	<u><u>\$ 1,618</u></u>

City of Hopewell, Virginia
Schedule of Revenues and Expenditures - Budget and Actual
General Fund
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
General Fund				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 13,652,700	\$ 13,909,900	\$ 13,104,208	\$ (805,692)
Real and personal public service corporation taxes	3,264,709	3,184,709	3,412,984	228,275
Personal property taxes	4,177,392	4,177,392	2,598,536	(1,578,856)
Machinery and tools taxes	4,827,403	4,827,403	4,381,352	(446,051)
Penalties	350,000	350,000	210,006	(139,994)
Interest	-	-	111,224	111,224
Total general property taxes	<u>\$ 26,272,204</u>	<u>\$ 26,449,404</u>	<u>\$ 23,818,310</u>	<u>\$ (2,631,094)</u>
Other local taxes				
Local sales and use taxes	\$ 1,760,876	\$ 1,760,876	\$ 1,866,495	\$ 105,619
Consumers' utility taxes	-	-	376,118	376,118
Electric and natural gas consumption taxes	1,800,000	1,800,000	486,042	(1,313,958)
Communications tax	-	-	878,644	878,644
Right of way user fees	60,000	60,000	58,255	(1,745)
Business license taxes	1,666,500	1,666,500	1,766,087	99,587
Cable TV and gas franchise tax	-	-	2,100	2,100
Motor vehicle licenses	353,500	353,500	361,505	8,005
Bank stock taxes	77,523	77,523	145,359	67,836
Taxes on recordation and wills	175,000	175,000	113,325	(61,675)
Total other taxes	<u>\$ 5,893,399</u>	<u>\$ 5,893,399</u>	<u>\$ 6,053,930</u>	<u>\$ 160,531</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 4,500	\$ 4,500	\$ 5,623	\$ 1,123
Permits and other licenses	15,655	15,655	26,333	10,678
Total permits, privilege fees, and regulators licenses	<u>\$ 20,155</u>	<u>\$ 20,155</u>	<u>\$ 31,956</u>	<u>\$ 11,801</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 471,500	\$ 531,500	\$ 1,288,030	\$ 756,530
Revenue from use of money and property:				
Revenue from use of money	\$ 252,070	\$ 252,070	\$ 9,340	\$ (242,730)
Revenue from use of property	50,000	50,000	70,571	20,571
Total revenue from use of money and property	<u>\$ 302,070</u>	<u>\$ 302,070</u>	<u>\$ 79,911</u>	<u>\$ (222,159)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 2,222	\$ 2,222	\$ 2,191	\$ (31)
Charges for courthouse maintenance	15,150	15,150	31,532	16,382
Charges for EMS	299,677	299,677	327,936	28,259
Charges for law library	-	25,000	-	(25,000)
Charges for courthouse security	50,960	50,960	133,006	82,046
Miscellaneous dog fees	5,050	5,050	5,545	495
Total charges for services	<u>\$ 373,059</u>	<u>\$ 398,059</u>	<u>\$ 500,210</u>	<u>\$ 102,151</u>
Miscellaneous revenue:				
Miscellaneous	\$ 605,998	\$ 1,672,996	\$ 176,646	\$ (1,496,350)
Total miscellaneous revenue	<u>\$ 605,998</u>	<u>\$ 1,672,996</u>	<u>\$ 176,646</u>	<u>\$ (1,496,350)</u>
Recovered costs:				
Administrative charge back solid waste	\$ 502,000	\$ 502,000	\$ 502,000	\$ -
Administrative charge back sewer service	382,500	382,500	382,500	-
Total recovered costs	<u>\$ 884,500</u>	<u>\$ 884,500</u>	<u>\$ 884,500</u>	<u>\$ -</u>
Total revenue from local sources	<u>\$ 34,822,885</u>	<u>\$ 36,152,083</u>	<u>\$ 32,833,493</u>	<u>\$ (4,075,120)</u>

City of Hopewell, Virginia
Schedule of Revenues and Expenditures - Budget and Actual
General Fund
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 21,210	\$ 21,210	\$ 23,533	\$ 2,323
Mobile home titling tax	-	-	939	939
State recordation tax	32,000	32,000	20,807	(11,193)
Personal property tax relief funds	-	-	1,618,030	1,618,030
Total noncategorical aid	<u>\$ 53,210</u>	<u>\$ 53,210</u>	<u>\$ 1,663,309</u>	<u>\$ 1,610,099</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 386,320	\$ 386,320	\$ 378,934	\$ (7,386)
Sheriff	324,405	324,405	323,629	(776)
Commissioner of revenue	101,454	101,454	100,807	(647)
Treasurer	99,775	99,775	96,888	(2,887)
Registrar/electoral board	37,500	37,500	38,385	885
Clerk of the Circuit Court	226,126	226,126	215,911	(10,215)
Total shared expenses	<u>\$ 1,175,580</u>	<u>\$ 1,175,580</u>	<u>\$ 1,154,554</u>	<u>\$ (13,640)</u>
Other categorical aid:				
Street and highway maintenance	\$ 3,198,592	\$ 3,198,592	\$ 3,483,372	\$ 284,780
Emergency medical services- 4 for life	16,160	16,160	19,236	\$ 3,076
DMV	4,040	4,040	9,175	\$ 5,135
Other state aid	-	72,637	183	\$ (72,454)
HB 599 police support	1,313,000	1,313,000	1,313,100	\$ 100
E-911 wireless grant	45,000	45,000	39,390	\$ (5,610)
Arts and humanities grant	-	4,000	4,000	\$ -
Victim-witness grant	102,800	111,801	75,189	\$ (36,612)
VJCCA	104,528	104,528	104,528	\$ -
Fire programs	62,000	56,986	64,322	\$ 7,336
Total other categorical aid	<u>\$ 4,846,120</u>	<u>\$ 4,926,744</u>	<u>\$ 5,112,495</u>	<u>\$ 185,751</u>
Total categorical aid	<u>\$ 6,021,700</u>	<u>\$ 6,102,324</u>	<u>\$ 6,267,049</u>	<u>\$ 164,725</u>
Total revenue from the Commonwealth	<u>\$ 6,074,910</u>	<u>\$ 6,155,534</u>	<u>\$ 7,930,358</u>	<u>\$ 1,774,824</u>
Revenue from the federal government:				
Categorical aid:				
Civil defense, emergency management	\$ 431,648	\$ 568,720	\$ 98,901	\$ (469,819)
CDBG, Social services indirect cost allocation	55,750	55,750	67,889	\$ 12,139
OJP grant	-	52,348	256,646	\$ 204,298
Emergency management, homeland security	-	-	20,000	\$ 20,000
Fire grant	109,830	164,378	93,766	\$ (70,612)
Other federal aid	-	-	40,338	\$ 40,338
Total categorical aid	<u>\$ 597,228</u>	<u>\$ 841,196</u>	<u>\$ 577,540</u>	<u>\$ (263,656)</u>
Total revenue from the federal government	<u>\$ 597,228</u>	<u>\$ 841,196</u>	<u>\$ 577,540</u>	<u>\$ (263,656)</u>
Total General Fund	<u>\$ 41,495,023</u>	<u>\$ 43,148,813</u>	<u>\$ 41,341,391</u>	<u>\$ (1,807,422)</u>

City of Hopewell, Virginia
Schedule of Revenues and Expenditures - Budget and Actual
General Fund
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
General Fund Expenditures:				
General government administration:				
Legislative:				
City council	\$ 200,900	\$ 187,280	\$ 162,052	\$ 25,228
City clerk	68,655	70,385	62,238	8,147
Total general government administration	<u>\$ 269,555</u>	<u>\$ 257,665</u>	<u>\$ 224,290</u>	<u>\$ 33,375</u>
General and financial administration:				
City manager	\$ 234,186	\$ 238,001	\$ 252,869	\$ (14,868)
City attorney	182,174	201,294	196,624	4,670
Information/Research department	106,175	107,892	81,742	26,150
Commissioner of revenue	301,272	308,713	274,110	34,603
Human resources department	187,259	192,041	167,320	24,721
Treasurer	281,599	287,763	276,744	11,019
Finance	1,308,893	1,341,583	1,222,247	119,336
Total general and financial administration	<u>\$ 2,601,558</u>	<u>\$ 2,677,287</u>	<u>\$ 2,471,656</u>	<u>\$ 205,631</u>
Board of elections				
Electoral board and officials	\$ 143,537	\$ 176,139	\$ 140,137	\$ 36,002
Total board of elections	<u>\$ 143,537</u>	<u>\$ 176,139</u>	<u>\$ 140,137</u>	<u>\$ 36,002</u>
Total general government administration	<u>\$ 3,014,650</u>	<u>\$ 3,111,091</u>	<u>\$ 2,836,083</u>	<u>\$ 275,008</u>
Judicial administration:				
Courts:				
Circuit Court	\$ 94,131	\$ 94,131	\$ 61,167	\$ 32,964
General district court	12,600	12,600	9,793	2,807
Sheriff	580,656	718,475	874,386	(155,911)
Clerk of the circuit court	270,035	274,089	261,732	12,357
Court services unit	8,500	8,500	5,290	3,210
Southside Legal Aid contribution	1,000	1,000	500	500
Total courts	<u>\$ 966,922</u>	<u>\$ 1,108,795</u>	<u>\$ 1,212,868</u>	<u>\$ (104,073)</u>
Commonwealth's attorney				
Commonwealth's attorney	\$ 388,237	\$ 397,647	\$ 390,485	\$ 7,162
Total commonwealth's attorney	<u>\$ 388,237</u>	<u>\$ 397,647</u>	<u>\$ 390,485</u>	<u>\$ 7,162</u>
Total jurisdictional administration	<u>\$ 1,355,159</u>	<u>\$ 1,506,442</u>	<u>\$ 1,603,353</u>	<u>\$ (96,911)</u>
Public Safety:				
Law enforcement and traffic control:				
Police department	\$ 5,221,719	\$ 5,006,633	\$ 4,834,003	\$ 172,630
Total law enforcement and traffic control	<u>\$ 5,221,719</u>	<u>\$ 5,006,633</u>	<u>\$ 4,834,003</u>	<u>\$ 172,630</u>
Fire and rescue services:				
Fire department	\$ 2,668,865	\$ 2,788,734	\$ 2,498,372	\$ 290,362
Total fire and rescue services	<u>\$ 2,668,865</u>	<u>\$ 2,788,734</u>	<u>\$ 2,498,372</u>	<u>\$ 290,362</u>
Public safety (Continued)				
Correction and detention:				
Crater Youth Care Commission	\$ 335,000	\$ 335,000	\$ 337,456	\$ (2,456)
Riverside Regional Jail	2,163,500	2,163,500	1,955,487	208,013
VJCCCA grant	147,441	149,800	150,465	665
Total correction and detention	<u>\$ 2,645,941</u>	<u>\$ 2,648,300</u>	<u>\$ 2,443,408</u>	<u>\$ 206,222</u>

City of Hopewell, Virginia
Schedule of Revenues and Expenditures - Budget and Actual
General Fund
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
General Fund: (Continued)				
Inspections:				
Building	\$ 358,258	\$ 246,695	\$ 218,320	\$ 28,375
Total inspections	<u>\$ 358,258</u>	<u>\$ 246,695</u>	<u>\$ 218,320</u>	<u>\$ 28,375</u>
Other protection				
Animal control	\$ 120,163	\$ 241,116	\$ 137,659	\$ 103,457
Emergency and safety services	92,888	95,323	88,317	7,006
Total other protection	<u>\$ 213,051</u>	<u>\$ 336,439</u>	<u>\$ 225,976</u>	<u>\$ 110,463</u>
Total public safety	<u>\$ 11,107,834</u>	<u>\$ 11,026,801</u>	<u>\$ 10,220,079</u>	<u>\$ 806,722</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks				
General engineering	\$ 3,741,939	\$ 3,683,348	\$ 3,388,169	\$ 295,179
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 3,741,939</u>	<u>\$ 3,683,348</u>	<u>\$ 3,388,169</u>	<u>\$ 295,179</u>
Maintenance of general buildings and grounds:				
Cemetery perpetual care	\$ 34,820	\$ 34,820	\$ 22,062	\$ 12,758
Total maintenance of general buildings and grounds	<u>\$ 34,820</u>	<u>\$ 34,820</u>	<u>\$ 22,062</u>	<u>\$ 12,758</u>
Total public works	<u>\$ 3,776,759</u>	<u>\$ 3,718,168</u>	<u>\$ 3,410,231</u>	<u>\$ 307,937</u>
Health and welfare:				
Health				
Supplement of local health department	\$ 173,649	\$ 173,649	\$ 169,640	\$ 4,009
Total health	<u>\$ 173,649</u>	<u>\$ 173,649</u>	<u>\$ 169,640</u>	<u>\$ 4,009</u>
Mental health and mental retardation				
Community services board	\$ 105,788	\$ 105,788	\$ 105,288	\$ 500
Total mental health and retardation	<u>\$ 105,788</u>	<u>\$ 105,788</u>	<u>\$ 105,288</u>	<u>\$ 500</u>
Welfare:				
Contribution fo Comprehensive Services Act Board	\$ 641,405	\$ 1,014,294	\$ 914,228	\$ 100,066
Tax relief for the elderly	230,000	229,500	220,145	9,355
Total welfare	<u>\$ 871,405</u>	<u>\$ 1,243,794</u>	<u>\$ 1,134,373</u>	<u>\$ 109,421</u>
Total health and welfare	<u>\$ 1,150,842</u>	<u>\$ 1,523,231</u>	<u>\$ 1,409,301</u>	<u>\$ 113,930</u>
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Contribution to City School Board	9,566,224	9,621,889	9,621,889	-
Total education	<u>\$ 9,568,724</u>	<u>\$ 9,624,389</u>	<u>\$ 9,624,389</u>	<u>\$ -</u>
Parks, recreation, and cultural				
Cultural enrichment:				
Historic Hopewell Foundation	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Arts and humanities	-	8,500	8,500	-
Total cultural enrichment	<u>\$ 4,000</u>	<u>\$ 12,500</u>	<u>\$ 12,500</u>	<u>\$ -</u>
Library:				
Contribution to regional library	\$ 524,075	\$ 524,075	\$ 524,075	\$ -
Total library	<u>\$ 524,075</u>	<u>\$ 524,075</u>	<u>\$ 524,075</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 528,075</u>	<u>\$ 536,575</u>	<u>\$ 536,575</u>	<u>\$ -</u>

City of Hopewell, Virginia
Schedule of Revenues and Expenditures - Budget and Actual
General Fund
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
General Fund: (Continued)				
Community development:				
Planning and community development:				
Community development	\$ 354,905	\$ 399,938	\$ 371,808	\$ 28,130
Tourism and economic development	226,448	209,878	172,797	37,081
Total planning and community development	<u>\$ 581,353</u>	<u>\$ 609,816</u>	<u>\$ 544,605</u>	<u>65,211</u>
Total community development	<u>\$ 581,353</u>	<u>\$ 609,816</u>	<u>\$ 544,605</u>	<u>\$ 65,211</u>
Nondepartmental:				
Employee welfare and other benefits	\$ 5,009,113	\$ 4,983,862	\$ 4,444,179	\$ 539,683
Property and liability insurance	334,078	334,078	261,341	72,737
Other	36,875	36,875	28,754	8,121
Contingency	329,188	313,188	220,387	92,801
Contributions to civic organizations	124,090	124,090	120,902	3,188
Total nondepartmental	<u>\$ 5,833,344</u>	<u>\$ 5,792,093</u>	<u>\$ 5,075,563</u>	<u>716,530</u>
Debt service:				
Principal retirement	1,327,787	\$ 1,327,787	\$ 1,327,787	\$ -
Interest and other fiscal charges	605,989	605,989	605,989	-
Total debt service	<u>\$ 1,933,776</u>	<u>\$ 1,933,776</u>	<u>\$ 1,933,776</u>	<u>-</u>
Total General Fund	<u>\$ 38,850,516</u>	<u>\$ 39,382,382</u>	<u>\$ 37,193,955</u>	<u>2,188,427</u>

City of Hopewell, Virginia
Schedule of Revenues and Expenditures - Budget and Actual
Virginia Public Assistance Fund
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,644,262	\$ 1,573,526	\$ 1,365,293	\$ (208,233)
Total categorical aid	<u>\$ 1,644,262</u>	<u>\$ 1,573,526</u>	<u>\$ 1,365,293</u>	<u>\$ (208,233)</u>
Total revenue from the Commonwealth	<u>\$ 1,644,262</u>	<u>\$ 1,573,526</u>	<u>\$ 1,365,293</u>	<u>\$ (208,233)</u>
Revenue from the federal government				
Categorical aid:				
Public assistance and welfare administration	\$ 2,672,708	\$ 2,338,058	\$ 2,311,346	\$ (26,712)
Total categorical aid	<u>\$ 2,672,708</u>	<u>\$ 2,338,058</u>	<u>\$ 2,311,346</u>	<u>\$ (26,712)</u>
Total revenue from the federal government	<u>\$ 2,672,708</u>	<u>\$ 2,338,058</u>	<u>\$ 2,311,346</u>	<u>\$ (26,712)</u>
Total Virginia Public Assistance Fund	<u><u>\$ 4,316,970</u></u>	<u><u>\$ 3,911,584</u></u>	<u><u>\$ 3,676,639</u></u>	<u><u>\$ (234,945)</u></u>
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,829,143	\$ 2,540,210	\$ 2,401,994	\$ 138,216
Public assistance	627,898	740,003	730,046	9,957
Purchased services	1,432,482	1,188,824	972,889	215,935
Total welfare and social services	<u>\$ 4,889,523</u>	<u>\$ 4,469,037</u>	<u>\$ 4,104,929</u>	<u>\$ 364,108</u>
Total health and welfare	<u>\$ 4,889,523</u>	<u>\$ 4,469,037</u>	<u>\$ 4,104,929</u>	<u>\$ 364,108</u>
Total Virginia Public Assistance Fund	<u><u>\$ 4,889,523</u></u>	<u><u>\$ 4,469,037</u></u>	<u><u>\$ 4,104,929</u></u>	<u><u>\$ 364,108</u></u>

City of Hopewell, Virginia
Schedule of Revenues and Expenditures- Budget and Actual
Recreation Fund
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 251	\$ 251
Revenue from the use of property	264,351	281,271	214,499	(66,772)
Total revenue from use of money and property	<u>\$ 264,351</u>	<u>\$ 281,271</u>	<u>\$ 214,750</u>	<u>\$ (66,521)</u>
Charges for services				
Other charges for services	\$ 131,000	\$ 131,000	\$ 87,727	\$ (43,273)
Total charges for services	<u>\$ 131,000</u>	<u>\$ 131,000</u>	<u>\$ 87,727</u>	<u>\$ (43,273)</u>
Miscellaneous revenue				
Donations	\$ 77,349	\$ 77,432	\$ 49,411	\$ (28,021)
Miscellaneous refunds and grants	-	27,156	(23,413)	(50,569)
Total miscellaneous revenue	<u>\$ 77,349</u>	<u>\$ 104,588</u>	<u>\$ 25,998</u>	<u>\$ (78,590)</u>
Total revenue from local sources	<u>\$ 472,700</u>	<u>\$ 516,859</u>	<u>\$ 328,475</u>	<u>\$ (188,384)</u>
Revenue from the federal government				
Categorical aid:				
Summer feeding program	\$ 8,000	\$ 8,000	\$ 16,824	\$ 8,824
Total categorical aid	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 16,824</u>	<u>\$ 8,824</u>
Total revenue from the federal government	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 16,824</u>	<u>\$ 8,824</u>
Total Revenues	<u>\$ 480,700</u>	<u>\$ 524,859</u>	<u>\$ 345,299</u>	<u>\$ (179,560)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 632,628	\$ 658,958	\$ 561,100	\$ 97,858
Community division	94,198	110,420	96,428	13,992
Athletics division	136,006	142,882	140,040	2,842
Seniors division	137,521	140,345	134,668	5,677
Pool center	261,083	173,960	184,271	(10,311)
Parks	461,225	397,178	352,543	44,635
Harbor patrol and marina operation	131,000	132,083	74,852	57,231
Total parks and recreation	<u>\$ 1,853,661</u>	<u>\$ 1,755,826</u>	<u>\$ 1,543,902</u>	<u>\$ 211,924</u>
Total expenditures	<u>\$ 1,853,661</u>	<u>\$ 1,755,826</u>	<u>\$ 1,543,902</u>	<u>\$ 211,924</u>

City of Hopewell, Virginia
Schedule of Revenues and Expenditures- Budget and Actual
Community Development Block Grant Fund
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
Revenues				
Revenue from local sources:				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenue from the use of money	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenue from the federal government				
Categorical aid:				
Community Development Block Grant funds	\$ 232,935	\$ 465,309	\$ 281,477	\$ (183,832)
Total categorical aid	<u>\$ 232,935</u>	<u>\$ 465,309</u>	<u>\$ 281,477</u>	<u>\$ (183,832)</u>
Total revenue from the federal government	<u>\$ 232,935</u>	<u>\$ 465,309</u>	<u>\$ 281,477</u>	<u>\$ (183,832)</u>
Total revenues	<u>\$ 232,935</u>	<u>\$ 465,309</u>	<u>\$ 281,477</u>	<u>\$ (183,832)</u>
Expenditures				
Community development:				
Planning and community development	\$ 232,935	\$ 465,309	\$ 248,904	\$ 216,405
Community development:	<u>\$ 232,935</u>	<u>\$ 465,309</u>	<u>\$ 248,904</u>	<u>\$ 216,405</u>

City of Hopewell, Virginia
Schedule of Revenues and Expenditures- Budget and Actual
Anti-Litter Fund
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
Revenues				
Revenue from local sources:				
Revenue from use of money and property	\$ -	\$ -	\$ 5	\$ 5
Total revenue from use of money	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>
Total revenue from local sources				
Revenue from the Commonwealth:				
Categorical aid:				
Anti-litter grant	\$ -	\$ 8,139	\$ 3,139	\$ (5,000)
Total categorical aid	<u>\$ -</u>	<u>\$ 8,139</u>	<u>\$ 3,139</u>	<u>\$ (5,000)</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 8,139</u>	<u>\$ 3,139</u>	<u>\$ (5,000)</u>
Total Anti-Litter Fund	<u><u>\$ -</u></u>	<u><u>\$ 8,139</u></u>	<u><u>\$ 3,144</u></u>	<u><u>\$ (4,995)</u></u>
Expenditures				
Public works:				
Sanitation and waste removal	\$ -	\$ 8,139	\$ 3,819	\$ 4,320
Anti-Litter program	<u>\$ -</u>	<u>\$ 8,139</u>	<u>\$ 3,819</u>	<u>\$ 4,320</u>

City of Hopewell, Virginia
Schedule of Revenues and Expenditures- Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
Revenues				
Revenue from:				
Federal Government	\$ -	\$ 350,000	\$ -	\$ (350,000)
Other local taxes:				
Hotel and motel room taxes	596,000	596,000	823,691	227,691
Restaurant food taxes	1,673,000	1,673,000	1,616,562	(56,438)
Total other local taxes	<u>\$ 2,269,000</u>	<u>\$ 2,269,000</u>	<u>\$ 2,440,253</u>	<u>\$ 171,253</u>
Revenue from use of money and property				
Revenue from the use of money	\$ 296,441	\$ 296,441	\$ 74,396	\$ (222,045)
Total revenue from use of money and property	<u>\$ 296,441</u>	<u>\$ 296,441</u>	<u>\$ 74,396</u>	<u>\$ (222,045)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 261,739	\$ 5,478,104	\$ 25,000	\$ (5,453,104)
Total miscellaneous revenue	<u>\$ 261,739</u>	<u>\$ 5,478,104</u>	<u>\$ 25,000</u>	<u>\$ (5,453,104)</u>
Total revenue from local sources				
	<u>\$ 2,827,180</u>	<u>\$ 8,393,545</u>	<u>\$ 2,539,649</u>	<u>\$ (5,853,896)</u>
Total Capital Projects Fund				
	<u>\$ 2,827,180</u>	<u>\$ 8,393,545</u>	<u>\$ 2,539,649</u>	<u>\$ (5,853,896)</u>
Expenditures				
Education:				
Other instructional costs:				
Contribution to City School Board	\$ -	\$ -	\$ 11,332,658	\$ (11,332,658)
Capital projects expenditures:				
GIS mapping	-	45,308	9,600	35,708
Other projects	448,800	2,360,917	1,114,758	1,246,159
Streets, curbs, and gutters	400,000	747,267	600,000	147,267
Information management system	25,000	25,000	29,232	(4,232)
Downtown development plan and program	-	200,000	1,978	198,022
Downtown construction street scape	-	-	532	(532)
Atwater Road project	-	383,130	480	382,650
Dinwiddie Avenue project	-	276,281	23,886	252,395
Human services building	-	2,822,263	2,387,015	435,248
Total capital projects	<u>\$ 873,800</u>	<u>\$ 6,860,165</u>	<u>\$ 4,167,481</u>	<u>\$ 2,692,685</u>
Debt Service:				
Principal retirement	\$ 674,667	674,667	2,827,431	(2,152,764)
Interest and other fiscal charges	2,663,443	2,663,443	1,727,476	935,967
Bond agent fees	5,000	5,000	4,321	679
Bond issuance costs	-	-	442,161	(442,161)
Total debt service	<u>\$ 3,343,110</u>	<u>\$ 3,343,110</u>	<u>\$ 5,001,389</u>	<u>\$ (1,658,279)</u>
Total Expenditures				
	<u>4,216,910</u>	<u>10,203,275</u>	<u>20,501,528</u>	<u>(10,298,252)</u>

City of Hopewell, Virginia
 Schedule of Revenues - Budget and Actual
 Component Unit School Board
 For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,000	\$ 2,000	\$ 6	\$ (1,994)
Charges for services:				
Charges for education	306,539	306,539	264,475	(42,064)
Miscellaneous revenue:				
Other miscellaneous	352,793	520,888	191,312	(329,576)
Recovered costs:				
E-rate funds	75,000	75,000	101,451	26,451
Total revenue from local sources	<u>736,332</u>	<u>904,427</u>	<u>557,244</u>	<u>(347,183)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from the City of Hopewell, Virginia	12,985,241	13,038,267	11,103,921	(1,934,346)
Total revenues from local governments	<u>12,985,241</u>	<u>13,038,267</u>	<u>11,103,921</u>	<u>(1,934,346)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	2,846,525	2,846,525	2,962,888	116,363
Basic school aid	13,326,421	12,739,087	12,246,533	(492,554)
ISAEF	15,717	15,717	15,717	-
Remedial summer education	104,591	104,591	71,376	(33,215)
Regular foster care	24,112	24,112	12,522	(11,590)
Special education foster care	-	-	27,181	27,181
Homebound education	29,338	29,338	47,838	18,500
Gifted and talented	138,429	138,429	134,701	(3,728)
Remedial education	695,222	695,222	676,497	(18,725)
Special education	1,664,225	1,664,225	1,619,403	(44,822)
Vocational	13,312	13,312	9,588	(3,724)
Vocational adult	6,684	6,684	1,414	(5,270)
Vocational education	304,544	304,544	296,342	(8,202)
Social security fringe benefits	818,270	818,270	796,231	(22,039)
Retirement fringe benefits	482,964	482,964	469,956	(13,008)
Group life insurance benefits	30,762	30,762	29,934	(828)
Early reading intervention and smart beginnings grant	105,486	105,486	86,733	(18,753)
At risk payments	926,036	926,036	901,063	(24,973)
Primary class size	935,985	935,985	901,803	(34,182)
At risk four year olds	550,851	550,851	550,851	-
Education technology	180,000	386,000	464,000	78,000
Standards of Learning algebra readiness	76,762	76,762	76,878	116
National board certified teacher	2,500	2,500	2,500	-
Mentor teacher program	4,309	4,309	5,694	1,385
English as a second language	47,475	47,475	47,475	-
Industry certification cost	-	-	4,478	4,478
Other state funds	111,285	111,285	124,485	13,200
Total categorical aid	<u>\$ 23,441,805</u>	<u>\$ 23,060,471</u>	<u>\$ 22,584,081</u>	<u>\$ (476,390)</u>
Total revenue from the Commonwealth	<u>\$ 23,441,805</u>	<u>\$ 23,060,471</u>	<u>\$ 22,584,081</u>	<u>\$ (476,390)</u>

City of Hopewell, Virginia
Schedule of Revenues - Budget and Actual
Component Unit School Board
For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$1,687,748	\$1,687,748	\$1,306,834	\$ (380,914)
Title VI-B, special education	902,549	902,549	898,305	(4,244)
Vocational education	102,578	102,578	77,243	(25,335)
21st Century learning grant	126,576	-	-	-
Title IID	13,207	9,978	13,140	3,162
Title III	29,403	51,380	21,431	(29,949)
Title II	286,010	286,010	239,340	(46,670)
Impact aid	38,640	38,640	41,216	2,576
Special projects	10,000	10,000	-	(10,000)
Gear up	49,900	49,900	24,991	(24,909)
Drug free school	-	8,771	10,282	1,511
Jr ROTC	49,500	49,500	61,596	12,096
Headstart	1,139,799	1,117,449	1,114,582	(2,867)
DODEA Grant	159,236	159,236	18,738	(140,498)
Total categorical aid	<u>4,595,146</u>	<u>4,473,739</u>	<u>3,827,698</u>	<u>(646,041)</u>
ARRA funding:				
Education Jobs Fund	-	840,954	663,945	(177,009)
State Fiscal Stabilization	-	587,334	1,386,554	799,220
Title I	-	11,222	11,295	73
Other	-	834,740	243,232	(591,508)
Total ARRA funding	<u>-</u>	<u>2,274,250</u>	<u>2,305,026</u>	<u>30,776</u>
Total revenue from the federal government	<u>4,595,146</u>	<u>6,747,989</u>	<u>6,132,724</u>	<u>(615,265)</u>
Total School Operating Fund	<u>\$ 41,758,524</u>	<u>\$ 43,751,154</u>	<u>\$ 40,377,970</u>	<u>\$ (3,373,184)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	8,000	8,000	351	(7,649)
Charges for services:				
Cafeteria sales	567,000	567,000	515,385	(51,615)
Total revenue from local sources	<u>575,000</u>	<u>575,000</u>	<u>515,736</u>	<u>(59,264)</u>
Intergovernmental revenues:				
City contribution	-	2,639	2,639	-
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	38,659	38,659	75,286	36,627
Revenue from the federal government:				
Categorical aid:				
School food program grant	1,190,000	1,190,000	1,662,697	472,697
USDA commodities	-	-	78,204	78,204
Other	-	10,406	15,473	5,067
Total categorical aid	<u>1,190,000</u>	<u>1,200,406</u>	<u>1,756,374</u>	<u>555,968</u>
Total revenue from the federal government	<u>1,190,000</u>	<u>1,200,406</u>	<u>1,756,374</u>	<u>555,968</u>
Total School Cafeteria Fund	<u>\$ 1,803,659</u>	<u>\$ 1,816,704</u>	<u>\$ 2,350,035</u>	<u>\$ 533,331</u>

City of Hopewell, Virginia
 Schedule of Revenues - Budget and Actual
 Component Unit School Board
 For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
School Textbook Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 8,000	\$ 8,000	\$ 364	\$ (7,636)
Total revenue from use of money and property	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 364</u>	<u>\$ (7,636)</u>
Miscellaneous revenue:				
Other miscellaneous	-	-	539	539
Total miscellaneous revenue	<u>-</u>	<u>-</u>	<u>539</u>	<u>539</u>
Intergovernmental revenues:				
Revenues from the Commonwealth:				
Categorical aid:				
Textbook funds	161,624	161,624	157,271	(4,353)
Total revenue from the Commonwealth	<u>161,624</u>	<u>161,624</u>	<u>157,271</u>	<u>(4,353)</u>
Total School Textbook Fund	<u>\$ 169,624</u>	<u>\$ 169,624</u>	<u>\$ 158,174</u>	<u>\$ (11,450)</u>
Discretely Presented Component Unit - School Board:				
Capital Projects Fund				
Building and Bus Replacement Fund				
Revenue from use of money and property:				
Revenue from the use of money	1,000	1,000	(389)	(1,389)
Total revenue from use of money and property	<u>1,000</u>	<u>1,000</u>	<u>(389)</u>	<u>(1,389)</u>
Revenue from local contribution:				
Revenue from local bond issue	7,500,000	12,500,000	9,849,963	(2,650,037)
Total miscellaneous revenue	<u>7,500,000</u>	<u>12,500,000</u>	<u>9,849,963</u>	<u>(2,650,037)</u>
Total Building and Bus Replacement Fund	<u>\$ 7,501,000</u>	<u>\$ 12,501,000</u>	<u>\$ 9,849,574</u>	<u>\$ (2,651,426)</u>
Total Discretely Presented Component Unit- School Board	<u>\$ 51,232,807</u>	<u>\$ 58,238,482</u>	<u>\$ 52,735,753</u>	<u>\$ (5,502,729)</u>

City of Hopewell, Virginia
Schedule of Expenditures - Budget and Actual
Component Unit - School Board
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board				
Special Revenue Funds:				
School Operating Fund				
Education:				
Administration of schools:				
Administration	\$ 1,184,232	\$ 1,328,697	\$ 1,370,554	\$ (41,857)
Total administration of schools	<u>1,184,232</u>	<u>1,328,697</u>	<u>1,370,554</u>	<u>(41,857)</u>
Instruction costs:				
Compensation	28,998,325	29,805,008	29,150,341	654,667
Supplies	1,169,745	1,868,708	1,566,361	302,347
Equipment	924,577	759,961	468,445	291,516
Purchased services	1,369,173	1,731,055	1,316,736	414,319
Total instruction costs	<u>32,461,820</u>	<u>34,164,732</u>	<u>32,501,883</u>	<u>1,662,849</u>
Operating costs:				
Attendance and health services	788,987	768,010	724,291	43,719
Pupil transportation	1,021,450	1,033,545	1,016,899	16,646
Operation and maintenance of school plant	4,328,552	4,378,502	3,995,398	383,104
Total operating costs	<u>6,138,989</u>	<u>6,180,057</u>	<u>5,736,588</u>	<u>443,469</u>
Total education	<u>39,785,041</u>	<u>41,673,486</u>	<u>39,609,025</u>	<u>2,064,461</u>
Operating costs:				
Debt service	1,934,346	1,934,346	-	1,934,346
Miscellaneous costs:				
Rescinded revenue	-	116,408	-	116,408
Total School Operating Fund	<u>\$ 41,719,387</u>	<u>\$ 43,724,240</u>	<u>\$ 39,609,025</u>	<u>\$ 4,115,215</u>
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	2,407,905	2,403,650	2,082,682	320,968
Total education	<u>2,407,905</u>	<u>2,403,650</u>	<u>2,082,682</u>	<u>320,968</u>
Capital project expenditures:				
Capital projects	13,153	30,453	-	30,453
Total capital projects	<u>13,153</u>	<u>30,453</u>	<u>-</u>	<u>30,453</u>
Total School Cafeteria Fund	<u>\$ 2,421,058</u>	<u>\$ 2,434,103</u>	<u>\$ 2,082,682</u>	<u>\$ 351,421</u>
School Textbook Fund:				
Education:				
Instruction	525,000	525,000	21,106	503,894
Total education	<u>525,000</u>	<u>525,000</u>	<u>21,106</u>	<u>503,894</u>
Total School Textbook Fund	<u>\$ 525,000</u>	<u>\$ 525,000</u>	<u>\$ 21,106</u>	<u>\$ 503,894</u>
Capital Projects Fund:				
Building and Bus Replacement Fund				
Education:				
Capital project expenditures:				
Other project costs	1,030,850	1,030,850	643,576	387,274
Capital projects	7,595,000	12,595,000	10,092,288	2,502,712
Total capital projects	<u>8,625,850</u>	<u>13,625,850</u>	<u>10,735,864</u>	<u>2,889,986</u>
Total Building and Bus Replacement Fund	<u>\$ 8,625,850</u>	<u>\$ 13,625,850</u>	<u>\$ 10,735,864</u>	<u>\$ 2,889,986</u>
Total Discretely Presented Component Unit- School Board	<u>\$ 53,291,295</u>	<u>\$ 60,309,193</u>	<u>\$ 52,448,677</u>	<u>\$ 7,860,516</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Table

Financial trends information

1 to 4

Financial trends information is intended to help the reader understand and assess how the City of Hopewell's financial position has changed over time.

Revenue capacity information

5 to 8

Revenue capacity information is intended to help the reader understand and access the City of Hopewell's ability to generate its most significant local revenue source, the property tax.

Debt capacity information

9 to 11

Debt capacity information is intended to help the reader understand and assess the affordability of the City of Hopewell's current levels of outstanding debt and the City of Hopewell's ability to issue additional debt in the future.

Demographic and economic information

12 to 14

Demographic and economic information is intended to help the reader understand the socioeconomic environment within the City of Hopewell's financial activities take place.

Operating information

15 to 16

Operating information is intended to provide information about the City of Hopewell's services and capital asset resources to help the reader understand how the information in the financial report relates to the services the City of Hopewell provides and the activities it performs.

City of Hopewell, Virginia

Table 1

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Government activities:									
Invested in capital assets, net of related debt	\$ (518,312)	\$ (700,037)	\$ (2,904,259)	\$ (5,034,392)	\$ 1,080,980	\$ 2,846,179	\$ (5,421,549)	\$ 2,462,560	\$ 409,366
Restricted	1,064,242	5,586,904	16,720,846	6,623,230	1,238,289	983,265	11,016,079	1,054,321	1,024,445
Unrestricted	23,956,694	20,887,012	10,044,891	25,290,215	29,341,147	25,589,865	20,864,117	22,001,951	21,485,263
Total governmental activities net assets	<u>\$ 24,502,624</u>	<u>\$ 25,773,879</u>	<u>\$ 23,861,478</u>	<u>\$ 26,879,053</u>	<u>\$ 31,660,416</u>	<u>\$ 29,419,309</u>	<u>\$ 26,458,647</u>	<u>\$ 25,518,832</u>	<u>\$ 22,919,074</u>
Business-type activities:									
Invested in capital assets, net of related debt	\$ 16,918,580	\$ 13,673,101	\$ 5,580,932	\$ 4,169,665	\$ 2,001,382	\$ 379,108	\$ (1,881,277)	\$ 833,056	\$ 3,522,077
Restricted	1,167,481	1,167,481	1,167,481	395,641	395,641	395,641	395,641	395,641	395,641
Unrestricted	14,713,557	15,872,944	17,228,877	18,665,589	20,590,674	21,410,651	21,695,483	20,822,720	20,539,183
Total business-type activities net assets	<u>\$ 32,799,618</u>	<u>\$ 30,713,526</u>	<u>\$ 23,977,290</u>	<u>\$ 23,230,895</u>	<u>\$ 22,987,697</u>	<u>\$ 22,185,400</u>	<u>\$ 20,209,847</u>	<u>\$ 22,051,417</u>	<u>\$ 24,456,901</u>
Primary government:									
Invested in capital assets, net of related debt	\$ 16,400,268	\$ 12,973,064	\$ 2,676,673	\$ (864,727)	\$ 3,082,362	\$ 3,225,287	\$ (7,302,826)	\$ 3,295,616	\$ 3,931,443
Restricted	2,231,723	6,754,385	17,888,327	7,018,871	1,633,930	1,378,906	11,411,720	1,449,962	1,420,086
Unrestricted	38,670,251	36,759,956	27,273,768	43,955,804	49,931,821	47,000,516	42,559,600	42,824,671	42,024,446
Total primary governmental net assets	<u>\$ 57,302,242</u>	<u>\$ 56,487,405</u>	<u>\$ 47,838,768</u>	<u>\$ 50,109,948</u>	<u>\$ 54,648,113</u>	<u>\$ 51,604,709</u>	<u>\$ 46,668,494</u>	<u>\$ 47,570,249</u>	<u>\$ 47,375,975</u>

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 Nine Fiscal Years
(accrual basis of accounting)

Expenses	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Government activities:									
General government	\$ 3,341,970	\$ 3,443,925	\$ 2,945,790	\$ 2,912,135	\$ 3,375,486	\$ 3,355,309	\$ 3,005,250	\$ 4,460,353	\$ 6,104,946
Judicial administration	1,463,565	1,495,967	1,574,921	1,677,436	1,778,649	1,959,936	2,115,285	2,084,915	1,643,680
Public safety	9,008,687	9,486,916	10,565,072	11,047,707	12,332,692	12,594,747	13,815,831	12,847,039	10,761,188
Public works	4,192,242	3,737,248	3,485,748	2,887,052	1,772,710	4,720,713	5,032,124	4,705,675	5,338,658
Health and welfare	4,715,320	5,194,978	5,342,722	5,264,756	5,322,346	5,764,789	6,082,016	5,486,078	5,514,230
Education	10,899,729	10,928,447	11,179,266	11,543,304	12,264,674	12,419,569	12,641,913	14,587,637	15,960,520
Parks, recreation and cultural	1,744,625	2,258,430	2,257,163	1,896,638	2,342,189	2,893,300	2,771,191	2,396,107	1,187,879
Community development	4,845,934	1,992,171	2,030,064	1,074,519	947,666	1,097,051	1,426,189	1,499,806	2,885,797
Interest on long-term debt	1,201,432	1,179,416	2,141,680	2,097,330	1,810,935	1,623,712	1,942,319	1,624,907	2,228,636
Total governmental activities expenses	\$ 41,413,504	\$ 39,717,498	\$ 41,522,426	\$ 40,400,877	\$ 41,947,347	\$ 46,429,126	\$ 48,832,118	\$ 49,692,517	\$ 51,625,534
Business-type activities:									
Public utilities	\$ 15,685,591	\$ 16,090,180	\$ 16,185,800	\$ 16,272,912	\$ 16,961,532	\$ 17,697,147	\$ 21,188,607	\$ 17,709,774	\$ 16,348,442
Total primary government expenses	\$ 57,099,095	\$ 55,807,678	\$ 57,708,226	\$ 56,673,789	\$ 58,908,879	\$ 64,126,273	\$ 70,020,725	\$ 67,402,291	\$ 67,973,976
Program Revenues									
Government activities:									
Charges for services:									
General government administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,555	\$ -	\$ 1,991	\$ 7,620
Judicial administration	183,867	61,411	198,943	99,974	82,948	200,543	362,032	26,273	31,532
Public Safety	11,985	408,843	224,206	439,608	549,021	293,746	454,764	414,833	463,133
Public Works	-	-	-	-	-	-	-	-	19
Parks, recreation and cultural	185,600	150,713	103,291	231,592	141,640	177,568	102,269	308,350	296,931
Community development	-	-	-	-	-	-	-	78,193	70,194
Operating grants and contributions	8,522,988	9,471,701	9,675,502	9,554,091	9,801,482	10,170,554	10,925,941	10,089,840	10,569,646
Capital grants and contributions	264,598	271,737	-	-	-	262,809	197,033	380,537	361,697
Total governmental activities program revenues	\$ 9,169,038	\$ 10,364,405	\$ 10,201,942	\$ 10,325,265	\$ 10,575,091	\$ 11,306,775	\$ 12,042,039	\$ 11,300,017	\$ 11,800,772
Business-type activities:									
Charges for services:									
Public utilities	\$ 12,291,135	\$ 12,937,022	\$ 14,195,204	\$ 14,567,448	\$ 16,219,446	\$ 16,017,671	\$ 18,808,470	\$ 18,400,410	\$ 18,537,642
Operating grants and contributions	1,816,943	1,170,323	1,174,420	160,762	-	33,661	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	513,084	82,284
Total business-type activities program revenues	\$ 14,108,078	\$ 14,107,345	\$ 15,369,624	\$ 14,728,210	\$ 16,219,446	\$ 16,051,332	\$ 18,808,470	\$ 18,913,494	\$ 18,619,926
Total primary governmental program revenues	\$ 23,277,116	\$ 24,471,750	\$ 25,571,566	\$ 25,053,475	\$ 26,794,537	\$ 27,358,107	\$ 30,850,509	\$ 30,213,511	\$ 30,420,698
Net (expense) / revenue									
Governmental activities	\$ (32,244,466)	\$ (29,353,093)	\$ (31,320,484)	\$ (30,075,612)	\$ (31,372,256)	\$ (35,122,351)	\$ (36,790,079)	\$ (38,392,500)	\$ (39,824,762)
Business-type activities	(1,577,513)	(1,982,835)	(816,176)	(1,544,702)	(742,086)	(1,645,815)	(2,380,137)	1,203,720	2,271,484
Total primary government net revenue	\$ (33,821,979)	\$ (31,335,928)	\$ (32,136,660)	\$ (31,620,314)	\$ (32,114,342)	\$ (36,768,166)	\$ (39,170,216)	\$ (37,188,780)	\$ (37,553,278)

City of Hopewell, Virginia

Table 2
Page 2 of 2

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and other Changes in net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 19,060,885	\$ 16,361,811	\$ 22,452,725	\$ 21,436,449	\$ 23,466,018	\$ 21,003,914	\$ 23,548,847	\$ 24,953,126	\$ 24,183,723
Local sales and use taxes	1,632,175	1,623,689	1,710,007	1,890,963	1,992,012	1,872,972	1,752,105	1,904,436	1,866,495
Consumer utility taxes	1,334,789	1,406,368	1,138,794	1,141,121	914,129	665,210	349,751	350,230	376,118
Business licenses taxes	1,299,019	1,317,942	1,411,667	1,541,460	1,537,086	1,621,535	1,671,362	1,871,513	1,766,087
Other local taxes	2,499,514	6,778,505	2,672,065	3,017,610	3,184,311	3,970,017	4,212,375	5,345,796	5,754,161
Unrestricted grants and contributions	1,693,124	1,656,911	1,591,188	1,777,831	1,801,786	1,407,833	1,534,464	1,618,030	1,618,030
Unrestricted revenues from use of money and property	614,596	383,429	992,484	1,736,958	2,033,562	1,768,070	593,272	127,687	154,399
Gain on disposal of capital assets	-	-	-	-	-	1,000,000	-	-	-
Interest rate subsidy	-	-	-	-	-	-	-	-	363,750
Miscellaneous	314,115	890,576	147,042	550,795	266,383	266,593	167,241	1,281,867	1,142,241
Transfers	214,268	205,117	275,000	-	-	-	-	-	-
Total governmental activities	\$ 28,662,485	\$ 30,624,348	\$ 32,390,972	\$ 33,093,187	\$ 35,195,287	\$ 33,576,144	\$ 33,829,417	\$ 37,452,685	\$ 37,225,004
Business-type activities:									
Transfers	\$ (214,268)	\$ (205,117)	\$ (275,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted revenues from use of money and property	\$ 233,283	\$ 101,860	\$ 339,166	\$ 798,307	\$ 951,842	\$ 843,518	\$ 404,584	\$ 36,210	\$ 134,000
Total business-type activities	\$ 19,015	\$ (103,257)	\$ 64,166	\$ 798,307	\$ 951,842	\$ 843,518	\$ 404,584	\$ 36,210	\$ 134,000
Total primary government	\$ 28,681,500	\$ 30,521,091	\$ 32,455,138	\$ 33,891,494	\$ 36,147,129	\$ 34,419,662	\$ 34,234,001	\$ 37,488,895	\$ 37,359,004
Change in net Assets									
Government activities	\$ (3,581,981)	\$ 1,271,255	\$ 1,070,488	\$ 3,017,575	\$ 3,823,031	\$ (1,546,207)	\$ (2,960,662)	\$ (939,815)	\$ (2,599,758)
Business-type activities	\$ (1,558,498)	\$ (2,086,092)	\$ (752,010)	\$ (746,395)	\$ 209,756	\$ (802,297)	\$ (1,975,553)	\$ 1,239,930	\$ 2,405,484
Total primary government	\$ (5,140,479)	\$ (814,837)	\$ 318,478	\$ 2,271,180	\$ 4,032,787	\$ (2,348,504)	\$ (4,936,215)	\$ 300,115	\$ (194,274)

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

City of Hopewell, Virginia

Table 3

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General fund:										
Reserved	\$ 5,456,484	\$ 1,677,493	\$ 1,483,892	\$ 1,272,858	\$ 1,486,858	\$ 2,145,977	\$ 1,305,385	\$ 1,085,023	\$ 1,146,496	
Unreserved	<u>3,205,324</u>	<u>6,946,757</u>	<u>7,777,384</u>	<u>8,604,101</u>	<u>10,815,318</u>	<u>10,681,284</u>	<u>10,508,586</u>	<u>9,484,371</u>	<u>10,168,180</u>	
Total general fund	<u>\$ 8,661,808</u>	<u>\$ 8,624,250</u>	<u>\$ 9,261,276</u>	<u>\$ 9,876,959</u>	<u>\$ 12,302,176</u>	<u>\$ 12,827,261</u>	<u>\$ 11,813,971</u>	<u>\$ 10,569,394</u>	<u>\$ 11,314,676</u>	
All other governmental funds:										
Reserved	\$ 10,268,014	\$ 7,231,064	\$ 4,167,174	\$ 15,503,841	\$ 15,440,761	\$ 3,553,176	\$ 1,116,638	\$ 55,109	\$ 35,436	
Unreserved, reported in:										
Special revenue funds	638,254	780,932	1,090,129	503,031	405,094	221,901	228,810	157,004	346,795	
Capital projects funds	<u>5,097,288</u>	<u>8,170,048</u>	<u>10,400,891</u>	<u>18,250,454</u>	<u>12,850,203</u>	<u>15,342,304</u>	<u>12,321,255</u>	<u>20,995,610</u>	<u>22,131,546</u>	
Total all other governmental funds	<u>\$ 16,003,556</u>	<u>\$ 16,182,044</u>	<u>\$ 15,658,194</u>	<u>\$ 34,257,326</u>	<u>\$ 28,696,058</u>	<u>\$ 19,117,381</u>	<u>\$ 13,666,703</u>	<u>\$ 21,207,723</u>	<u>\$ 22,513,777</u>	
General fund:										
Nonspendable										\$ 352,873
Restricted										-
Committed										-
Assigned										7,433,145
Unassigned										<u>4,355,131</u>
Total general fund										<u>\$ 12,141,149</u>
All other governmental funds:										
Nonspendable										\$ -
Restricted										\$ 10,098,751
Committed										
Assigned										\$ 14,338,352
Unassigned										<u>(248)</u>
Total all other governmental funds										<u>\$ 24,436,855</u>

Note: Fiscal years 2002 through 2010 have not been restated per GASB 54.

Table 4

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues										
General property taxes	\$ 18,684,937	\$ 18,667,154	\$ 20,092,804	\$ 21,098,729	\$ 22,011,460	\$ 22,262,298	\$ 24,259,295	\$ 22,831,071	\$ 27,157,780	\$ 23,818,310
Other local taxes	6,460,305	6,765,497	6,778,505	6,932,533	7,591,154	7,627,538	8,129,734	7,985,593	8,405,033	8,494,183
Permits, privilege fees/regulatory licenses	60,406	94,530	82,108	93,462	179,406	204,618	206,454	135,509	352,348	31,956
Fines and Forfeitures	69,658	65,830	61,411	79,376	74,318	69,921	155,217	282,130	714,594	1,288,030
Revenue from use of money and property	866,706	614,596	383,429	992,484	1,736,958	2,033,562	1,407,833	593,272	349,168	369,081
Charges for services	284,368	221,092	477,448	353,602	517,450	499,070	511,741	501,426	536,670	587,937
Miscellaneous	846,622	314,115	890,576	143,552	549,450	271,236	266,593	167,241	471,399	227,644
Recovered costs	267,922	-	-	-	996,392	824,000	823,000	872,000	872,000	884,500
Intergovernmental	9,247,495	10,480,710	11,400,349	11,266,690	11,331,922	11,603,268	10,583,403	12,657,438	12,096,593	12,485,977
Total revenues	\$ 36,788,419	\$ 37,223,524	\$ 40,166,630	\$ 40,960,428	\$ 44,988,510	\$ 45,395,511	\$ 46,343,270	\$ 46,025,680	\$ 50,955,585	\$ 48,187,618
Expenditures										
General government administration	\$ 3,113,930	\$ 2,640,778	\$ 2,666,849	\$ 2,725,084	\$ 2,869,051	\$ 3,207,029	\$ 3,471,465	\$ 3,555,998	\$ 3,529,854	\$ 2,836,083
Judicial administration	1,204,103	1,292,301	1,291,736	1,331,479	1,436,093	1,500,445	1,707,438	1,724,389	1,765,448	1,603,353
Public safety	10,701,825	9,224,023	9,406,283	10,307,147	10,594,210	11,715,197	12,235,866	12,549,248	12,864,356	10,220,079
Public works	3,391,620	3,280,814	3,428,681	3,339,381	3,736,617	3,682,520	4,161,179	4,248,535	3,953,139	3,414,050
Health and welfare	3,938,094	4,671,981	4,990,898	5,218,907	5,143,541	5,198,729	5,577,319	5,673,538	5,470,641	5,514,230
Education	-	9,535,795	9,548,805	9,564,280	9,708,817	9,800,130	10,507,034	11,045,621	15,691,522	20,957,047
Parks, recreation and cultural	2,038,146	1,793,430	1,972,933	2,216,435	2,283,280	2,255,777	2,302,038	2,300,336	2,083,326	2,080,477
Community development	778,150	1,130,602	1,113,053	1,308,672	1,164,345	978,544	1,078,552	1,003,857	1,040,742	793,509
Nondepartmental	875,976	608,575	1,275,270	864,169	746,960	903,500	968,612	864,074	1,025,073	5,075,563
Capital projects	788,704	3,886,805	1,252,346	1,511,459	6,254,211	10,846,799	3,823,661	1,837,201	1,098,458	4,167,481
Debt service: (1)										
Principle	1,289,767	2,230,299	2,119,642	2,388,320	3,427,039	2,379,916	2,513,941	3,648,595	1,390,172	4,155,218
Interest	-	1,233,136	1,192,075	1,893,991	2,168,868	1,980,517	2,975,833	1,610,185	1,793,289	2,779,947
Total expenditures	\$ 28,120,315	\$ 41,528,539	\$ 40,258,571	\$ 42,669,324	\$ 49,533,032	\$ 54,449,103	\$ 51,322,938	\$ 50,061,577	\$ 51,706,020	\$ 63,597,037
Excess of revenues over (under) expenditures	8,668,104	(4,305,015)	(91,941)	(1,708,896)	(4,544,522)	(9,053,592)	(4,979,668)	(4,035,897)	(750,435)	(15,409,419)
Other financing sources (uses)										
Transfer in	\$ 3,832,858	\$ 4,649,024	\$ 3,808,160	\$ 4,236,279	\$ 4,394,863	\$ 4,369,935	\$ 3,636,893	\$ 3,401,401	\$ 6,199,463	\$ 3,986,103
Transfer out	(15,721,311)	(4,434,756)	(3,603,043)	(3,961,279)	(4,394,863)	(4,369,935)	(3,636,893)	(3,401,401)	(6,199,463)	(3,986,103)
Refunding bonds issued	-	-	-	-	-	-	18,210,000	2,155,000	-	-
Bonds issued	-	3,965,000	-	20,000,000	858,896	-	-	10,000,000	-	17,715,000
Premium on bonds issued	-	-	-	648,711	-	-	-	303,340	2,801,771	80,220
Refunded bonds redeemed	-	-	-	-	-	-	(20,000,000)	(2,126,000)	-	-
Interest rate subsidy	-	-	-	-	-	-	-	-	-	363,750
Sale of capital assets	-	-	-	-	-	-	1,000,000	-	-	-
Total other financing sources (uses)	\$ (11,888,453)	\$ 4,179,268	\$ 205,117	\$ 20,923,711	\$ 858,896	\$ -	\$ (790,000)	\$ 10,332,340	\$ 2,801,771	\$ 18,158,970
Net change in fund balances	\$ (3,220,349)	\$ (125,747)	\$ 113,176	\$ 19,214,815	\$ (3,685,626)	\$ (9,053,592)	\$ (5,769,668)	\$ 6,296,443	\$ 2,051,336	\$ 2,749,551
Debt service as a percentage of noncapital expenditures	4.72%	8.51%	8.26%	10.35%	13.06%	9.60%	11.10%	10.61%	6.29%	11.77%

(1) For fiscal year 2002 all principle and interest payments are listed as principle payments, as a principal and interest breakdown is not available for this year.

Table 5

City of Hopewell, Virginia

**Assessed Value and Estimated Actual value of Taxable Property
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Real Property Direct Tax Rate</u>	<u>Real Estate (1)</u>	<u>Real Property Direct Tax Rate</u>	<u>Personal Property</u>	<u>Real Property Direct Tax Rate</u>	<u>Machinery and Tools</u>	<u>Public Service</u>	<u>Total Taxable Assessed Value</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2011	\$0.99	\$ 1,359,312,700	\$3.50	\$ 129,530,486	\$3.05	\$ 179,114,467	\$ 344,749,605	\$ 2,012,707,265	\$ 2,002,643,728	100.50%
2010	0.99	1,357,143,000	3.50	128,089,039	3.05	142,657,510	344,073,128	1,971,962,684	1,932,523,430	102.04%
2009	0.96	1,338,397,100	3.05	113,630,555	3.05	140,866,828	344,073,128	1,936,967,617	1,898,228,265	102.04%
2008	1.09	1,145,283,664	3.05	127,665,229	3.05	119,046,593	308,044,862	1,700,040,354	1,666,039,547	102.04%
2007	1.09	1,122,108,000	3.05	124,658,770	3.05	129,341,114	324,304,640	1,700,412,530	1,666,404,279	102.04%
2006	1.20	929,194,800	3.05	117,351,944	3.05	142,128,758	365,796,979	1,554,472,487	1,476,648,400	105.27%
2005	1.20	926,602,083	3.05	118,025,410	3.05	176,400,688	361,479,667	1,582,507,854	1,499,091,288	105.56%
2004	1.20	849,244,667	3.05	126,941,705	3.05	117,124,590	399,712,852	1,493,023,820	1,407,747,444	106.06%
2003	1.20	845,832,200	3.05	124,590,160	3.05	155,115,512	285,714,285	1,411,252,163	1,373,889,269	102.72%
2002	1.12	800,586,607	3.05	154,138,951	3.03	154,216,964	285,028,909	1,393,971,437	1,232,407,401	113.11%

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

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

Table 6

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

Fiscal Year	Real Estate	Personal Property(2)	Machinery and Tools	Public Utility	
				Real Estate	Personal Property
2002	\$1.12	\$3.05	\$3.03	\$1.12	\$3.05
2003	1.20	3.05	3.05	1.20	3.05
2004	1.20	3.05	3.05	1.20	3.05
2005	1.20	3.05	3.05	1.20	3.05
2006	1.20	3.05	3.05	1.20	3.05
2007	1.09	3.05	3.05	1.09	3.05
2008	1.09	3.05	3.05	1.09	3.05
2009	0.96	3.05	3.05	0.96	3.05
2010	0.99	3.50	3.05	0.99	3.50
2011	0.99	3.50	3.05	0.99	3.50

(1) Per \$100 of assessed value.

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

The City of Hopewell has no overlapping taxes.

Table 7

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

<u>Taxpayer</u>	<u>Fiscal Year 2011</u>		<u>Fiscal Year 2002</u>	
	<u>2011 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>2002 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Allied Signal Corporation/Honeywell	\$111,150,610	5.6%	\$118,894,403	8.5%
Hopewell Cogentric Limited Partnership	106,613,575	5.4%	132,535,031	9.5%
Stone Container Inc.	82,365,747	4.2%	75,484,339	5.4%
Ashland, Inc.	47,480,374	2.4%	32,276,545	2.3%
Dominion Virginia Power	43,263,765	2.2%	56,329,395	4.0%
Virginia American Water Company	43,149,475	2.2%	20,773,215	1.5%
James River Cogeneration Company	42,910,598	2.2%	50,492,089	3.6%
Columbia HCA/John Randolph Hospital	34,395,100	1.7%	34,293,780	2.5%
Evonik Goldschmidt Industries	<u>8,214,400</u>	<u>0.4%</u>	<u>0</u>	<u>0.0%</u>
	<u>\$519,543,644</u>	<u>26.3%</u>	<u>\$521,078,797</u>	<u>37.4%</u>

Source: Municipal Tax Assessor

Table 8

City of Hopewell, Virginia

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$25,337,657	\$24,660,226	97.33%	\$ -	\$24,660,226	97.33%
2010	25,365,543	24,277,032	95.71%	\$ 381,270	24,658,302	97.21%
2009	25,394,983	21,359,404	84.11%	2,807,525	24,166,929	95.16%
2008	23,544,869	21,035,463	89.34%	2,170,392	23,205,855	98.56%
2007	23,967,262	21,167,844	88.32%	2,456,377	23,624,221	98.57%
2006	23,704,873	21,430,559	90.41%	2,015,329	23,445,888	98.91%
2005	24,705,828	18,391,177	74.44%	3,536,129	21,927,306	88.75%
2004	24,705,740	20,727,116	83.90%	2,495,002	23,222,118	93.99%
2003	19,301,997	16,317,240	84.54%	625,675	16,942,915	87.78%
2002	17,880,908	16,633,585	93.02%	625,676	17,259,261	96.52%

Source: Municipal Tax Assessor

Table 9

City of Hopewell, Virginia

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund loans	Other Notes/ Bonds	Capital Leases	Revenue Bonds	Capital Leases			
2011	\$ 54,854,157	\$ 4,444,400	\$ -	\$ -	\$ 32,205,000	\$ -	\$ 91,503,557	8.51%	\$ 4,050
2010	40,597,744	5,093,600	-	-	28,580,000	-	74,271,344	10.27%	3,323
2009	39,329,300	5,821,300	-	-	11,245,000	-	56,395,600	7.73%	2,523
2008	31,342,111	6,559,000	-	-	11,735,000	-	49,636,111	7.22%	2,220
2007	34,814,452	7,390,000	-	-	12,200,000	-	54,404,452	8.15%	2,434
2006	36,363,368	8,221,000	-	-	12,685,000	28,334	57,297,702	8.84%	2,563
2005	37,000,511	9,052,000	1,100,000	-	13,305,000	56,667	60,514,178	10.84%	2,707
2004	18,557,831	9,883,000	1,100,000	-	13,665,000	-	43,205,831	7.98%	1,933
2003	19,846,473	10,714,000	1,100,000	-	14,010,000	-	45,670,473	8.69%	2,043
2002	18,249,408	11,545,000	131,364	-	14,340,000	-	44,265,772	8.66%	1,980

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

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

n/a - information not currently available.

Table 10

City of Hopewell, Virginia

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt(3)	Ratio of Net General Obligation Debt to Assessed Value(2)	Bonded Debt per Capita (1)
2011	\$ 59,298,557	\$ -	\$ 59,298,557	4.36%	\$ 2,625
2010	45,691,344	4,500,000	41,191,344	2.09%	1,843
2009	45,150,600	4,500,000	40,650,600	2.10%	1,321
2008	37,901,111	4,500,000	33,401,111	1.96%	1,085
2007	42,204,452	4,500,000	37,704,452	2.22%	1,687
2006	44,584,368	4,500,000	40,084,368	2.36%	1,793
2005	46,052,511	4,500,000	41,552,511	2.67%	1,859
2004	28,440,831	4,500,000	23,940,831	1.60%	1,071
2003	30,560,473	-	30,560,473	2.17%	1,367
2002	28,694,408	-	28,694,408	2.06%	1,284

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

(2) See schedule of Real Estate Assessed Value and Estimated Actual Value of Taxable Property - Table 11.

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

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 80,058,661	\$ 84,583,220	\$ 84,924,467	\$ 92,660,208	\$ 92,919,480	\$ 112,210,800	\$ 114,528,366	\$ 133,839,710	\$ 135,714,300	\$ 135,931,270
Total net debt applicable to limit	29,925,772	31,660,473	29,540,831	47,152,511	47,152,511	42,204,452	\$ 37,901,111	\$ 45,150,600	\$ 45,691,344	\$ 59,298,557
Legal debt margin	<u>\$ 50,132,889</u>	<u>\$ 52,922,747</u>	<u>\$ 55,383,636</u>	<u>\$ 45,507,697</u>	<u>\$ 45,766,969</u>	<u>\$ 70,006,348</u>	<u>\$ 76,627,255</u>	<u>\$ 88,689,110</u>	<u>\$ 90,022,956</u>	<u>\$ 76,632,713</u>
Total net debt applicable to the limit as a percentage of debt limit	37.38%	37.43%	34.78%	50.89%	50.75%	37.61%	33.09%	33.73%	33.67%	43.62%

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 2011

Assessed value	\$ 1,359,312,700
Add back: exempt real property	-
Total assessed value	<u>\$ 1,359,312,700</u>
Debt limit (10% of total assessed value) (a)	\$ 135,931,270
Net debt applicable to limit	<u>\$59,298,557</u>
Legal debt margin	<u>\$ 76,632,713</u>

Table 12

City of Hopewell, Virginia

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate(d)</u>
2011	22,591	\$778,341,324	\$34,454	11.40%
2010	22,354	762,550,318	34,112	10.90%
2009	22,354	755,000,314	33,775	11.40%
2008	22,354	733,010,014	32,791	6.30%
2007	22,354	670,307,044	29,986	4.50%
2006	22,354	643,303,412	28,778	5.10%
2005	22,354	558,447,628	26,660	6.80%
2004	22,354	541,659,774	24,231	6.80%
2003	22,354	525,363,708	23,502	7.70%
2002	22,354	511,079,502	22,863	6.00%

Source:

- (a) Population information provided by the U.S. Census Bureau.
 - (b) Personal income estimated based upon the municipal population and per capita income presented.
 - (c) Per capita personal income by municipality estimated based upon the 2000 census published by the U.S. Bureau of Economic Analysis.
 - (d) Unemployment data provided by the Virginia employment Commission.
- n/a - Information not currently available.

Table 13

City of Hopewell, Virginia

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2011		Fiscal Year 2002		% of Total City Employment
	Employees	Rank	Employees	Rank	
City of Hopewell School System	500-999	1	n/a	n/a	0.00%
Allied Signal Corporation/Honeywell	500-999	2	n/a	n/a	0.00%
Columbia HCA/John Randolph Hospital	500-999	3	n/a	n/a	0.00%
E.I. DuPont De Nemours Company	500-999	4	n/a	n/a	0.00%
City of Hopewell	250-499	5	n/a	n/a	0.00%
Stone Container Corporation	250-499	6	n/a	n/a	0.00%
Aqualon Company	250-499	7	n/a	n/a	0.00%
Goldsmith Chemical Corporation	250-499	8			
Shaw Services LLC	100-249	9	n/a	n/a	0.00%
Hopewell Opeartions LLC	100-249	10	n/a	n/a	0.00%

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

Table 14

City of Hopewell, Virginia

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

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	3	6	6	6	6
Finance department	14	14	14	14	14	18	15	15	15	15
City treasurer	5	5	6	6	6	6	5	5	5	5
Commissioner of revenue	6	6	6	6	6	6	7	7	7	7
Voter registrar	1	1	2	2	2	2	2	2	2	2
Judicial administration-										
Clerk of circuit court	6	6	6	6	6	6	5	5	5	5
Commonwealth Attorney	6	6	6	7	7	7	9	9	7	7
Court services	4	4	4	3	4	4	4	2	2	2
Public safety-										
Sheriff department	7	7	9	9	9	9	9	9	9	9
Fire & rescue	37	37	37	40	42	42	42	42	45	45
Buidling inspections	3	3	4	5	5	7	7	7	6	6
Police department	70	73	73	73	73	73	73	72	72	72
Animal control	3	3	3	3	3	3	3	3	1	1
Emergency services	1	1	1	1	1	1	1	1	1	1
Public Works-										
General maintenance	39	39	39	39	39	39	36	36	34	34
Landfill	2	2	2	2	2	2	2	2	2	2
Engineering	4	4	4	4	4	4	4	4	3	3
Sewer services	67	67	67	63	63	63	63	64	60	60
Health & welfare-										
Department of Social Services	39	40	40	41	41	41	41	41	40	40
Community Services Act	2	2	2	2	1	1	1	1	1	1
Culture and recreation-										
Parks and recreation	15	15	16	17	17	17	17	17	15	15
Tourism	1	1	1	1	1	1	1	1	1	1
Community development	3	3	3	3	3	3	3	3	3	3
Planning	1	1	1	2	2	2	2	2	1	1
Totals	<u>346</u>	<u>350</u>	<u>356</u>	<u>359</u>	<u>361</u>	<u>363</u>	<u>361</u>	<u>359</u>	<u>346</u>	<u>346</u>

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

Table 15

City of Hopewell, Virginia
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Years									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety										
Police department:										
E911 calls answered	16,326	16,889	19,354	17,733		22,906	22,381	19,764	14,101	17,075
Animal calls answered	2,232	2,142	2,116	1,539	1,805	1,847	1,912	1,361	1,856	2,757
Physical arrests	1,408	1,241	1,334	1,733	1,154	1,362		1,048	1,412	1,753
Civil papers										
Fire and rescue:										
Fire calls	1,165	1,206	1,394	1,104	1,117	1,225	1,232	1,164	3,130	3,430
EMS calls	2,312	2,549	2,285	1,517	1,623	1,993	2,046	1,944	3,557	3,505
Building inspections:										
Permits issued(all)	1,554	1,274	1,233	1,277	1,270	1,535	1,482	2,568	1,783	855
Inspections done(all)	425	1,110	1,152	1,266	915	1,264	1,174	2,895	4,607	482
Public works										
General maintenance:										
Work orders issued							2,720	2,002	1,898	1,429
Health and welfare										
Department of Social Services:										
Caseload*	4,670	5,001	6,835	8,425	8,336	8,600	8,436	9,087	10,378	10,707
Culture and recreation										
Parks and recreation:										
Community center visits	36,742	43,536	37,564	40,672	44,099	43,369	55,066	55,046	45,253	57,556
Summer program participants	194	177	120	597	452	421	425	320	1,058	1,303
Youth sports participants							4,039	4,627	5,314	4,461
Community development										
Planning:										
Zoning permits issued	646	678	743	884	989	1,142	1,346	1,376	496	218

Source: Individual city department workload counts.

* Average total case count.

Table 16

City of Hopewell, Virginia

Capital asset Statistics by function
Last Ten Fiscal Years

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Administration buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	4	4	4	4	4	6	6	6	6	6
Public Works										
Vehicles						43	43	43	43	43
Public safety										
Police department:										
Vehicles						61	60	60	60	60
Sheriff department:										
Vehicles						11	13	14	14	14
Fire department:										
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	6	6	6	6	6	6	6	6	6	6
Other vehicles	6	6	7	8	8	8	8	8	8	8
Building inspectors:										
Vehicles	6	6	6	6	7	7	7	7	7	7
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	11	11	11	12	12	12	12	12	12	12
Parks acreage	161	161	161	161	161	161	161	161	161	161
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	14	14	14	14	14	14	14	14	14	14
Ballfields	20	20	20	20	20	20	20	20	20	20
Soccerfields	8	8	8	8	8	8	8	8	8	8

Source: City Fixed Asset System by city departments

COMPLIANCE SECTION



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

To the Honorable Members of City Council
City Hopewell, Virginia

We have audited the financial statements of the City of Hopewell, Virginia (the "City") as of and for the year ended June 30, 2011, and have issued our report thereon dated January 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Cherry, Bekaert + Holland, LLP

Richmond, Virginia
January 23, 2012



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

To the Honorable Members of City Council
City Hopewell, Virginia

Compliance

We have audited the compliance of the City of Hopewell, Virginia, (the "City"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a possibility material compliance with a type of compliance requirement of a federal program will not be prevented detected and corrected on a timely basis.

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

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

Cherry, Bekaert + Holland, LLP

Richmond, Virginia
January 23, 2012

City of Hopewell, Virginia
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
<u>Department of Agriculture</u>		
<u>Pass Through Payments:</u>		
Nutrition cluster		
Department of Agriculture		
Food Distribution - School	10.555	\$ 124,465
Department of Education		
National school breakfast program	10.553	489,049
National school lunch program	10.555	1,173,648
Summer food service program for children	10.559	16,824
Department of Social Services		
State Admin Matching Grants for Supplemental Nutrition Assistance Programs	10.561	<u>421,821</u>
Total Department of Agriculture		<u>2,225,807</u>
<u>Department of Defense</u>		
<u>Direct Payment</u>		
JROTC	12.000	61,596
Department of Defense Education Activity	12.000	<u>18,738</u>
Total Department of Defense		<u>80,334</u>
<u>Department of Housing and Urban Development</u>		
<u>Direct Payments:</u>		
Community Development Block Grant	14.228	<u>281,477</u>
<u>Department of Justice</u>		
<u>Pass Through Payments:</u>		
<u>Department of Criminal Justice Services</u>		
Public Safety Partnership and Community Policing Grant	16.710	128,078
Office of Justice Program	16.000	95,483
Equipment Grant	16.000	<u>55,942</u>
Total Department of Justice		<u>279,503</u>
<u>Department of Transportation</u>		
<u>Pass Through Payments:</u>		
<u>Dept of Motor Vehicles</u>		
State and Community Highway Safety Program - Sheriff	20.600	10,788
State and Community Highway Safety Program - Police	20.600	<u>24,357</u>
Total Department of Transportation		<u>35,145</u>
<u>Environmental Protection Agency</u>		
<u>Direct Payment</u>		
Clean Water State Revolving Funds - ARRA	66.458	<u>82,284</u>

City of Hopewell, Virginia
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
<u>Department of Education</u>		
<u>Direct Payments:</u>		
Impact Aid	84.041	41,216
<u>Pass Through Payments:</u>		
Title I cluster		
Title I: Grants to local educational agencies	84.010	1,306,834
Title I: Grants to local educational agencies - ARRA	84.389	11,295
Special education cluster:		
Special education grants to states	84.027	875,266
Special education grants to states - ARRA	84.391	199,707
Preschool Handicapped	84.027	23,039
Career and Technical Education: National Programs	84.048	77,243
Safe and Drug free schools and communities	84.166	10,282
Gaining Early awareness and readiness for undergraduate programs	84.334	24,991
Education Technology State Grants (Title II D)	84.318	13,140
Education Technology State Grants (Title II D) - ARRA	84.386	5,740
English Language Acquisition Grants (Title III)	84.365	21,431
Improving Teacher Quality State (Title II A)	84.367	239,340
State Fiscal Stabilization - ARRA	84.394	348,978
State Fiscal Stabilization - Basic Aid - ARRA	84.394	<u>1,701,521</u>
 Total Department of Education		 <u>4,900,023</u>
<u>Department of Health and Human Services</u>		
<u>Direct Payments:</u>		
Administration for Children, Youth and Families (Head Start and Day Care Grant)	93.600	1,114,582
Administration for Children, Youth and Families (Head Start and Day Care Grant - ARRA)	93.600	37,785
<u>Pass Through Payments:</u>		
Promoting Safe and Stable Families	93.556	1,559
Temporary Assistance for Needy Families (TANF)	93.558	352,628
Refugee and Entrant Assistance - State Administered Programs	93.566	824
Low Income Home Energy Assistance	93.568	29,872
Child Care and Development Block Grants	93.575	368,617
Child Care Mandatory & Matching Funds of the Child Care & Development Func	93.596	241,415
Chafee Education and Training Vouchers Program	93.599	62
Child Welfare Services - State Grants	93.645	1,239
Foster Care - Title IV-E	93.658	278,712
Foster Care - Title IV-E - ARRA	93.658	74,358
Adoption Assistance	93.659	129,994
Social Services Block Grant	93.667	212,148
Chafee Foster Care Independence Program	93.674	6,355
State Children's Insurance Program	93.767	12,377
Medical Assistance Program	93.778	<u>249,685</u>
 Total Department Health and Human Services		 <u>3,112,213</u>

City of Hopewell, Virginia
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
<u>Department of Homeland Security</u>		
<u>Pass Through Payments:</u>		
<u> Dept of Emergency Services</u>		
Urban Areas Security Initiative	97.008	\$ 54,547
Emergency Management Performance Grants	97.042	42,959
Assistance to Firefighters Grant	97.044	49,691
State Homeland Security Program (SHSP)	97.073	<u>16,695</u>
Total Department of Homeland Security		<u>163,892</u>
Total federal expenditures		<u><u>\$ 11,160,678</u></u>

CITY OF HOPEWELL
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2011

A. Summary of Auditors' Results

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

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.561	SNAP
84.010/84.389	Title I, Part A Cluster
84.394	ARRA - State Fiscal Stabilization Fund
93.575/93.596	CCDF Cluster
93.658	Foster Care

10. Dollar threshold used to distinguish between type A and type B programs: \$334,820
11. City of Hopewell was determined to be a low risk auditee.

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

CITY OF HOPEWELL

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

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

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