

# **CITY OF HOPEWELL, VIRGINIA**



**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2012**

# **CITY OF HOPEWELL, VIRGINIA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2012**

Prepared by  
Department of Finance  
Elesteen Hager, Director

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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

Tamara J. Ward, Clerk of Circuit Court

Gregory L. Anderson, Sheriff

Dr. John A. Fahey, 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. Keohane, Chief, Police Department

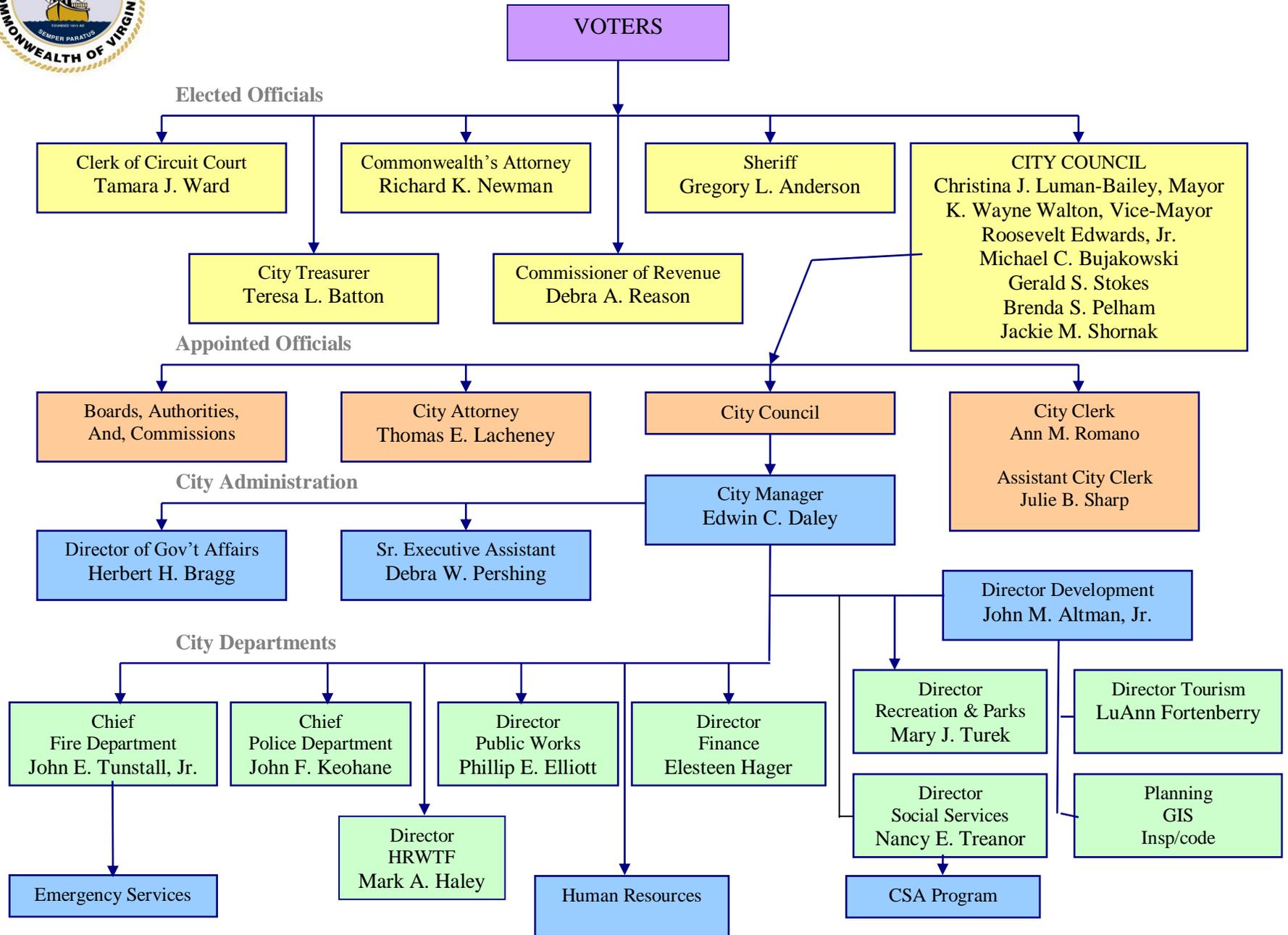
Elesteen Hager, Director of Finance

Herbert Bragg, Director of Governmental Affairs

vacant, 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, 2011

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.



*Christopher P. Mouill*

President

*Jeffrey R. Emer*

Executive Director



January 18, 2013

**Dr. Edwin C. Daley**  
City Manager

[edaley@ci.hopewell.va.us](mailto:edaley@ci.hopewell.va.us)

p: 804.541.2243

f: 804.541.2248

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, 2012 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 to 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.

## SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

The list below highlights some of the City's achievements/events for 2012:

- HRWTF - Wastewater Treatment plan renovations continued
- Recreation Marina rehabilitation began  
City playground facilities constructed
- Development - Beacon Theatre renovations began, High School renovations completed, Atwater Road and Dinwiddie Avenue projects completed, City Main Street project funded and begun, Economic Developer hired

External partnerships include:

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

Internal partnerships include:

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

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

## **FINANCIAL INFORMATION**

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

### ***Single Audit***

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

As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2012 provided two instances of material weaknesses in the internal control structure, but no 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 \$108,740,864 in 2012. This represents an increase of \$4,473,477 from last year. Property taxes and intergovernmental revenues accounted for approximately 87% of revenues in the governmental funds.

Assessed real property valuations of \$1,330,768,380 were consistent with the prior year. Property tax collections were 97.37% of the tax levy, which is consistent with 97.33% 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 \$118,418,156 in 2012. This represents an increase of \$1,367,857 or 1% over 2011.

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 a decrease this year. The unassigned fund balance for the General Fund was \$4,084,446 on June 30, 2012. This represents a decrease of \$275,274. Obligated fund balances are: \$84,090 for non-spendable inventory and prepaid items, assigned fund balances include: \$1,056,774 for cemetery perpetual care, \$657,357 for fire equipment replacement, \$4,403,035 for rainy day emergency response, \$878,866 for the self-insurance fund and \$589,324 for next year's budget.

Virginia Public Assistance Fund assigned fund balance was \$87,868 at year end.

Capital Projects Fund expenditures amounted to \$17,556,683 of which \$3,552,164 was spent on community development and infrastructure improvements, \$11,601,900 on high school renovations and \$2,402,619 was for long-term debt service.

The Capital Projects Fund assigned fund balance at June 30, 2012 was \$8,405,786, of which \$2,063,294 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 gain of \$270,683 for the year ended June 30, 2012. The Sewer Service Fund had a net gain of \$4,933,530 with restricted assets of \$6,296,589 as of June 30, 2012. The Solid Waste Fund had a net loss of \$61,144, leaving unrestricted net assets of \$2,240,103 as of June 30, 2012.

### ***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 2012 fiscal year were as follows:

	<u>Amount</u>	<u>Ratio of debt to assessed value</u>	<u>Debt per capita</u>
Bonded Debt	\$ 57,602,283	4.33%	\$ 2,550

Of the G O bonded debt outstanding at June 30, 2012, \$21,270,083 was School bonds, \$3,970,200 was School literary loans, and \$32,362,000 represented City public improvement bonds. In addition to the bonded debt, general long-term obligations of the City at June 30, 2012 include \$924,741 for compensated absences, \$398,231 for landfill closure maintenance costs, \$3,890,567 for OPEB liability and \$266,938 in unamortized bond premium.

### ***Prospects for the Future***

City Council adopted a budget of \$89,326,858 for its general governmental funds (General Fund, Special Revenue Funds, Component Units, and Capital Projects Funds) for fiscal year 2012-13.

## 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 LLP was selected by the City's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and related OMB Circular A-133. The independent auditors' report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The independent auditors' reports related specifically to the single audit requirements are included in the compliance section of this report.

### *Certificate of Achievement*

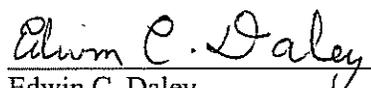
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hopewell for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the twenty-sixth consecutive year the City received this award.

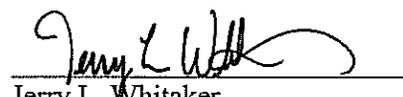
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

  
Jerry L. Whitaker  
Director of Finance, effective December 3, 2012

## **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, 2012, 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, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2013, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 non-major fund statements and schedules, component unit fund 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 the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. The combining and individual non-major fund statements and schedules and component unit fund statements and schedules, as well as the schedule of expenditures of federal awards, have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 or provide any assurance on them.

Richmond, Virginia  
January 18, 2013

The Honorable Members of City Council

City of Hopewell, Virginia

### **The Honorable Members of City Council:**

This section of the City of Hopewell, Virginia annual financial report presents our management discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2012. 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 \$53.1 million for the City's primary government. Of this total, \$29.6 million were for our business-type activities
- In the City's business-type activities, operating and non-operating revenues equaled \$21.4 million while expenses were \$16.2 million
- The total cost of all the City's programs and services was \$124.7 million
- During this year, the City's governmental activities net assets increased by \$535,218

### **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"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
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 of information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

### Government-wide Statements

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

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

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base or the condition of the City's streets or roads.

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

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

## **Fund Financial Statements**

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

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

The City has three kinds of funds:

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

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

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

**Table A-1**

### City of Hopewell, Virginia Summary of Net Assets As of June 30, 2012

	Governmental		Business-type		Total		Total
	Activities		Activities		Total		Percentage
	2011	2012	2011	2012	2011	2012	Change
Current and other assets	\$40,510,273	\$32,016,918	\$40,368,411	\$35,929,846	\$80,878,684	\$67,946,764	-15.99%
Capital assets	49,842,270	58,473,676	21,714,729	34,273,611	71,556,999	92,747,287	29.61%
<b>Total assets</b>	\$90,352,543	\$90,490,594	\$62,083,140	\$70,203,457	\$152,435,683	\$160,694,051	
Other Liabilities	2,913,843	3,953,542	4,062,970	3,335,255	6,976,813	7,288,797	4.47%
Long-term debt outstanding	64,519,626	63,082,760	33,563,269	37,268,232	98,082,895	100,350,992	2.31%
<b>Total Liabilities</b>	\$67,433,469	\$67,036,302	\$37,626,239	\$40,603,487	\$105,059,708	\$107,639,789	
Net assets-							
Invested in capital assets							
Net of related debt	409,366	2,934,686	3,522,077	4,439,464	3,931,443	7,374,150	87.57%
Restricted	1,024,445	469,962	395,641	502,351	1,420,086	972,313	-31.53%
Unrestricted	21,485,263	20,049,644	20,539,183	24,658,155	42,024,446	44,707,799	6.39%
<b>Total net assets</b>	\$22,919,074	\$23,454,292	\$24,456,901	\$29,599,970	\$47,375,975	\$53,054,262	

Total net assets increased approximately \$535,000 during the current fiscal year for the City's governmental activities.

Total net assets increased approximately \$5.1 million for the business-type activities. These resources are not used to make up any net asset deficit in governmental activities. The City uses these net assets to finance the continuing operations of the solid waste and sewer operations.

### Changes in net assets

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

#### Governmental Activities

Total governmental activities revenues increased by six percent over 2011. At the same time, expenses remained unchanged over 2011. The combined revenues and expenses created an increase in net assets of \$535,218. Net assets increased due to a combination of increased federal & state grants, tax revenues, and other revenues.

#### Business-type Activities

Total revenues of the City’s business-type activities increased sixteen percent, and expenses increased by less than one percent. Net assets primarily increased due to the \$3.1 million loan to Ashland Aqualon

for renovations to the Bear Creek Pumping Station and an increase in interest income. The combined revenues and expenses created an increase in net assets of \$5,288,373. (Refer to Table A-2).

**Table A-2**

**City of Hopewell, Virginia  
Changes in Net Assets  
For the year ended June 30, 2012**

	Governmental		Business-type		Total		Total
	Activities		Activities		Total		Percentage
	2011	2012	2011	2012	2011	2012	Change
<b>Revenues</b>							
Program revenues:							
Charges for services	\$869,429	\$932,705	\$18,537,642	\$17,775,706	\$19,407,071	\$18,708,411	-3.60%
Federal/state grants and entitlements	10,931,343	12,526,028	82,284	-	11,013,627	12,526,028	13.73%
General revenues:							
Property taxes	24,183,723	24,250,333	-	-	24,183,723	24,250,333	0.28%
Other taxes	9,762,861	10,421,502	-	-	9,762,861	10,421,502	6.75%
Other	3,278,420	3,993,816	134,000	3,560,967	3,412,420	7,554,783	121.39%
<b>Total revenues</b>	<b>49,025,776</b>	<b>52,124,384</b>	<b>18,753,926</b>	<b>21,336,673</b>	<b>67,779,702</b>	<b>73,461,057</b>	
<b>Expenses</b>							
General government	6,104,946	8,303,573	-	-	6,104,946	8,303,573	36.01%
Judicial	1,643,680	2,107,894	-	-	1,643,680	2,107,894	28.24%
Public safety	10,761,188	11,841,600	-	-	10,761,188	11,841,600	10.04%
Public works	5,338,658	4,203,248	-	-	5,338,658	4,203,248	-21.27%
Health & welfare	5,514,230	5,548,091	-	-	5,514,230	5,548,091	0.61%
Education	15,960,520	14,701,888	-	-	15,960,520	14,701,888	-7.89%
Parks, recreation, and	1,187,879	2,311,175	-	-	1,187,879	2,311,175	94.56%
Community development	2,885,797	735,236	-	-	2,885,797	735,236	-74.52%
Interest on long-term debt	2,228,636	1,836,461	-	-	2,228,636	1,836,461	-17.60%
Public utilities	-	-	16,348,442	16,193,604	16,348,442	16,193,604	-0.95%
<b>Total expenses</b>	<b>51,625,534</b>	<b>\$51,589,166</b>	<b>\$16,348,442</b>	<b>\$16,193,604</b>	<b>\$67,973,976</b>	<b>\$67,782,770</b>	
<b>Increase(decrease)</b>							
<b>in net assets</b>	<b>(\$2,599,758)</b>	<b>\$535,218</b>	<b>\$2,405,484</b>	<b>\$5,143,069</b>	<b>(\$194,274)</b>	<b>\$5,678,287</b>	

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 71% of the \$51.6 million total costs of services.
- However, the amount that our taxpayers paid for these activities was \$38.1 million. Some of the costs were paid by:
  - Those who directly benefited from the programs, or
  - Other governments and organizations subsidized certain programs with grants and contributions.
- The city paid for the \$38.1 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, 2012**

	Total Cost		Percentage	Net Cost		Percentage
	of Services		Change	of Services		Change
	<u>2011</u>	<u>2012</u>	<u>2011-2012</u>	<u>2011</u>	<u>2012</u>	<u>2011-2012</u>
Public Safety	\$10,761,188	\$11,841,600	10.04%	\$9,332,381	\$10,119,153	8.43%
Public Works	5,338,658	4,203,248	-21.27%	1,815,877	551,830	-69.61%
Education	15,960,520	14,701,888	-7.89%	16,320,036	12,789,460	-21.63%
Health & Welfare	5,514,230	5,548,091	0.61%	1,837,591	2,013,898	9.59%
Other	<u>14,050,938</u>	<u>15,294,339</u>	8.85%	<u>10,878,393</u>	<u>12,656,092</u>	16.34%
<b>Total</b>	\$51,625,534	\$51,589,166		\$40,184,278	\$38,130,433	

### 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 \$4.1 million. After adjusting assigned account balances at year-end, the fund balance showed a net decrease of \$387,577.

#### FINANCIAL ANALYSIS OF THE CITY'S CAPITAL PROJECTS FUND

The City closed this year with its capital projects fund reporting an assigned fund balance of \$8.4 million, which is \$8.9 million less than last year. This decrease primarily resulted from capital costs for renovation of the high school 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 assigned fund balance of \$87,868. For this reporting period, expenditures exceeded revenues by \$94 and only minimum change occurred to the assigned 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.



## LONG-TERM DEBT-Government Activities

At year-end the City had \$57.6 million in General Obligation bonds and Literary Loans outstanding, a decrease of three 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, 2012

	Governmental		Business-type		Total		Total
	Activities		Activities		Total		Percentage
	2011	2012	2011	2012	2011	2012	2011-2012
General obligation bonds	\$54,854,157	\$53,632,083	-	-	\$54,854,157	\$53,632,083	-2.23%
Literary loans	4,444,400	3,970,200	-	-	4,444,400	3,970,200	-10.67%
Revenue bonds	-	-	32,205,000	35,405,000	32,205,000	35,405,000	9.94%
<b>Total</b>	\$59,298,557	\$57,602,283	\$32,205,000	\$35,405,000	\$91,503,557	\$93,007,283	

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Unemployment in the City at June 30, 2012 stood at 9.1 percent versus 11.4 percent a year ago.
- Inflation in the tri-cities metropolitan areas continues to track the national consumer price index due in part to the residential housing market and to lower energy costs.
  - The South-urban, all items, 1982-84 base CPI index change was -1.0 percent from June, 2008 - June, 2009.
  - The U. S city average, all items, 1982-84 base CPI index change was -1.0 percent from June, 2008 - June, 2009.

These indicators and other goals were taken into account when adopting the general fund budget for 2013. Amounts available for appropriation in the general fund budget are \$44.0 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 \$44.0 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 2013 as the result of fund balance used to balance the FY 12-13 budget in the amount of \$589,000. As for the City's business-type activities, we expect the 2013 results to improve the financial position in a minimum 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, 2012

	Primary Government			Component Unit	Component Unit
	Governmental	Business	Total	School	Comprehensive Services
		Type		Board	Act Board
	Activities	Activities			
<b>Assets</b>					
Cash and investments	\$ 22,724,994	\$ 23,216,698	\$ 45,941,692	\$ 6,489,903	\$ -
Taxes receivable	2,594,677	-	2,594,677	-	-
Accounts receivable	427,307	1,060,743	1,488,050	155,361	-
Interest receivable	57	40,084	40,141	-	-
Due from School Board, current portion	100,761	-	100,761	-	-
Due from primary government	-	-	-	636,079	-
Due from other governmental units	1,686,609	-	1,686,609	1,987,327	393,027
Inventories	82,841	1,025,404	1,108,245	32,240	-
Prepaid expenses	1,249	687,977	689,226	-	-
Restricted assets:					
Temporarily restricted:					
Cash and investments (in custody of others)	2,087,280	6,798,940	8,886,220	-	-
Other assets:					
Note receivable	-	3,100,000	3,100,000	-	-
Unamortized bond issue costs	499,476	-	499,476	-	-
Capital assets (net of accumulated depreciation)					
Land	6,622,991	313,946	6,936,937	398,728	-
Buildings and system improvements	49,596,007	8,612,276	58,208,283	21,606,168	-
Machinery and equipment	2,254,678	3,903,675	6,158,353	2,032,556	-
Work in progress	-	21,443,714	21,443,714	496,604	-
Due from School Board, net of current portion	1,811,667	-	1,811,667	-	-
<b>Total assets</b>	<b>\$ 90,490,594</b>	<b>\$ 70,203,457</b>	<b>\$ 160,694,051</b>	<b>\$ 33,834,966</b>	<b>\$ 393,027</b>
<b>Liabilities</b>					
Accounts payable	\$ 1,392,375	\$ 1,392,106	\$ 2,784,481	\$ 869,815	\$ 123,929
Accrued liabilities	484,453	1,381,729	1,866,182	3,896,445	850
Accrued interest payable	870,472	-	870,472	-	-
Due to other governmental units	636,079	-	636,079	-	266,631
Unearned revenue	570,163	561,420	1,131,583	15,288	-
Long-term liabilities					
Due within one year	3,719,497	798,743	4,518,240	351,188	-
Due in more than one year	59,363,263	36,469,489	95,832,752	3,082,078	-
<b>Total liabilities</b>	<b>\$ 67,036,302</b>	<b>\$ 40,603,487</b>	<b>\$ 107,639,789</b>	<b>\$ 8,214,814</b>	<b>\$ 391,410</b>
<b>Net assets</b>					
Invested in capital assets, net of related debt	\$ 2,934,686	\$ 4,439,464	\$ 7,374,150	\$ 22,621,598	\$ -
Restricted for:					
Debt service and bond covenants	-	502,351	502,351	-	-
Perpetual care	400,000	-	400,000	-	-
Other	69,962	-	69,962	980,402	-
Unrestricted	20,049,644	24,658,155	44,707,799	2,018,152	1,617
<b>Total net assets</b>	<b>\$ 23,454,292</b>	<b>\$ 29,599,970</b>	<b>\$ 53,054,262</b>	<b>\$ 25,620,152</b>	<b>\$ 1,617</b>

The accompanying notes are an integral part of this statement.

**City of Hopewell, Virginia**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

**Exhibit 2**

<b>Functions/Programs</b>	<b>Program Revenues</b>				<b>Net (Expense) Revenue and Changes in Net Assets</b>				
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government</b>			<b>Component Units Comprehensive Services Act Board</b>	
					<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>School Board</b>	<b>Act Board</b>
<b>Primary government:</b>									
Governmental activities:									
General government administration	\$ 8,303,573	\$ 3,913	\$ 1,583,683	\$ -	\$ (6,715,977)	\$ -	\$ (6,715,977)	\$ -	\$ -
Judicial administration	2,107,894	35,492	581,225	-	(1,491,177)	-	(1,491,177)	-	-
Public safety	11,841,600	580,930	1,141,517	-	(10,119,153)	-	(10,119,153)	-	-
Public works	4,203,248	1	3,525,885	125,532	(551,830)	-	(551,830)	-	-
Health and welfare	5,548,091	-	3,279,763	254,430	(2,013,898)	-	(2,013,898)	-	-
Education	14,701,888	-	-	1,912,428	(12,789,460)	-	(12,789,460)	-	-
Parks, recreation, and cultural	2,311,175	253,921	8,000	-	(2,049,254)	-	(2,049,254)	-	-
Community development	735,236	58,448	5,000	108,565	(563,223)	-	(563,223)	-	-
Interest on long-term debt	1,836,461	-	-	-	(1,836,461)	-	(1,836,461)	-	-
Total governmental activities	\$ 51,589,166	\$ 932,705	\$ 10,125,073	\$ 2,400,955	\$ (38,130,433)	\$ -	\$ (38,130,433)	\$ -	\$ -
Business-type activities:									
Public utilities	\$ 16,193,605	\$ 17,775,706	\$ -	\$ 3,100,000	-	\$ 4,682,101	\$ 4,682,101	\$ -	\$ -
Total business-type activities	\$ 16,193,605	\$ 17,775,706	\$ -	\$ 3,100,000	\$ -	\$ 4,682,101	\$ 4,682,101	\$ -	\$ -
<b>Total primary government</b>	\$ 67,782,771	\$ 18,708,411	\$ 10,125,073	\$ 5,500,955	\$ (38,130,433)	\$ 4,682,101	\$ (33,448,332)	\$ -	\$ -
<b>Component units:</b>									
School Board	\$ 53,175,200	\$ 760,374	\$ 31,552,852	\$ -	\$ -	\$ -	\$ -	\$ (20,861,974)	\$ -
Comprehensive Services Act Board	3,671,671	-	2,619,348	-	-	-	-	-	(1,052,323)
<b>Total component units</b>	\$ 56,846,871	\$ 760,374	\$ 34,172,200	\$ -	\$ -	\$ -	\$ -	\$ (20,861,974)	\$ (1,052,323)
General revenues:									
General property taxes					\$ 24,250,333	\$ -	\$ 24,250,333	\$ -	\$ -
Local sales tax					1,921,273	-	1,921,273	-	-
Business license tax					1,568,560	-	1,568,560	-	-
Communications tax					860,787	-	860,787	-	-
Restuarant food taxes					1,737,973	-	1,737,973	-	-
Other local taxes					4,332,909	-	4,332,909	-	-
Unrestricted from use of money and property					98,440	460,967	559,407	2,032	-
Miscellaneous					1,927,346	-	1,927,346	166,511	68,209
Grants and contributions not restricted to specific programs					1,968,030	-	1,968,030	-	-
Payment from the City of Hopewell					-	-	-	19,351,279	984,113
Total general revenues					\$ 38,665,651	\$ 460,967	\$ 39,126,618	\$ 19,519,822	\$ 1,052,322
Change in net assets					\$ 535,218	\$ 5,143,068	\$ 5,678,286	\$ (1,342,152)	\$ (1)
Net assets - beginning, adjusted					22,919,074	24,456,902	47,375,976	26,962,304	1,618
Net assets - ending					\$ 23,454,292	\$ 29,599,970	\$ 53,054,262	\$ 25,620,152	\$ 1,617

The accompanying notes are an integral part of this statement.

**City of Hopewell, Virginia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General	Virginia Public Assistance	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 12,063,323	\$ -	\$ 10,293,214	\$ 368,457	\$ 22,724,994
Receivables (net of allowance for uncollectibles)					
Taxes receivable	2,594,677	-	-	-	2,594,677
Accounts receivable	88,508	-	338,793	6	427,307
Interest receivable	11	-	46	-	57
Due from other funds	130,925	-	-	-	130,925
Due from other governmental units	1,091,553	223,399	2,262,428	21,657	3,599,037
Inventories	82,841	-	-	-	82,841
Prepaid items	1,249	-	-	-	1,249
Restricted assets:					
Temporarily restricted:					
Cash and investments	23,986	-	2,063,294	-	2,087,280
Total assets	<u>\$ 16,077,073</u>	<u>\$ 223,399</u>	<u>\$ 14,957,775</u>	<u>\$ 390,120</u>	<u>\$ 31,648,367</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 1,211,736	\$ 522	\$ 112,714	\$ 66,427	\$ 1,391,399
Accrued liabilities	343,520	22,443	13,688	104,802	484,453
Due to other funds	-	112,566	-	18,359	130,925
Deferred revenue	2,768,245	-	-	-	2,768,245
Due to School Board	-	-	636,079	-	636,079
Total liabilities	<u>\$ 4,323,501</u>	<u>\$ 135,531</u>	<u>\$ 762,481</u>	<u>\$ 189,588</u>	<u>\$ 5,411,101</u>
Fund balances:					
Non-spendable					
Inventories	\$ 82,841	\$ -	\$ -	\$ -	\$ 82,841
Prepaid items	1,249	-	-	-	1,249
Perpetual care	400,000	-	-	-	400,000
Restricted for capital projects	-	-	5,789,508	-	5,789,508
Assigned					
Fire department equipment	657,357	-	-	-	657,357
Next year budget	589,324	-	-	-	589,324
Perpetual care	656,454	-	-	-	656,454
Rainy day emergency	4,403,035	-	-	-	4,403,035
Self insurance	878,866	-	-	-	878,866
Assigned to funds	-	87,868	8,405,786	200,779	8,694,433
Unassigned:					
General fund	4,084,446	-	-	-	4,084,446
Special revenue	-	-	-	(247)	(247)
Total fund balances	<u>\$ 11,753,572</u>	<u>\$ 87,868</u>	<u>\$ 14,195,294</u>	<u>\$ 200,532</u>	<u>\$ 26,237,266</u>
Total liabilities and fund balances	<u>\$ 16,077,073</u>	<u>\$ 223,399</u>	<u>\$ 14,957,775</u>	<u>\$ 390,120</u>	<u>\$ 31,648,367</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, 2012**

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

Total fund balances per Exhibit 3- Balance Sheet- Governmental Funds	\$ 26,237,266
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	58,473,676
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Deferred revenue	2,198,082
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	(53,632,083)
Unamortized bond issue costs	499,476
Bond issuance premium	(266,938)
State literary fund loans payable	(3,970,200)
Landfill closure liability	(398,231)
Accrued interest payable	(871,448)
Other post employment benefit obligation	(3,890,567)
Compensated absences	(924,741)
	(63,454,732)
Net assets of governmental activities	\$ 23,454,292

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, 2012**

	General	Virginia Public Assistance	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
General property taxes	\$ 23,481,976	\$ -	\$ -	\$ -	\$ 23,481,976
Other local taxes	5,803,934	-	2,621,267	-	8,425,201
Permits, privilege fees, and regulatory licenses	41,144	-	-	-	41,144
Fines and forfeitures	1,866,202	-	-	-	1,866,202
Revenue from the use of money and property	72,382	-	25,991	194,780	293,153
Charges for services	620,335	-	-	60,065	680,400
Miscellaneous	203,757	-	902,962	41,886	1,148,605
Recovered costs	884,500	-	-	-	884,500
Intergovernmental revenues:					
Local government	-	-	1,912,428	-	1,912,428
Commonwealth	7,698,272	1,202,658	125,532	8,000	9,034,462
Federal	757,068	2,077,106	604,430	117,043	3,555,647
Total revenues	<u>\$ 41,429,570</u>	<u>\$ 3,279,764</u>	<u>\$ 6,192,610</u>	<u>\$ 421,774</u>	<u>\$ 51,323,718</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 2,946,336	\$ -	\$ -	\$ -	\$ 2,946,336
Judicial administration	1,839,894	-	-	-	1,839,894
Public safety	11,107,197	-	-	-	11,107,197
Public works	3,464,801	-	-	3,457	3,468,258
Health and welfare	1,555,526	3,887,298	-	-	5,442,824
Education	9,458,368	-	11,601,900	-	21,060,268
Parks, recreation, and cultural	573,598	-	-	1,700,208	2,273,806
Community development	549,275	-	-	108,564	657,839
Nondepartmental	4,866,933	-	-	-	4,866,933
Capital projects	-	-	3,552,164	-	3,552,164
Debt service:					
Principal retirement	1,149,274	-	547,000	-	1,696,274
Interest and other fiscal charges	897,044	-	1,855,619	-	2,752,663
Total expenditures	<u>\$ 38,408,246</u>	<u>\$ 3,887,298</u>	<u>\$ 17,556,683</u>	<u>\$ 1,812,229</u>	<u>\$ 61,664,456</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,021,324</u>	<u>(607,534)</u>	<u>(11,364,073)</u>	<u>(1,390,455)</u>	<u>(10,340,738)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	85,000	607,440	1,571,000	1,230,461	3,493,901
Transfers out	(3,493,901)	-	-	-	(3,493,901)
Total other financing sources (uses)	<u>(3,408,901)</u>	<u>607,440</u>	<u>1,571,000</u>	<u>1,230,461</u>	<u>-</u>
Net change in fund balances	(387,577)	(94)	(9,793,073)	(159,994)	(10,340,738)
Fund balance - beginning	12,141,149	87,962	23,988,367	360,526	36,578,004
Fund balance - ending	<u>\$ 11,753,572</u>	<u>\$ 87,868</u>	<u>\$ 14,195,294</u>	<u>\$ 200,532</u>	<u>\$ 26,237,266</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, 2012**

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

Net change in fund balances - total governmental funds \$ (10,340,738)

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

Capital outlay	2,926,523	
Jointly-owned assets adjustment	7,690,821	
Depreciation expense	<u>(2,004,336)</u>	8,613,008

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 801,642

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of bond premium	12,134	
Amortization of bond issuance cost	(23,785)	
Principal payments on debt	1,696,274	
Decrease in landfill closure liability	<u>331,156</u>	2,015,779

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	29,826	
(Increase) decrease in other post employment benefit payable	(599,957)	
(Increase) decrease in accrued leave	<u>15,658</u>	(554,473)

Change in net assets of governmental activities \$ 535,218

The accompanying notes are an integral part of this statement.

**City of Hopewell, Virginia**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Hopewell Regional Wastewater Facilities Fund</b>	<b>Sewer Service Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 6,246,881	\$ 14,780,916	\$ 2,188,901	\$ 23,216,698
Interest receivable	8	40,076	-	40,084
Accounts receivable, net of allowances for uncollectibles	146,484	798,693	115,566	1,060,743
Due from other funds, current portion	-	160,270	-	160,270
Inventories	1,025,404	-	-	1,025,404
Prepaid items	48,037	639,940	-	687,977
Total current assets	<u>\$ 7,466,814</u>	<u>\$ 16,419,895</u>	<u>\$ 2,304,467</u>	<u>\$ 26,191,176</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments	\$ 502,351	\$ 6,296,589	\$ -	\$ 6,798,940
Total restricted assets	<u>\$ 502,351</u>	<u>\$ 6,296,589</u>	<u>\$ -</u>	<u>\$ 6,798,940</u>
Receivables:				
Due from other funds, net of current portion	\$ -	\$ 320,539	\$ -	\$ 320,539
Note receivable	-	3,100,000	-	3,100,000
Total receivables	<u>\$ -</u>	<u>\$ 3,420,539</u>	<u>\$ -</u>	<u>\$ 3,420,539</u>
Capital assets:				
Utility plant in service	\$ 10,220,916	\$ 501,878	\$ -	\$ 10,722,794
Land	216,026	97,920	-	313,946
Machinery and equipment	53,341,061	918,208	31,230	54,290,499
Work in progress	204,481	21,239,233	-	21,443,714
Sewer main improvements	-	10,925,486	-	10,925,486
Accumulated depreciation	(58,497,958)	(4,924,870)	-	(63,422,828)
Total capital assets	<u>\$ 5,484,526</u>	<u>\$ 28,757,855</u>	<u>\$ 31,230</u>	<u>\$ 34,273,611</u>
Total noncurrent assets	<u>\$ 5,986,877</u>	<u>\$ 38,474,983</u>	<u>\$ 31,230</u>	<u>\$ 44,493,090</u>
Total assets	<u>\$ 13,453,691</u>	<u>\$ 54,894,878</u>	<u>\$ 2,335,697</u>	<u>\$ 70,684,266</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 638,992	\$ 717,858	\$ 35,256	\$ 1,392,106
Accrued liabilities	1,313,242	67,306	1,181	1,381,729
Compensated absences - current portion	175,790	22,256	1,096	199,142
Deferred revenue	561,420	-	-	561,420
Due to other funds- current portion	160,270	-	-	160,270
Bonds payable - current portion	599,601	-	-	599,601
Total current liabilities	<u>\$ 3,449,315</u>	<u>\$ 807,420</u>	<u>\$ 37,533</u>	<u>\$ 4,294,268</u>
Noncurrent liabilities				
Bonds payable - net of current portion	\$ 9,050,399	\$ 26,626,041	\$ -	\$ 35,676,440
OPEB liability	670,787	80,494	26,831	778,112
Compensated absences - net of current portion	14,937	-	-	14,937
Due to other funds- net of current portion	320,539	-	-	320,539
Total noncurrent liabilities	<u>\$ 10,056,662</u>	<u>\$ 26,706,535</u>	<u>\$ 26,831</u>	<u>\$ 36,790,028</u>
Total liabilities	<u>\$ 13,505,977</u>	<u>\$ 27,513,955</u>	<u>\$ 64,364</u>	<u>\$ 41,084,296</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	\$ (4,165,474)	\$ 8,573,708	\$ 31,230	\$ 4,439,464
Restricted for debt service	502,351	-	-	502,351
Unrestricted	3,610,837	18,807,215	2,240,103	24,658,155
Total net assets	<u>\$ (52,286)</u>	<u>\$ 27,380,923</u>	<u>\$ 2,271,333</u>	<u>\$ 29,599,970</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, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Hopewell Regional Wastewater Facilities Fund</b>	<b>Sewer Service Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services:				
Wastewater treatment revenues	\$ 9,981,070	\$ -	\$ -	\$ 9,981,070
Sewer revenues	-	5,728,775	-	5,728,775
Refuse collection	-	-	2,065,861	2,065,861
Total operating revenues	<u>\$ 9,981,070</u>	<u>\$ 5,728,775</u>	<u>\$ 2,065,861</u>	<u>\$ 17,775,706</u>
<b>OPERATING EXPENSES</b>				
Personnel services	2,664,681	299,466	63,740	3,027,887
Fringe benefits	1,077,861	112,053	28,217	1,218,131
Contractual services	1,562,289	1,520,912	1,408,825	4,492,026
Administrative services	105,798	448,507	543,743	1,098,048
Materials and supplies	268,856	32,931	10,414	312,201
Repairs and maintenance	-	336,795	19,545	356,340
Utilities	124,623	98,771	9,231	232,625
Fuel	1,611,367	-	3,288	1,614,655
Insurance	122,745	30,551	5,073	158,369
Chemicals	731,323	-	-	731,323
Miscellaneous	100,044	98,167	35,741	233,952
Depreciation	917,287	217,476	-	1,134,763
Total operating expenses	<u>\$ 9,286,874</u>	<u>\$ 3,195,629</u>	<u>\$ 2,127,817</u>	<u>\$ 14,610,320</u>
Operating income	<u>\$ 694,196</u>	<u>\$ 2,533,146</u>	<u>\$ (61,956)</u>	<u>\$ 3,165,386</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	\$ 110,491	\$ 349,664	\$ 812	\$ 460,967
Interest expense	(534,004)	(1,049,280)	-	(1,583,284)
Total nonoperating revenues (expenses)	<u>\$ (423,513)</u>	<u>\$ (699,616)</u>	<u>\$ 812</u>	<u>\$ (1,122,317)</u>
Income before capital contributions	<u>\$ 270,683</u>	<u>\$ 1,833,530</u>	<u>\$ (61,144)</u>	<u>\$ 2,043,069</u>
Capital Grants	-	3,100,000	-	3,100,000
Net income	<u>\$ 270,683</u>	<u>\$ 4,933,530</u>	<u>\$ (61,144)</u>	<u>\$ 5,143,069</u>
Total net assets - beginning	<u>(322,969)</u>	<u>22,447,393</u>	<u>2,332,477</u>	<u>24,456,901</u>
Total net assets - ending	<u>\$ (52,286)</u>	<u>\$ 27,380,923</u>	<u>\$ 2,271,333</u>	<u>\$ 29,599,970</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, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Hopewell Regional Wastewater Facilities Fund</b>	<b>Sewer Service Fund</b>	<b>Solid Waste Fund</b>	
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 10,193,499	\$ 2,011,510	\$ 2,075,722	\$ 14,280,731
Payments to suppliers	(4,526,942)	(3,545,580)	(2,024,065)	(10,096,587)
Payments to employees	(3,129,294)	(732,487)	(90,787)	(3,952,568)
<b>Net cash provided by (used in) operating activities</b>	<u>2,537,263</u>	<u>(2,266,557)</u>	<u>(39,130)</u>	<u>231,576</u>
<b>Cash flows from capital and related financing activities</b>				
Purchase of capital assets	(424,334)	(13,238,080)	(31,230)	(13,693,644)
Principal payments on bonds and refunding	(550,000)	(17,845,000)	-	(18,395,000)
Interest payments	(534,004)	(1,006,455)	-	(1,540,459)
Interfund note	(160,270)	641,079	-	480,809
Proceeds from bond issuance	-	22,035,736	-	22,035,736
Proceeds from capital grants	-	3,100,000	-	3,100,000
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(1,668,608)</u>	<u>(6,312,720)</u>	<u>(31,230)</u>	<u>(8,012,558)</u>
<b>Cash flows from investing activities</b>				
Interest and dividends received	111,126	349,998	1,284	462,408
<b>Net cash provided (used) in investing activities</b>	<u>111,126</u>	<u>349,998</u>	<u>1,284</u>	<u>462,408</u>
<b>Net increase (decrease) in cash and cash equivalents/investments</b>	<u>979,781</u>	<u>(8,229,279)</u>	<u>(69,076)</u>	<u>(7,318,574)</u>
<b>Cash and cash equivalents- beginning- including restricted</b>	<u>5,769,451</u>	<u>29,306,784</u>	<u>2,257,977</u>	<u>37,334,212</u>
<b>Cash and cash equivalents- ending- including restricted</b>	<u>\$ 6,749,232</u>	<u>\$ 21,077,505</u>	<u>\$ 2,188,901</u>	<u>\$ 30,015,638</u>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 694,196	\$ 2,533,146	\$ (61,956)	\$ 3,165,386
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	917,287	217,476	-	1,134,763
(Increase) decrease in accounts receivable	(24,098)	(3,717,265)	9,861	(3,731,502)
(Increase) decrease in inventories	(33,774)	-	-	(33,774)
(Increase) decrease in prepaid items	(18,749)	(219,314)	-	(238,063)
Increase (decrease) in accounts payable and accrued liabilities	765,874	(1,080,600)	12,965	(301,761)
Increase (decrease) in deferred revenue	236,527	-	-	236,527
Total adjustments	<u>1,843,067</u>	<u>(4,799,703)</u>	<u>22,826</u>	<u>(2,933,810)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 2,537,263</u>	<u>\$ (2,266,557)</u>	<u>\$ (39,130)</u>	<u>\$ 231,576</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, 2012**

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	<b>Agency Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 61,538
Total assets	\$ 61,538
 <b>Liabilities</b>	
Amounts held for social services clients	\$ 61,538
Total liabilities	\$ 61,538

The accompanying notes are an integral part of this statement.

## CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2012

### **Note 1—Summary of Significant Accounting Policies**

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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, 2012

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, 2012.

*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 Board 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, 2012.

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, 2012. The Comprehensive Services Act Board does not issue a separate financial report.

## CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2012

### **C. Other Related Organizations**

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

The City is a participant with the County of Dinwiddie and County of Prince George in a joint venture to operate the Appomattox Regional Library (the Library). The Library is governed by an 11-member board comprised of five appointees from Hopewell and three each from Dinwiddie and Prince George. Each locality is obligated by contract to fund a percentage of the Library's approved budget. In accordance with the joint venture agreement, the City remitted \$551,098 to the Library for fiscal year 2012. 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 2012 to these entities. The City also participates with six other localities in the Crater Youth Care Commission and provided funding in the amount of \$280,900.

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, 2012 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, 2012

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, 2012

#### 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, 2012

**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 uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,059,600 at June 30, 2012 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.

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

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

**H. Capital Assets**

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

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

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, 2012 was immaterial.

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2012

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. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. 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.

**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** – 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, 2012

### **Rainy Day Emergency/Stabilization Reserve**

The Rainy Day Emergency/Stabilization Reserve was approved by Council in 2003 and was created by segregating a portion of the General Fund Unassigned Fund Balance. The purpose of this reserve is to provide an easy mechanism to tap reserves to address temporary revenue shortfalls resulting from temporary circumstances (e.g. economic cycles, weather-related emergencies, etc.). Council set the target at ten percent of the next fiscal year's General Fund budget appropriation. The Rainy Day Emergency/Stabilization Reserve may be used in its entirety with Council approval; however, replenishing the reserve will constitute the first priority for use of year-end fund balance in the General Fund.

### **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, 2012 in accordance with the terms of the bond. These assets, in the amount of \$2,063,294 are to be used to fund future City public improvements.

### **Note 2—Stewardship, Compliance, and Accounting**

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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

## CITY OF HOPEWELL, VIRGINIA

### Notes to Financial Statements As of June 30, 2012

the budget (other than debt service or items required by law). A budget resolution must be adopted by the City Council prior to June 30 or as soon thereafter as is practicable.

3. The City utilizes the budget resolution as a budgetary control whereby City Council adopts budgets for estimated revenues and expenditures on a departmental basis for the General Fund and Special Revenue Funds. Capital Projects Funds are budgeted on a project-length basis. Adopted budgets may be amended or superseded by action of City Council.
4. Budgets are also adopted by City Council for the Enterprise Funds. Budget to actual comparisons for these funds are not presented herein since there is no legal requirement for such presentation.
5. All operating budgets include proposed expenditures and the means of financing them. City Council must approve any budget revisions at the department level once the budget resolution has been adopted. Budgeted amounts as presented in the financial statements reflect reallocations within budget categories through June 30, 2012.
6. Appropriation control is maintained at the department level within individual funds. Appropriations lapse at year end. Encumbrances and assigned 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, 2012.

#### **Note 3—Deposits and Investments**

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##### **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, 2012 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, 2012

**City's Rated Debt Investments' Values**

Related Debt Investments	Fair Quality Ratings					
	AAA	AAA/AAA	AAAm	AA	AA+	AA-
Local Government Investment Pool	\$ -	\$ -	\$ 21,693,492	\$ -	\$ -	\$ -
Virginia State Non-Arbitrage Pool	-	-	2,063,294	-	-	-
Municipal/Public Bonds	759,990	-	-	650,733	805,771	302,865
Corporate Bonds	12,386	-	38,828	244,785	1,729,510	583,716
	<u>\$ 772,376</u>	<u>\$ -</u>	<u>\$ 23,795,614</u>	<u>\$ 895,518</u>	<u>\$ 2,535,281</u>	<u>\$ 886,581</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	\$ 2,519,359	\$ 979,303
Corporate Debt	2,609,225	1,216,114	1,314,245
	<u>\$ 5,128,584</u>	<u>\$ 2,195,417</u>	<u>\$ 2,854,302</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, 2012

**Note 4—Due from Other Governments**

At June 30, 2012, the City had receivables from other governments as follows:

	Primary Government	Component Unit-School Board	Component Unit-CSA Board
<b>Other Local Governments</b>			
City of Hopewell Comprehensive Services			
Act Bond	\$ 266,631	\$ -	\$ -
<b>Commonwealth of Virginia</b>			
Local sales tax	313,686	-	-
Communications tax	147,009	-	-
E-911 wireless funds	8,534	-	-
VPA funds	89,914	-	-
Victim witness	18,631	-	-
State Sales tax		597,401	-
Constitutional officer reimbursements	112,225	-	-
Comprehensive service	-	-	393,027
<b>Federal Government</b>			
School fund grants	-	1,308,437	-
School fund grants	-	81,489	-
Community Development Block Grant	21,657	-	-
VPA funds	133,485	-	-
Public Service Grant	156,097		
Energy grant	350,000		
Other grants	68,740	-	-
<b>Total due from other governments</b>	<b>\$ 1,686,609</b>	<b>\$ 1,987,327</b>	<b>\$ 393,027</b>
<b>Amounts due from other governments are as follows:</b>			
<b>Other Local Governments</b>			
City of Hopewell	\$ -	\$ 636,079	\$ 266,631

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2012

**Note 5—Interfund Obligations**

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Details of the Primary Government's inter-fund receivables and payables as of June 30, 2012 are as follows:

Fund	Interfund Receivable	Interfund Payable
General	\$ 130,925	\$ -
Virginia Public Assistance	-	112,566
Capital Projects Fund	-	18,359
	<u>\$ 130,925</u>	<u>\$ 130,925</u>

Details of the Component Unit School Board's inter-fund receivables and payables as of June 30, 2012 are as follows:

Fund	Interfund Receivable	Interfund Payable
Building and Bus Replacement	\$ 546,710	\$ -
School Operating	-	546,710
	<u>\$ 546,710</u>	<u>\$ 546,710</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, 2012

**Note 6—Capital Assets**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2012:

	Balance July 1, 2011	Increase	Decrease	Balance June 30, 2012
Government activities:				
Capital assets not subject to depreciation:				
Land	\$ 6,622,991	\$ -	\$ -	\$ 6,622,991
Work in progress	229,990	540,582	770,572	-
Total capital assets not subject to depreciation	<u>\$ 6,852,981</u>	<u>\$ 540,582</u>	<u>\$ 770,572</u>	<u>\$ 6,622,991</u>
Capital assets subject to depreciation:				
Buildings and system	\$ 33,963,466	\$ 2,555,519	\$ -	\$ 36,518,985
Machinery and equipment	7,920,308	621,271	17,949	8,523,630
Jointly owned assets	23,968,204	7,688,942	-	31,657,146
Total capital assets being depreciated	<u>\$ 65,851,978</u>	<u>\$ 10,865,732</u>	<u>\$ 17,949</u>	<u>\$ 76,699,761</u>
Less accumulated depreciation for:				
Buildings and system	\$ (11,115,784)	\$ (1,047,478)	\$ -	\$ (12,163,262)
Machinery and equipment	(5,763,561)	(523,340)	17,949	(6,268,952)
Jointly owned assets	(5,983,344)	(433,518)	-	(6,416,862)
Total accumulated depreciation	<u>\$ (22,862,689)</u>	<u>\$ (2,004,336)</u>	<u>\$ 17,949</u>	<u>\$ (24,849,076)</u>
Total capital assets being depreciated, net	<u>\$ 42,989,289</u>	<u>\$ 8,861,396</u>	<u>\$ -</u>	<u>\$ 51,850,685</u>
Government capital assets, net	<u>\$ 49,842,270</u>	<u>\$ 9,401,978</u>	<u>\$ 770,572</u>	<u>\$ 58,473,676</u>
Component Unit - School Board				
	Balance July 1, 2011	Increase	Decrease	Balance June 30, 2012
Government activities:				
Capital assets not subject to depreciation:				
Land	\$ 398,728	\$ -	\$ -	\$ 398,728
Work in progress	15,125,025	7,282,167	21,910,588	496,604
Total capital assets not subject to depreciation	<u>\$ 15,523,753</u>	<u>\$ 7,282,167</u>	<u>\$ 21,910,588</u>	<u>\$ 895,332</u>
Capital assets subject to depreciation:				
Machinery and equipment	\$ 4,706,641	\$ 810,886	\$ 174,800	\$ 5,342,727
Buildings and system	37,668,635	22,512,865	-	60,181,500
Jointly owned assets	(23,968,204)	(7,688,942)	-	(31,657,146)
Total capital assets being depreciated, net	<u>\$ 18,407,072</u>	<u>\$ 15,634,809</u>	<u>\$ 174,800</u>	<u>\$ 33,867,081</u>
Less accumulated depreciation for:				
Machinery and equipment	\$ (3,028,503)	\$ (452,468)	\$ 170,800	\$ (3,310,171)
Buildings and system	(12,530,430)	(804,618)	-	(13,335,048)
Jointly owned assets	5,983,344	433,518	-	6,416,862
Total accumulated depreciation	<u>\$ (9,575,589)</u>	<u>\$ (823,568)</u>	<u>\$ 170,800</u>	<u>\$ (10,228,357)</u>
Total capital assets being depreciated, net	<u>\$ 8,831,483</u>	<u>\$ 14,811,241</u>	<u>\$ 4,000</u>	<u>\$ 23,638,724</u>
Government capital assets, net	<u>\$ 24,355,236</u>	<u>\$ 22,093,408</u>	<u>\$ 21,914,588</u>	<u>\$ 24,534,056</u>

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2012

**Note 6—Capital Assets (Continued)**

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

Governmental Activities	
General government administration	\$ 181,817
Judicial administration	216,095
Public safety	421,751
Public works	323,032
Health and welfare	105,454
Education	433,518
Parks, recreation and cultural	<u>322,669</u>
Total governmental activities	<u>\$ 2,004,336</u>
Enterprise activities	
Hopewell Regional Wastewater Treatment Facilities	\$ 917,287
Sewer	<u>217,476</u>
Total enterprise activities	<u>\$ 1,134,763</u>
Component unit: School Board	<u>\$ 1,257,086</u>

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, 2012, is that school financed assets in the amount of \$25,240,283 are reported in the Primary Government for financial reporting purposes.

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2012

**Note 6—Capital Assets (Continued)**

A summary of changes in proprietary fund property, plant, and equipment for the year ended June 30, 2012 follows:

Enterprise activities	Balance July 1, 2011	Increase	Decrease	Balance June 30, 2012
Sewer service fund:				
Capital assets not subject to depreciation				
Land	\$ 97,920	\$ -	\$ -	\$ 97,920
Construction in progress	11,799,780	11,389,756	1,950,303	21,239,233
Total capital assets not subject to depreciation	\$ 11,897,700	\$ 11,389,756	\$ 1,950,303	\$ 21,337,153
Capital assets subject to depreciation:				
Utility plan in service	\$ 501,878	\$ -	\$ -	\$ 501,878
Machinery and equipment	892,242	25,966	-	918,208
Sewer main improvements	7,152,824	3,772,662	-	10,925,486
Total capital assets being depreciated	\$ 8,546,944	\$ 3,798,628	\$ -	\$ 12,345,572
Less accumulated depreciation for:				
Utility plan in service	\$ (483,852)	\$ (2,575)	\$ -	\$ (486,427)
Machinery and equipment	(689,246)	(50,209)	-	(739,455)
Sewer main improvements	(3,534,296)	(164,692)	-	(3,698,988)
Total accumulated depreciation	\$ (4,707,394)	\$ (217,476)	\$ -	\$ (4,924,870)
Total capital assets being depreciated, net	\$ 3,839,550	\$ 3,581,152	\$ -	\$ 7,420,702
Sewer service fund, net	\$ 15,737,250	\$ 14,970,908	\$ 1,950,303	\$ 28,757,855
Solid Waste Fund				
Machinery and equipment	\$ -	\$ 31,230	\$ -	\$ 31,230

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2012

**Note 6—Capital Assets (Continued)**

	Balance July 1, 2011	Increase	Decrease	Balance June 30, 2012
Enterprise activities (continued)				
Hopewell Regional Wastewater Treatment Facilities Fund:				
Capital assets not subject to depreciation:				
Land	\$ 216,026	\$ -	\$ -	\$ 216,026
Work in progress	-	204,481	-	204,481
Total capital assets not being depreciated	\$ 216,026	\$ 204,481	\$ -	\$ 420,507
Capital assets subject to depreciation:				
Utility plant in service	\$ 10,011,063	\$ 209,853	\$ -	\$ 10,220,916
Machinery and equipment	53,331,061	10,000	-	53,341,061
Total accumulated depreciation	\$ 63,342,124	\$ 219,853	\$ -	\$ 63,561,977
Less accumulated depreciation for:				
Utility plan in service	\$ (8,209,775)	\$ (198,889)	\$ -	\$ (8,408,664)
Machinery and equipment	(49,370,896)	(718,398)	-	(50,089,294)
Total accumulated depreciation	\$ (57,580,671)	\$ (917,287)	\$ -	\$ (58,497,958)
Total capital assets being depreciated, net	\$ 5,761,453	\$ (697,434)	\$ -	\$ 5,064,019
Enterprise capital assets, net	\$ 5,977,479	\$ (492,953)	\$ -	\$ 5,484,526

**Note 7— Inter-fund Transfers**

Inter-fund transfers for the year ended June 30, 2012 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government		
General	\$ 85,000	\$ 3,493,901
Capital projects	1,571,000	-
Recreation	1,230,461	-
Virginia public assistance	607,440	-
Total	\$ 3,493,901	\$ 3,493,901
Component Unit		
School operating	\$ 441,873	\$ 1,031,301
Building and bus replacement	988,583	441,873
Textbook	42,718	-
Total	\$ 1,473,174	\$ 1,473,174

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, 2012

**Note 8—Long-Term Obligations**

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

	Amounts Payable at July 1, 2011	Increases	Decreases	Amounts Payable at June 30, 2012	Amounts Due Within One Year
<b>Primary Government</b>					
Governmental Obligations:					
Incurring by City					
Compensated absences payable	\$ 940,398	\$ 1,065,708	\$ 1,081,365	\$ 924,741	\$ 831,838
General obligation bonds	32,909,000	-	547,000	32,362,000	1,133,000
Landfill closure liability	729,387	-	331,156	398,231	398,231
OPEB liability	3,272,212	1,053,359	435,004	3,890,567	-
Add deferred amount:					
For issuance premium	279,072	-	12,134	266,938	-
Total incurred by City	\$ 38,130,069	\$ 2,119,067	\$ 2,406,659	\$ 37,842,477	\$ 2,363,069
Incurring by School Board:					
State Literary Fund Loans payable	\$ 4,444,400	\$ -	\$ 474,200	\$ 3,970,200	\$ 474,200
General obligation bonds payable	21,945,157	-	675,074	21,270,083	882,228
Total incurred by School Board	\$ 26,389,557	\$ -	\$ 1,149,274	\$ 25,240,283	\$ 1,356,428
Total Government Obligations	\$ 64,519,626	\$ 2,119,067	\$ 3,555,933	\$ 63,082,760	\$ 3,719,497
Enterprise Obligations:					
Compensated absences payable	\$ 236,889	\$ 293,914	\$ 316,724	\$ 214,079	\$ 199,142
Revenue bonds payable	32,205,000	21,595,000	18,395,000	35,405,000	575,000
OPEB liability	733,990	131,123	87,001	778,112	-
Add deferred amount:					
For issuance premium	387,480	738,037	399,781	725,736	24,601
Total Enterprise Obligations	\$ 33,563,359	\$ 22,758,074	\$ 19,198,506	\$ 37,122,927	\$ 798,743

In December, 2011, the City sold \$18,210,000 of City of Hopewell Wastewater Revenue Bond Series 2011 to provide refunding of existing Wastewater Revenue Bond Anticipation Note, Series 2009, in the amount of \$17,845,000. The interest rate on the 2011 bond issue is between 2 percent and 5 percent and the final maturity will occur on June 30, 2043. The principal payments range from \$90,000 to \$1,325,000. The City increased its aggregate debt payments by approximately \$365,000 over the next 30 years and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$566,213.

Additionally, as part of the Wastewater Revenue Bond Series 2011 bond issuance, the City issued bonds in the amount of \$3.1 million for renovations and replacements at the Bear Creek Pumping Station. The pumping station is owned and operated by the City of Hopewell and pumps industrial wastewater collected from Ashland Aqualon to the Hopewell Regional Wastewater Treatment Facility. Ashland Aqualon is the sole beneficiary of these improvements, and agreed to re-pay the City the full share of the improvement costs over 30 years at \$16,641 per month, beginning September 1, 2012. The interest rate on this agreement is 5%.

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2012

**Note 8—Long-Term Obligations (Continued)**

Primary Government: (Continued)

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

<b>Year Ending June 30</b>	<b>City Obligations</b>	
	<b>General Obligation Bonds Payable</b>	
	<b>Principal</b>	<b>Interest</b>
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 - 2022	7,080,000	5,867,614
2023 - 2027	6,385,000	4,332,057
2028 - 2032	8,260,000	2,453,529
2033 - 2035	4,815,000	397,695
<b>Total</b>	<b>\$ 32,362,000</b>	<b>\$ 20,425,275</b>

<b>Year Ending June 30</b>	<b>School Obligations</b>			
	<b>State Literary Fund Loans</b>		<b>General Obligation Bonds Payable</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2013	\$ 474,200	\$ 79,404	\$ 882,228	\$ 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 - 2022	1,599,200	76,984	7,673,276	4,112,009
2023 - 2027	-	-	6,317,148	3,732,187
2028 - 2032	-	-	920,000	359,813
2033 - 2036	-	-	915,000	111,150
<b>Total</b>	<b>\$ 3,970,200</b>	<b>\$ 379,164</b>	<b>\$21,270,083</b>	<b>\$ 12,908,725</b>

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2012

**Note 8—Long-Term Obligations (Continued)**

Primary Government: (Continued)

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

<b>Year Ending June 30</b>	<b>Enterprise Obligations</b>	
	<b>Revenue</b>	
	<b>Bonds Payable</b>	
	<b>Principal</b>	<b>Interest</b>
2013	\$ 575,000	\$ 1,726,902
2014	1,085,000	1,592,450
2015	1,115,000	1,554,335
2016	1,165,000	1,513,334
2017	1,205,000	1,468,171
2018 - 2022	6,820,000	6,527,864
2023 - 2027	5,685,000	5,081,874
2028 - 2032	4,180,000	3,947,844
2033 - 2037	5,365,000	2,759,175
2038-2042	8,210,000	1,262,784
<b>Total</b>	<b>\$ 35,405,000</b>	<b>\$ 27,434,733</b>

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%	\$13,070,000
\$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%	4,310,000
\$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%	492,000
\$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

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements

As of June 30, 2012

\$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.	2,155,000
\$2,380,000 general obligation payable series 2011, payable in various semi-annual installments through May 1, 2022 interest payable semi-annually at various coupon rates from 2.00% to 3.75%. Face amount of bonds outstanding \$2,380,000.	<u>2,335,000</u>
Total General Obligation Bonds	\$ 32,362,000
Landfill closure liability (payable from the General Fund)	398,231
Compensated absences (payable from the General Fund)	924,741
OPEB liability (payable from the General Fund)	<u>3,890,567</u>
Total Incurred by City	<u>\$ 37,575,539</u>
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%.	\$ 62,700
\$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%	281,700
\$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%.	71,700
\$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%	179,100
\$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>3,375,000</u>
Total State Literary Fund Loans	<u>\$ 3,970,200</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%	\$ 183,940
\$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%.	2,702,799
\$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%.	643,023
\$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%.	2,405,321

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2012

\$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 2012, 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 2012, 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>21,270,083</u>
Total Incurred on behalf of School Board	\$ <u>25,240,283</u>
Enterprise Obligations:	
Revenue Bond Obligations:	
\$8,640,000 revenue bond issued December 1, 2005, payable in various annual installments through October 1, 2025; interest payable semi-annually at varying rates 3.64% - 4.85%.	\$ 6,740,000
\$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%.	2,910,000
\$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%.	4,160,000
\$18,210,000 Sewer System bond issued December 7, 2011, payable in various annual installments through July 15, 2042, interest payable semi-annually at 2% - 5%.	18,210,000
\$3,385,000 Sewer System bond issued December 7, 2011, payable in various annual installments through July 15, 2022, interest payable semi-annually at 1.25% - 3.75%.	<u>3,385,000</u>
Total revenue bond obligations	\$ 35,405,000
Compensated absences (Payable from the Enterprise Funds)	214,079
OPEB liability (payable from the Enterprise Funds)	<u>778,112</u>
Total enterprise obligations	\$ <u>36,397,191</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, 2012:

	Amounts Payable at July 1, 2011	Increases	Decreases	Amounts Payable at June 30, 2012	Amounts Due Within One Year
Compensated absences	\$ 755,685	\$ 49,204	\$ 53,607	\$ 751,282	\$ 250,427
OPEB liability	493,164	450,627	174,235	769,556	-
Note payable to the City	-	1,912,428	-	1,912,428	100,761
Total Component Unit School Board	\$ 1,248,849	\$ 2,412,259	\$ 227,842	\$ 3,433,266	\$ 351,188

## CITY OF HOPEWELL, VIRGINIA

### Notes to Financial Statements As of June 30, 2012

#### **Note 9—Interfund Loan**

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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, 2012, \$480,809 of the loan was still outstanding.

During fiscal year 2012, City Council approved a budget resolution to advance the School Board \$1,912,428 for energy conservation improvements. The School Board agreed to a 15 year-payment plan, with the first payment due on June 30, 2013. The effective interest rate on the loan is 8.7%. At June 30, 2012, the full amount of the loan was still outstanding.

#### **Note 10—Landfill Post-Closure Costs**

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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; however the time period for maintaining the site has been extended for three years to 2015. Total estimated costs of maintaining the site for this period is \$ 398,231. The total current cost of Landfill post closure care is an estimate subject to change resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

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

#### **Note 11—Deferred/Unearned Revenue**

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Deferred/unearned 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 \$2,768,245 reported in governmental funds, \$561,420 in proprietary funds and \$15,288 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 \$2,178,098 at June 30, 2012.

Prepaid Property Taxes and other Revenue: Property taxes due subsequent to June 30, 2012, but paid in advance by the tax payers totaled \$570,163 at June 30, 2012.

Deferred Other Tax Revenue: Deferred revenue representing uncollected other tax billings not available for funding of current expenditures totaled \$19,984 at June 30, 2012.

Other Deferred Revenue: Deferred revenue representing primarily unearned state and federal grants totaled \$15,288 at June 30, 2012 and is reported in the component unit.

Unearned revenue: totaling \$561,420 represents uncollected utility billings not yet earned.

#### **Note 12—Commitments and Contingencies**

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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

## CITY OF HOPEWELL, VIRGINIA

### Notes to Financial Statements As of June 30, 2012

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.

#### **Note 13—Litigation**

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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, 2012. As of the report date, Osage has yet to secure the \$5 million 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, 2012, 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.

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2012

**Note 14—Defined Benefit Pension Plan**

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**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. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2.

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or at age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least 10 years of service credit or age 50 with at least 5 years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least 5 years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least five years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty. They may retire with a reduced benefit as early as age 50 with at least 5 years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% of 1.85% as elected by the employer. The City has elected 1.85%. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP, or Advance Pension Option of those retiring with a reduced benefit.

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2012

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5%; under Plan 2, the COLA cannot exceed 6%. During years of no inflation or deflation, the COLA is 0%. 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/2011-annual-report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5% 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 2012 were 10.35% and 9.03% of annual covered payroll, respectively.

The School Board contributed \$1,365,752, \$861,523, and \$1,473,251 to the teacher cost-sharing pool for the fiscal years ended June 30, 2012, 2011, and 2010 respectively and these contributions represented 6.33%, 3.94%, and 6.64%, respectively, of current covered payroll.

**C. Annual Pension Cost**

For fiscal year 2012, the City's annual pension cost of \$1,514,687 was equal to the City's required and actual contributions.

For fiscal year 2012, the City School Board's annual pension cost for the Board's non-professional employees was \$142,548 which was equal to the Board's required and actual contributions.

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

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
City			
June 30, 2012	\$1,514,687	100%	\$ -
June 30, 2011	1,521,286	100%	-
June 30, 2010	1,241,404	100%	-
Component Unit: School Board			
June 30, 2012	\$ 142,548	100%	\$ -
June 30, 2011	148,674	100%	-
June 30, 2010	165,227	100%	-

(1) Employer portion only

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2012

The required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2011 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 2.50%. The actuarial value of the City's and School Board's assets is equal to the modified market value assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five 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, 2012 was 20 years.

**D. Funded Status and Funding Progress**

As of June 30, 2011, the most recent actuarial valuation date, the City plan was 77.85% funded. The actuarial accrued liability for benefits was \$93,069,849, and the actuarial value of assets was \$72,458,030 resulting in an unfunded actuarial accrued liability (UAAL) of \$20,611,819. The covered payroll (annual payroll of active employees covered by the plan) was \$14,484,485 and ratio of the UAAL to the covered payroll was 142.30%.

As of June 30, 2011, the most recent actuarial valuation date, the School Board Non-Professional plan was 76.57% funded. The actuarial accrued liability for benefits was \$7,650,726, and the actuarial value of assets was \$5,858,191, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,792,535. The covered payroll (annual payroll of active employees covered by the plan) was \$1,654,357 and ratio of the UAAL to the covered payroll was 108.35%.

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**

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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	
Tamara J. Ward, 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. John Fahey, Superintendent of Schools	10,000
Samuel Ray Watson, Clerk of School Board	10,000
Melody F. Bage, Deputy Clerk of School Board	10,000

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**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2012

**Note 16—Postemployment Benefits Other Than Pensions**

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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	2012 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.

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2012

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

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

Pre-65 retirees may choose between four plans administered by United Health Care: the Modified Choice, the Modified Choice Deductible plan, 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 56 retirees without spouse coverage, 19 retirees with spouse coverage and 4 surviving spouses, and 1 retiree with child coverage on their plan. The City has 68 retirees without spouse coverage and 34 retirees with spouse coverage participating in the plan.

Annual OPEB Cost and Net OPEB Obligation

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

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Annual Required Contribution	\$ 1,152,300	\$ 448,600
Interest on Net OPEB obligation	160,874	19,727
Adjustment to annual required contribution	<u>(144,346)</u>	<u>(17,700)</u>
Annual OPEB cost (expense)	1,168,828	450,627
Estimated Contributions made	<u>(522,005)</u>	<u>(174,235)</u>
Increase in net OPEB obligation	646,823	276,392
Net OPEB obligation- beginning of year	4,021,856	493,164
Net OPEB obligation- end of year	<u>\$ 4,668,679</u>	<u>\$ 769,556</u>

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2012

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 2012 were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
City			
June 30, 2012	\$1,168,828	44.66%	\$ 4,668,681
June 30, 2011	1,119,635	45.79%	4,021,856
June 30, 2010	1,838,800	35.93%	3,414,952
Component Unit: School Board			
June 30, 2012	\$ 450,627	61.33%	\$ 769,556
June 30, 2011	431,325	43.45%	493,164
June 30, 2010	269,200	65.56%	249,239

Funded Status and Funding Progress

As of July 1, 2012, 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, 2012, 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

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 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.

## CITY OF HOPEWELL, VIRGINIA

### Notes to Financial Statements As of June 30, 2012

*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, 2012 was thirty years.

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2012

**Note 17—Subsequent Events**

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In July, 2012, the City sold \$2,790,000 of City of Hopewell Taxable Sewer System Revenue Refunding Bond Series 2012 to provide refunding of existing sewer revenue bonds. \$2,790,000 was issued to refund, prior to maturity, \$2,910,000 of the City of Hopewell VRA 2000 Bonds (AMT) Sewer Revenue Bond issue. The interest rate on the 2012 bond issue is between 2.125 percent and 2.375 percent and the final maturity will occur on October 21, 2021. The principal payments range from \$100,000 to \$320,000. The City reduced its aggregate debt service payments by approximately \$523,836 over the next 11 years and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$475,689.

During fiscal year 2012, the City formed a non-stock corporation named Beacon Theater 2012 Manager Inc., which it owns 100%. Beacon Theater 2012 Manager Inc. was formed to hold, construct, rehabilitate, manage, and operate the Theater. Beacon Theater 2012 Manager Inc. formed an LLC named Beacon Theater 2012 LLC. Beacon Theater 2012 Manager Inc. owns 99% of the LLC, and the other 1% will be owned by future tax credit partner when tax credits are sold. A loan of \$4.1 million from the City to Beacon Theater LLC for building renovations was made on July 5, 2012. The loan bears interest at a fixed annual rate of 6.5%, with a 25 year payment term. Additionally, the City conveyed Beacon property to LLC for tax credit purposes after year-end.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**City of Hopewell, Virginia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 26,264,349	\$ 26,264,349	\$ 23,481,976	\$ (2,782,373)
Other local taxes	6,042,525	6,042,525	5,803,934	(238,591)
Permits, privilege fees, and regulatory licenses	21,000	21,000	41,144	20,144
Fines and forfeitures	1,376,000	1,416,000	1,866,202	450,202
Revenue from the use of money and property	115,560	115,560	72,382	(43,178)
Charges for services	476,700	506,700	620,335	113,635
Miscellaneous	949,940	1,854,297	203,757	(1,650,540)
Recovered costs	884,500	884,500	884,500	-
Intergovernmental revenues:				
Commonwealth	6,033,701	6,057,676	7,698,272	1,640,596
Federal	373,806	643,164	757,068	113,905
Total revenues	<u>\$ 42,538,081</u>	<u>\$ 43,805,770</u>	<u>\$ 41,429,570</u>	<u>\$ (2,376,200)</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,925,050	\$ 3,176,776	\$ 2,946,336	\$ 230,440
Judicial administration	1,896,741	2,016,923	1,839,894	177,029
Public safety	10,451,139	11,061,654	11,107,197	(45,543)
Public works	3,936,643	3,915,636	3,464,801	450,835
Health and welfare	1,393,071	1,478,774	1,555,526	(76,752)
Education	9,457,682	9,457,682	9,458,368	(686)
Parks, recreation, and cultural	563,598	563,598	573,598	(10,000)
Community development	594,927	575,956	549,275	26,681
Nondepartmental	5,560,035	5,618,850	4,866,933	751,917
Debt service:				
Principal retirement	1,149,274	1,149,274	1,149,274	-
Interest and other fiscal charges	897,044	897,044	897,044	-
Total expenditures	<u>\$ 38,825,204</u>	<u>\$ 39,912,167</u>	<u>\$ 38,408,246</u>	<u>\$ 1,503,921</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 3,712,877	\$ 3,893,603	\$ 3,021,324	\$ (872,279)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 85,000	\$ 85,000	\$ 85,000	\$ -
Transfers out	(3,983,329)	(3,983,329)	(3,493,901)	489,428
Total other financing sources (uses)	<u>\$ (3,898,329)</u>	<u>\$ (3,898,329)</u>	<u>\$ (3,408,901)</u>	<u>\$ 489,428</u>
Net change in fund balances	\$ (185,452)	\$ (4,726)	(387,577)	\$ (382,851)
Fund balances- beginning	-	-	12,141,149	12,141,149
Fund balances- ending	<u>\$ (185,452)</u>	<u>\$ (4,726)</u>	<u>\$ 11,753,572</u>	<u>\$ 11,758,298</u>

**City of Hopewell, Virginia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual**  
**Virginia Public Assistance Fund**  
**For the Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues:				
Commonwealth	\$ 1,714,664	\$ 1,714,664	\$ 1,202,657	\$ (512,007)
Federal	2,647,713	2,647,713	2,077,106	(570,607)
Revenue from the use of money and property	-	-	1	1
Total revenues	<u>\$ 4,362,377</u>	<u>\$ 4,362,377</u>	<u>\$ 3,279,764</u>	<u>\$ (1,082,613)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 5,005,745	\$ 5,005,745	\$ 3,887,298	\$ 1,118,447
Nondepartmental	\$ -	\$ -	-	-
Total expenditures	<u>\$ 5,005,745</u>	<u>\$ 5,005,745</u>	<u>\$ 3,887,298</u>	<u>\$ 1,118,447</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (643,368)</u>	<u>\$ (643,368)</u>	<u>\$ (607,534)</u>	<u>\$ 35,834</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 643,368	\$ 643,368	\$ 607,440	\$ (35,928)
Total other financing sources (uses)	<u>\$ 643,368</u>	<u>\$ 643,368</u>	<u>\$ 607,440</u>	<u>\$ (35,928)</u>
Net change in fund balances	\$ -	\$ -	(94)	\$ (94)
Fund balances- beginning	-	-	87,962	87,962
Fund balances- ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,868</u>	<u>\$ 87,868</u>

**City of Hopewell, Virginia**  
**Schedule of Pension Funding Progress**  
**For the Year Ended June 30, 2012**

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Primary Government:</b>						
City Retirement Plan:						
6/30/2011	\$ 72,458,030	\$93,069,849	\$ 20,611,819	77.85%	\$ 14,484,485	142.30%
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%
<b>Discretely Presented Component Unit:</b>						
School Board Non-Professionals Retirement Plan:						
6/30/2011	\$ 5,858,191	\$ 7,650,726	\$ 1,792,535	76.57%	\$ 1,654,357	108.35%
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%

**City of Hopewell, Virginia**  
**Schedule of Funding Progress for Retiree Health Insurance Plan**  
**For the Year Ended June 30, 2012**

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)	(4) / (6)
<b>Primary Government:</b>						
City Health Plan:						
6/30/2011	\$ -	\$ 14,363,300	\$ 14,363,300	0.00%	\$ 14,355,500	100.05%
6/30/2008	-	20,991,293	20,991,293	0.00%	14,588,852	143.89%
 <b>Discretely Presented Component Unit:</b>						
School Health Plan						
6/30/2011	\$ -	\$ 4,495,400	\$ 4,495,400	0.00%	\$ 24,583,200	18.29%
6/30/2008	-	3,377,368	3,377,368	0.00%	22,193,161	15.22%

**City of Hopewell, Virginia**  
Notes to Required Supplementary Information  
Year Ended June 30, 2012

**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).

## **OTHER SUPPLEMENTARY INFORMATION**

## City of Hopewell, Virginia

**Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual  
Capital Projects Fund  
For the Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>REVENUES</b>				
Other local taxes	\$ 2,269,000	\$ 2,300,000	\$ 2,621,267	\$ 321,267
Intergovernmental revenues:				
Local government	-	-	1,912,428	1,912,428
Commonwealth	-	125,532	125,532	-
Federal	-	604,430	604,430	-
Revenue from the use of money and property	296,441	276,760	25,991	(250,769)
Miscellaneous	261,739	10,385,472	902,962	(9,482,510)
Total revenues	<u>\$ 2,827,180</u>	<u>\$ 13,692,194</u>	<u>\$ 6,192,610</u>	<u>\$ (7,499,584)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ -	\$ 2,797,140	\$ 11,601,900	\$ (8,804,760)
Capital projects	873,800	9,733,541	3,552,164	6,181,377
Debt service:				
Principal retirement	733,667	733,667	547,000	186,667
Interest and other fiscal charges	2,448,846	2,448,846	1,855,619	593,227
Total expenditures	<u>\$ 4,056,313</u>	<u>\$ 15,713,194</u>	<u>\$ 17,556,683</u>	<u>\$ (1,843,489)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (1,229,133)	\$ (2,021,000)	\$ (11,364,073)	\$ (9,343,073)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,679,800	\$ 2,021,000	\$ 1,571,000	\$ (450,000)
Transfers out	(290,070)	-	-	-
Total other financing sources (uses)	<u>\$ 1,389,730</u>	<u>\$ 2,021,000</u>	<u>\$ 1,571,000</u>	<u>\$ (450,000)</u>
Net change in fund balances	\$ 160,597	\$ -	\$ (9,793,073)	\$ (9,793,073)
Fund balances- beginning	-	-	23,988,367	23,988,367
Fund balances- ending	<u>\$ 160,597</u>	<u>\$ -</u>	<u>\$ 14,195,294</u>	<u>\$ 14,195,294</u>

**City of Hopewell, Virginia**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2012**

	<u>Recreation Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Anti-Litter Fund</u>	<u>Total</u>
<b>Assets</b>				
Cash and investments	\$ 355,835	\$ -	\$ 12,622	\$ 368,457
Receivables (net of allowance for uncollectibles)				
Accounts receivable	6	-	-	6
Due from other governmental units	-	21,657	-	21,657
Total assets	<u>\$ 355,841</u>	<u>\$ 21,657</u>	<u>\$ 12,622</u>	<u>\$ 390,120</u>
<b>Liabilities and fund balances</b>				
Liabilities:				
Accounts payable	\$ 62,985	\$ 3,442	\$ -	\$ 66,427
Accrued liabilities	104,699	103	-	104,802
Due to other funds	-	18,359	-	18,359
Total liabilities	<u>\$ 167,684</u>	<u>\$ 21,904</u>	<u>\$ -</u>	<u>\$ 189,588</u>
Fund balances:				
Assigned to funds	\$ 188,157	-	\$ 12,622	200,779
Unassigned		(247)	-	(247)
Total fund balances	<u>\$ 188,157</u>	<u>\$ (247)</u>	<u>\$ 12,622</u>	<u>\$ 200,532</u>
Total liabilities and fund balances	<u>\$ 355,841</u>	<u>\$ 21,657</u>	<u>\$ 12,622</u>	<u>\$ 390,120</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, 2012**

	<u>Recreation Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Anti-Litter Fund</u>	<u>Total</u>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 194,774	\$ -	\$ 6	\$ 194,780
Charges for services	60,065	-	-	60,065
Miscellaneous	41,886	-	-	41,886
Intergovernmental revenues:				
Commonwealth	3,000	-	5,000	8,000
Federal	8,478	108,565	-	117,043
Total revenues	<u>\$ 308,203</u>	<u>\$ 108,565</u>	<u>\$ 5,006</u>	<u>\$ 421,774</u>
<b>EXPENDITURES</b>				
Current:				
Public works	\$ -	\$ -	\$ 3,457	\$ 3,457
Parks, recreation, and cultural	1,700,208	-	-	1,700,208
Community development	-	108,564	-	108,564
Total expenditures	<u>\$ 1,700,208</u>	<u>\$ 108,564</u>	<u>\$ 3,457</u>	<u>\$ 1,812,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,392,005)</u>	<u>\$ 1</u>	<u>\$ 1,549</u>	<u>\$ (1,390,455)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,230,461	\$ -	\$ -	\$ 1,230,461
Total other financing sources (uses)	<u>\$ 1,230,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,230,461</u>
Net change in fund balances	\$ (161,544)	\$ 1	\$ 1,549	\$ (159,994)
Fund balance - beginning	349,701	(248)	11,073	360,526
Fund balance - ending	<u>\$ 188,157</u>	<u>\$ (247)</u>	<u>\$ 12,622</u>	<u>\$ 200,532</u>

**City of Hopewell, Virginia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and**  
**Actual**  
**Recreation Fund**  
**For the Year Ended June 30, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 274,386	\$ 194,774	\$ (79,612)
Charges for services	105,750	60,065	(45,685)
Miscellaneous	169,409	41,886	(127,523)
Intergovernmental revenues:			
Commonwealth	-	3,000	3,000
Federal	8,000	8,478	478
Total revenues	<u>\$ 557,545</u>	<u>\$ 308,203</u>	<u>\$ (249,342)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	\$ -	\$ -	-
Parks, recreation, and cultural	\$ 1,788,006	\$ 1,700,208	\$ 87,798
Community development	-	-	-
Total expenditures	<u>\$ 1,788,006</u>	<u>\$ 1,700,208</u>	<u>\$ 87,798</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,230,461)</u>	<u>\$ (1,392,005)</u>	<u>\$ (161,544)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 1,230,461	\$ 1,230,461	\$ -
Total other financing sources (uses)	<u>\$ 1,230,461</u>	<u>\$ 1,230,461</u>	<u>\$ -</u>
Net change in fund balances	\$ (0)	\$ (161,544)	\$ (161,544)
Fund balances- beginning	37,738	349,701	311,963
Fund balances- ending	<u>\$ 37,738</u>	<u>\$ 188,157</u>	<u>\$ 150,419</u>

**City of Hopewell, Virginia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget**  
**and Actual**  
**Community Development Block Grant Fund**  
**For the Year Ended June 30, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental revenues:			
Federal	\$ 197,074	\$ 108,565	\$ (88,509)
Total revenues	<u>\$ 197,074</u>	<u>\$ 108,565</u>	<u>\$ (88,509)</u>
<b>EXPENDITURES</b>			
Current:			
Community development	\$ 197,074	\$ 108,564	\$ 88,510
Total expenditures	<u>\$ 197,074</u>	<u>\$ 108,564</u>	<u>\$ 88,510</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Net change in fund balances	-	1	1
Fund balances- beginning	\$ -	\$ (248)	(248)
Fund balances- ending	<u>\$ -</u>	<u>\$ (247)</u>	<u>\$ (247)</u>

**City of Hopewell, Virginia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and**  
**Actual**  
**Anti-Litter Fund**  
**For the Year Ended June 30, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Revenue from the use of money and property	\$ -	\$ 6	\$ 6
Intergovernmental revenues:			
Commonwealth	5,000	5,000	-
Total revenues	<u>\$ 5,000</u>	<u>\$ 5,006</u>	<u>\$ 6</u>
<b>EXPENDITURES</b>			
Current:			
Public works	\$ 5,000	\$ 3,457	1,543
Total expenditures	<u>\$ 5,000</u>	<u>\$ 3,457</u>	<u>\$ 1,543</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 1,549</u>	<u>\$ 1,549</u>
Net change in fund balances	\$ -	\$ 1,549	\$ 1,549
Fund balances- beginning	-	11,073	11,073
Fund balances- ending	<u>\$ -</u>	<u>\$ 12,622</u>	<u>\$ 12,622</u>

**City of Hopewell, Virginia**  
**Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Fund**  
**For the Year Ended June 30, 2012**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b>Special Welfare Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 60,120	\$ 62,110	\$ 60,692	\$ 61,538
Total assets	<u>\$ 60,120</u>	<u>\$ 62,110</u>	<u>\$ 60,692</u>	<u>\$ 61,538</u>
Liabilities:				
Amounts held for social services clients	<u>\$ 60,120</u>	<u>\$ 62,110</u>	<u>\$ 60,692</u>	<u>\$ 61,538</u>

**City of Hopewell, Virginia  
Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2012**

	<b>School Operating Fund</b>	<b>School Cafeteria Fund</b>	<b>Textbook Fund</b>	<b>Building and Bus Replacement Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,124,403	\$ 1,208,498	\$ 966,766	\$ 1,190,236	\$ 6,489,903
Receivables (net of allowance for uncollectibles):					
Accounts receivable	155,361	-	-	-	155,361
Due from other funds	-	-	-	546,710	546,710
Due from other governmental units	1,905,838	81,489	-	-	1,987,327
Due from primary government	-	-	-	636,079	636,079
Inventories	-	32,240	-	-	32,240
Total assets	<u>\$ 5,185,602</u>	<u>\$ 1,322,227</u>	<u>\$ 966,766</u>	<u>\$ 2,373,025</u>	<u>\$ 9,847,620</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	634,955	234,860	-	-	\$ 869,815
Accrued liabilities	3,804,768	91,677	-	-	3,896,445
Due to other funds	546,710	-	-	-	546,710
Deferred revenue	-	15,288	-	-	15,288
Total liabilities	<u>\$ 4,986,433</u>	<u>\$ 341,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,328,258</u>
Fund balances:					
Nonspendable	-	32,240	-	-	\$ 32,240
Restricted	-	948,162	-	-	948,162
Assigned	-	-	966,766	2,373,025	3,339,791
Unassigned	199,169	-	-	-	199,169
Total fund balances	<u>\$ 199,169</u>	<u>\$ 980,402</u>	<u>\$ 966,766</u>	<u>\$ 2,373,025</u>	<u>\$ 4,519,362</u>
Total liabilities and fund balance	<u>\$ 5,185,602</u>	<u>\$ 1,322,227</u>	<u>\$ 966,766</u>	<u>\$ 2,373,025</u>	<u>\$ 9,847,620</u>

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

Total fund balances per above \$ 4,519,362

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

Capital assets	\$ 34,762,413	
Less: accumulated depreciation	<u>(10,228,357)</u>	24,534,056

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	(751,282)	
OPEB liability	(769,556)	
Note payable to the City	<u>(1,912,428)</u>	(3,433,266)

Net assets of governmental activities \$ 25,620,152

**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, 2012**

	School Operating Fund	School Cafeteria Fund	Textbook Fund	Building and Bus Replacement Fund	Total
<b>REVENUES</b>					
Revenue from the use of money and property	\$ 311	\$ 631	\$ 512	\$ 578	\$ 2,032
Charges for services	250,775	509,599	-	-	760,374
Miscellaneous	62,807	-	716	-	63,523
Recovered costs	102,988	-	-	-	102,988
Intergovernmental revenues:					
Local government	12,970,578	-	-	8,293,129	21,263,707
Commonwealth	23,726,998	41,962	152,666	-	23,921,626
Federal	5,763,939	1,867,287	-	-	7,631,226
Total revenues	<u>\$ 42,878,396</u>	<u>\$ 2,419,479</u>	<u>\$ 153,894</u>	<u>\$ 8,293,707</u>	<u>\$ 53,745,476</u>
<b>EXPENDITURES</b>					
Current:					
Administration	\$ 1,415,822	\$ -	\$ -	\$ -	\$ 1,415,822
Instruction	33,311,233	-	309,555	-	33,620,788
Operating	7,362,744	2,612,948	-	-	9,975,692
Capital projects	-	51,417	-	8,018,310	8,069,727
Total expenditures	<u>\$ 42,089,799</u>	<u>\$ 2,664,365</u>	<u>\$ 309,555</u>	<u>\$ 8,018,310</u>	<u>\$ 53,082,029</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 788,597</u>	<u>\$ (244,886)</u>	<u>\$ (155,661)</u>	<u>\$ 275,397</u>	<u>\$ 663,447</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 441,873	\$ -	\$ 42,718	\$ 988,583	\$ 1,473,174
Transfers out	(1,031,301)	-	-	(441,873)	(1,473,174)
Total other financing sources and uses	<u>\$ (589,428)</u>	<u>\$ -</u>	<u>\$ 42,718</u>	<u>\$ 546,710</u>	<u>\$ -</u>
Net change in fund balances	\$ 199,169	\$ (244,886)	\$ (112,943)	\$ 822,107	\$ 663,447
Fund balances - beginning	-	1,225,288	1,079,709	1,550,918	3,855,915
Fund balances - ending	<u>\$ 199,169</u>	<u>\$ 980,402</u>	<u>\$ 966,766</u>	<u>\$ 2,373,025</u>	<u>\$ 4,519,362</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 \$ 663,447

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	8,691,328	
Net change in City interest in school assets	(7,688,942)	
Depreciation expense	<u>(823,568)</u>	178,818

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	4,403	
(Increase) decrease in OPEB liability	(276,392)	
(Increase) decrease in Note Payable to the City	<u>(1,912,428)</u>	(2,184,417)

Change in net assets of governmental activities \$ (1,342,152)

**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, 2012**

	<b>School Operating Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 2,000	2,000	311	(1,689)
Charges for services	364,039	364,039	250,775	(113,264)
Miscellaneous	399,480	314,849	62,807	(252,042)
Recovered costs	95,000	186,889	102,988	(83,901)
Intergovernmental revenues:				
Local government	11,058,127	11,058,127	12,970,578	1,912,451
Commonwealth	23,391,712	23,674,490	23,726,998	52,508
Federal	4,691,999	6,447,359	5,763,939	(683,420)
Total revenues	<u>40,002,357</u>	<u>42,047,753</u>	<u>42,878,396</u>	<u>830,643</u>
<b>EXPENDITURES</b>				
Current:				
Education	39,955,988	43,915,978	42,089,799	1,826,179
Debt service	1,733,962	2,048,030	-	2,048,030
Capital projects	-	-	-	-
Total expenditures	<u>41,689,950</u>	<u>45,964,008</u>	<u>42,089,799</u>	<u>3,874,209</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,687,593)</u>	<u>(3,916,255)</u>	<u>788,597</u>	<u>4,704,852</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,175,835	4,402,357	441,873	(3,960,484)
Transfers out	(488,242)	(488,242)	(1,031,301)	(543,059)
Total other financing sources and uses	<u>1,687,593</u>	<u>3,914,115</u>	<u>(589,428)</u>	<u>(4,503,543)</u>
Net change in fund balances	-	(2,140)	199,169	201,309
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ (2,140)</u>	<u>\$ 199,169</u>	<u>\$ 201,309</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, 2012**

	<b>School Cafeteria Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 8,000	\$ 8,000	\$ 631	\$ (7,369)
Charges for services	567,000	567,000	509,599	(57,401)
Intergovernmental revenues:				-
Commonwealth	38,106	38,106	41,962	3,856
Federal	1,190,000	1,190,000	1,867,287	677,287
Total revenues	<u>1,803,106</u>	<u>1,803,106</u>	<u>2,419,479</u>	<u>616,373</u>
<b>EXPENDITURES</b>				
Current:				-
Education	2,441,636	2,141,366	2,036,134	105,232
Operations and maintenance	104,730	699,730	576,814	122,916
Capital projects	13,153	63,423	51,417	12,006
Total expenditures	<u>2,559,519</u>	<u>2,904,519</u>	<u>2,664,365</u>	<u>240,154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(756,413)</u>	<u>(1,101,413)</u>	<u>(244,886)</u>	<u>856,527</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(756,413)	(1,101,413)	(244,886)	856,527
Fund balances - beginning	757,197	757,197	1,225,288	468,091
Fund balances - ending	<u>\$ 784</u>	<u>\$ (344,216)</u>	<u>\$ 980,402</u>	<u>\$ 1,324,618</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, 2012**

	<b>Textbook Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 8,000	\$ 8,000	\$ 512	\$ (7,488)
Miscellaneous	-	-	716	716
Intergovernmental revenues:				
Commonwealth	120,919	120,919	152,666	31,747
Total revenues	<u>128,919</u>	<u>128,919</u>	<u>153,894</u>	<u>24,975</u>
<b>EXPENDITURES</b>				
Current:				
Education	525,000	525,000	309,555	215,445
Total expenditures	<u>525,000</u>	<u>525,000</u>	<u>309,555</u>	<u>215,445</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(396,081)</u>	<u>(396,081)</u>	<u>(155,661)</u>	<u>240,420</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	42,718	42,718	42,718	-
Total other financing sources and uses	<u>42,718</u>	<u>42,718</u>	<u>42,718</u>	<u>-</u>
Net change in fund balances	(353,363)	(353,363)	(112,943)	240,420
Fund balances - beginning	676,031	676,031	1,079,709	403,678
Fund balances - ending	<u>\$ 322,668</u>	<u>\$ 322,668</u>	<u>\$ 966,766</u>	<u>\$ 644,098</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, 2012**

	<b>Building and Bus Replacement Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 1,000	\$ 1,000	\$ 578	\$ (422)
Intergovernmental revenues:				
Local government	2,500,000	10,180,766	8,293,129	(1,887,637)
Total revenues	<u>2,501,000</u>	<u>10,181,766</u>	<u>8,293,707</u>	<u>(1,888,059)</u>
<b>EXPENDITURES</b>				
Capital projects				
Capital outlay	3,595,000	12,316,004	7,319,534	4,996,470
Purchased services and other	860,850	1,110,850	698,776	412,074
Total expenditures	<u>4,455,850</u>	<u>13,426,854</u>	<u>8,018,310</u>	<u>5,408,544</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,954,850)</u>	<u>(3,245,088)</u>	<u>275,397</u>	<u>3,520,485</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	441,873	441,873	988,583	546,710
Transfers out	(441,873)	(441,873)	(441,873)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>546,710</u>	<u>546,710</u>
Net change in fund balances	(1,954,850)	(3,245,088)	822,107	4,067,195
Fund balances - beginning	2,124,850	2,124,850	1,550,918	(573,932)
Fund balances - ending	<u>\$ 170,000</u>	<u>\$ (1,120,238)</u>	<u>\$ 2,373,025</u>	<u>\$ 3,493,263</u>

**City of Hopewell, Virginia  
Balance Sheet  
Discretely Presented Component Unit - Comprehensive Services Act Board  
June 30, 2012**

**ASSETS**

Due from other governmental units	\$ 393,027
Total assets	393,027

**LIABILITIES AND FUND BALANCES**

Liabilities:

Accounts payable	123,929
Accrued liabilities	850
Due to other governmental units	266,631
Total liabilities	391,410

Fund balances:

Unassigned	1,617
Total fund balances	1,617
Total liabilities and fund balances	\$ 393,027

**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, 2012**

**REVENUES**

Miscellaneous	\$ 68,209
Intergovernmental revenues:	
Local government	984,113
Commonwealth	2,619,348
Total revenues	<u>\$ 3,671,670</u>

**EXPENDITURES**

Current:	
Health and welfare	<u>\$ 3,671,671</u>
Total expenditures	<u>\$ 3,671,671</u>

Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1)</u>
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Net change in fund balances	\$ (1)
Fund balances - beginning	1,618
Fund balances - ending	<u><u>\$ 1,617</u></u>

**City of Hopewell, Virginia**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>General Fund</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 13,702,700	\$ 13,702,700	\$ 13,331,623	\$ (371,077)
Real and personal public service corporation taxes	3,502,758	3,502,758	3,420,799	(81,959)
Personal property taxes	4,346,851	4,346,851	2,184,808	(2,162,043)
Machinery and tools taxes	4,412,040	4,412,040	4,202,780	(209,260)
Penalties	300,000	300,000	202,701	(97,299)
Interest	-	-	139,265	139,265
Total general property taxes	<u>\$ 26,264,349</u>	<u>\$ 26,264,349</u>	<u>\$ 23,481,976</u>	<u>\$ (2,782,373)</u>
Other local taxes				
Local sales and use taxes	\$ 1,942,525	\$ 1,942,525	\$ 1,921,273	\$ (21,252)
Consumers' utility taxes	-	-	347,966	347,966
Electric and natural gas consumption taxes	1,800,000	1,800,000	473,083	(1,326,917)
Communications tax	-	-	860,787	860,787
Right of way user fees	40,000	40,000	53,713	13,713
Business license taxes	1,650,000	1,650,000	1,568,560	(81,440)
Cable TV and gas franchise tax	-	-	2,100	2,100
Motor vehicle licenses	360,000	360,000	340,893	(19,107)
Bank stock taxes	100,000	100,000	121,065	21,065
Taxes on recordation and wills	150,000	150,000	114,494	(35,506)
Total other taxes	<u>\$ 6,042,525</u>	<u>\$ 6,042,525</u>	<u>\$ 5,803,934</u>	<u>\$ (238,591)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 5,793	\$ 793
Permits and other licenses	16,000	16,000	35,351	19,351
Total permits, privilege fees, and regulators licenses	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ 41,144</u>	<u>\$ 20,144</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 1,376,000	\$ 1,416,000	\$ 1,866,202	\$ 450,202
Revenue from use of money and property:				
Revenue from use of money	\$ 65,560	\$ 65,560	\$ 7,437	\$ (58,123)
Revenue from use of property	50,000	50,000	64,945	14,945
Total revenue from use of money and property	<u>\$ 115,560</u>	<u>\$ 115,560</u>	<u>\$ 72,382</u>	<u>\$ (43,178)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 2,200	\$ 2,200	\$ 3,167	\$ 967
Charges for courthouse maintenance	30,000	30,000	35,492	5,492
Charges for EMS	306,000	306,000	418,935	112,935
Charges for law library	-	30,000	-	(30,000)
Charges for courthouse security	133,500	133,500	158,828	25,328
Miscellaneous dog fees	5,000	5,000	3,913	(1,087)
Total charges for services	<u>\$ 476,700</u>	<u>\$ 506,700</u>	<u>\$ 620,335</u>	<u>\$ 113,635</u>
Miscellaneous revenue:				
Miscellaneous	\$ 949,940	\$ 1,854,297	\$ 174,281	\$ (1,680,016)
Payment in lieu of taxes	-	-	29,476	29,476
Total miscellaneous revenue	<u>\$ 949,940</u>	<u>\$ 1,854,297</u>	<u>\$ 203,757</u>	<u>\$ (1,650,540)</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>\$ 36,130,574</u>	<u>\$ 37,104,931</u>	<u>\$ 32,974,230</u>	<u>\$ (4,130,701)</u>

**City of Hopewell, Virginia**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 20,000	\$ 20,000	\$ 176	\$ (19,824)
Mobile home titling tax	-	-	285	285
State recordation tax	25,000	25,000	17,446	(7,554)
Personal property tax relief funds	-	-	1,618,030	1,618,030
Total noncategorical aid	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 1,635,937</u>	<u>\$ 1,590,937</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 386,320	\$ 386,320	\$ 374,935	\$ (11,385)
Sheriff	324,405	324,405	323,843	(562)
Commissioner of revenue	101,454	101,454	99,363	(2,091)
Treasurer	99,775	99,775	98,522	(1,253)
Registrar/electoral board	37,500	37,500	44,762	7,262
Clerk of the Circuit Court	226,126	247,865	231,805	(16,060)
Total shared expenses	<u>\$ 1,175,580</u>	<u>\$ 1,197,319</u>	<u>\$ 1,173,230</u>	<u>\$ (24,089)</u>
Other categorical aid:				
Street and highway maintenance	\$ 3,198,592	\$ 3,198,592	\$ 3,473,045	\$ 274,453
Emergency medical services- 4 for life	17,000	17,000	18,479	1,479
DMV	7,200	7,200	12,395	5,195
Other state aid	-	-	215	215
HB 599 police support	1,267,000	1,267,000	1,078,929	(188,071)
E-911 wireless grant	45,000	45,000	52,840	7,840
Arts and humanities grant	-	-	5,000	5,000
Victim-witness grant	111,801	114,037	82,626	(31,411)
VJCCA	104,528	104,528	105,185	657
Fire programs	62,000	62,000	60,391	(1,609)
Total other categorical aid	<u>\$ 4,813,121</u>	<u>\$ 4,815,357</u>	<u>\$ 4,889,105</u>	<u>\$ 73,748</u>
Total categorical aid	<u>\$ 5,988,701</u>	<u>\$ 6,012,676</u>	<u>\$ 6,062,335</u>	<u>\$ 49,659</u>
Total revenue from the Commonwealth	<u>\$ 6,033,701</u>	<u>\$ 6,057,676</u>	<u>\$ 7,698,272</u>	<u>\$ 1,640,596</u>
Revenue from the federal government:				
Categorical aid:				
Civil defense, emergency management	\$ 216,500	\$ 216,500	\$ 63,514	\$ (152,986)
CDBG, Social services indirect cost allocation	75,000	75,000	72,752	(2,248)
OJP grant	-	177,020	392,253	215,234
Emergency management, homeland security	-	75,643	66,149	(9,494)
Fire grant	58,300	58,300	125,359	67,059
Other federal aid	24,006	40,701	37,041	(3,660)
Total categorical aid	<u>\$ 373,806</u>	<u>\$ 643,164</u>	<u>\$ 757,068</u>	<u>\$ 113,905</u>
Total revenue from the federal government	<u>\$ 373,806</u>	<u>\$ 643,164</u>	<u>\$ 757,068</u>	<u>\$ 113,905</u>
Total General Fund	<u>\$ 42,538,081</u>	<u>\$ 43,805,770</u>	<u>\$ 41,429,570</u>	<u>\$ (2,376,200)</u>

**City of Hopewell, Virginia**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>General Fund Expenditures:</b>				
General government administration:				
Legislative:				
City council	\$ 122,000	\$ 181,525	\$ 162,495	\$ 19,030
City clerk	93,603	93,603	67,998	25,605
Total general government administration	<u>\$ 215,603</u>	<u>\$ 275,128</u>	<u>\$ 230,493</u>	<u>\$ 44,635</u>
General and financial administration:				
City manager	\$ 236,953	\$ 306,953	\$ 256,246	\$ 50,707
City attorney	192,514	242,514	209,021	33,493
Information/Research department	88,097	87,097	79,006	8,091
Commissioner of revenue	298,209	298,861	256,963	41,898
Human resources department	187,539	188,483	169,940	18,543
Treasurer	270,690	270,740	281,256	(10,516)
Finance	1,263,718	1,336,841	1,282,512	54,329
Total general and financial administration	<u>\$ 2,537,720</u>	<u>\$ 2,731,489</u>	<u>\$ 2,534,944</u>	<u>\$ 196,545</u>
Board of elections				
Electoral board and officials	\$ 171,727	\$ 170,159	\$ 180,899	\$ (10,740)
Total board of elections	<u>\$ 171,727</u>	<u>\$ 170,159</u>	<u>\$ 180,899</u>	<u>\$ (10,740)</u>
Total general government administration	<u>\$ 2,925,050</u>	<u>\$ 3,176,776</u>	<u>\$ 2,946,336</u>	<u>\$ 230,440</u>
Judicial administration:				
Courts:				
Circuit Court	\$ 94,131	\$ 98,463	\$ 38,546	\$ 59,917
General district court	12,600	12,600	13,986	(1,386)
Sheriff	1,124,658	1,220,983	1,118,551	102,432
Law library	-	-	-	-
Clerk of the circuit court	267,208	273,424	267,477	5,947
Court services unit	8,500	8,500	6,163	2,337
Southside Legal Aid contribution	500	500	1,000	(500)
Total courts	<u>\$ 1,507,597</u>	<u>\$ 1,614,470</u>	<u>\$ 1,445,723</u>	<u>\$ 168,747</u>
Commonwealth's attorney				
Commonwealth's attorney	\$ 389,144	\$ 402,453	\$ 394,171	\$ 8,282
Total commonwealth's attorney	<u>\$ 389,144</u>	<u>\$ 402,453</u>	<u>\$ 394,171</u>	<u>\$ 8,282</u>
Total jurisdictional administration	<u>\$ 1,896,741</u>	<u>\$ 2,016,923</u>	<u>\$ 1,839,894</u>	<u>\$ 177,029</u>
Public Safety:				
Law enforcement and traffic control:				
Police department	\$ 4,978,952	\$ 5,261,030	\$ 5,081,358	\$ 179,672
Total law enforcement and traffic control	<u>\$ 4,978,952</u>	<u>\$ 5,261,030</u>	<u>\$ 5,081,358</u>	<u>\$ 179,672</u>
Fire and rescue services:				
Fire department	\$ 2,552,714	\$ 2,741,100	\$ 2,546,383	\$ 194,717
Total fire and rescue services	<u>\$ 2,552,714</u>	<u>\$ 2,741,100</u>	<u>\$ 2,546,383</u>	<u>\$ 194,717</u>
Correction and detention:				
Crater Youth Care Commission	\$ 280,904	\$ 280,904	\$ 280,900	\$ 4
Riverside Regional Jail	2,018,856	2,018,856	2,551,320	(532,464)
VJCCCA grant	147,441	153,441	153,613	(172)
Total correction and detention	<u>\$ 2,447,201</u>	<u>\$ 2,453,201</u>	<u>\$ 2,985,833</u>	<u>\$ (532,632)</u>

**City of Hopewell, Virginia**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>General Fund: (Continued)</b>				
Inspections:				
Building	\$ 235,448	\$ 248,678	\$ 238,440	\$ 10,238
Total inspections	<u>\$ 235,448</u>	<u>\$ 248,678</u>	<u>\$ 238,440</u>	<u>\$ 10,238</u>
Other protection				
Animal control	\$ 145,624	\$ 264,256	\$ 164,688	\$ 99,568
Emergency and safety services	91,201	93,389	90,495	2,894
Total other protection	<u>\$ 236,825</u>	<u>\$ 357,645</u>	<u>\$ 255,183</u>	<u>\$ 102,462</u>
Total public safety	<u>\$ 10,451,139</u>	<u>\$ 11,061,654</u>	<u>\$ 11,107,197</u>	<u>\$ (45,543)</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks				
General engineering	\$ 3,501,143	\$ 3,480,136	\$ 3,447,516	\$ 32,620
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 3,501,143</u>	<u>\$ 3,480,136</u>	<u>\$ 3,447,516</u>	<u>\$ 32,620</u>
Maintenance of general buildings and grounds:				
Cemetery perpetual care	\$ 435,500	\$ 435,500	\$ 17,285	\$ 418,215
Total maintenance of general buildings and grounds	<u>\$ 435,500</u>	<u>\$ 435,500</u>	<u>\$ 17,285</u>	<u>\$ 418,215</u>
Total public works	<u>\$ 3,936,643</u>	<u>\$ 3,915,636</u>	<u>\$ 3,464,801</u>	<u>\$ 450,835</u>
Health and welfare:				
Health				
Supplement of local health department	\$ 182,283	\$ 182,283	\$ 172,401	\$ 9,882
Total health	<u>\$ 182,283</u>	<u>\$ 182,283</u>	<u>\$ 172,401</u>	<u>\$ 9,882</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	\$ 875,000	\$ 960,703	\$ 984,113	\$ (23,410)
Tax relief for the elderly	230,000	230,000	293,724	(63,724)
Total welfare	<u>\$ 1,105,000</u>	<u>\$ 1,190,703</u>	<u>\$ 1,277,837</u>	<u>\$ (87,134)</u>
Total health and welfare	<u>\$ 1,393,071</u>	<u>\$ 1,478,774</u>	<u>\$ 1,555,526</u>	<u>\$ (76,752)</u>
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 4,000	\$ 4,000	\$ 4,686	\$ (686)
Contribution to City School Board	9,453,682	9,453,682	9,453,682	-
Total education	<u>\$ 9,457,682</u>	<u>\$ 9,457,682</u>	<u>\$ 9,458,368</u>	<u>\$ (686)</u>
Parks, recreation, and cultural				
Cultural enrichment:				
Historic Hopewell Foundation	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Arts and humanities	500	500	10,500	(10,000)
Total cultural enrichment	<u>\$ 12,500</u>	<u>\$ 12,500</u>	<u>\$ 22,500</u>	<u>\$ (10,000)</u>
Library:				
Contribution to regional library	\$ 551,098	\$ 551,098	\$ 551,098	\$ -
Total library	<u>\$ 551,098</u>	<u>\$ 551,098</u>	<u>\$ 551,098</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 563,598</u>	<u>\$ 563,598</u>	<u>\$ 573,598</u>	<u>\$ (10,000)</u>

**City of Hopewell, Virginia**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>General Fund: (Continued)</b>				
Community development:				
Planning and community development:				
Community development	\$ 377,052	\$ 379,602	\$ 363,197	\$ 16,405
Tourism and economic development	217,875	196,354	186,078	10,276
Total planning and community development	<u>\$ 594,927</u>	<u>\$ 575,956</u>	<u>\$ 549,275</u>	<u>26,681</u>
Total community development	<u>\$ 594,927</u>	<u>\$ 575,956</u>	<u>\$ 549,275</u>	<u>\$ 26,681</u>
Nondepartmental:				
Employee welfare and other benefits	\$ -	\$ -	\$ -	\$ -
Property and liability insurance	305,000	305,000	266,316	38,684
Other	4,897,486	4,897,486	4,462,716	434,770
Contingency	281,049	281,049	-	281,049
Contributions to civic organizations	76,500	135,315	137,901	(2,586)
Total nondepartmental	<u>\$ 5,560,035</u>	<u>\$ 5,618,850</u>	<u>\$ 4,866,933</u>	<u>751,917</u>
Debt service:				
Principal retirement	\$ 1,149,274	\$ 1,149,274	\$ 1,149,274	\$ -
Interest and other fiscal charges	897,044	897,044	897,044	-
Total debt service	<u>\$ 2,046,318</u>	<u>\$ 2,046,318</u>	<u>\$ 2,046,318</u>	<u>-</u>
Total General Fund	<u>\$ 38,825,204</u>	<u>\$ 39,912,167</u>	<u>\$ 38,408,246</u>	<u>1,503,921</u>

**City of Hopewell, Virginia**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**Virginia Public Assistance Fund**  
**For the Year Ended June 30, 2012**

	<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	\$ 1,714,664	\$ 1,714,664	\$ 1,202,657	\$ (512,007)
Total categorical aid	<u>\$ 1,714,664</u>	<u>\$ 1,714,664</u>	<u>\$ 1,202,657</u>	<u>\$ (512,007)</u>
Total revenue from the Commonwealth	<u>\$ 1,714,664</u>	<u>\$ 1,714,664</u>	<u>\$ 1,202,657</u>	<u>\$ (512,007)</u>
Revenue from the federal government				
Categorical aid:				
Public assistance and welfare administration	\$ 2,647,713	\$ 2,647,713	\$ 2,077,106	\$ (570,607)
Total categorical aid	<u>\$ 2,647,713</u>	<u>\$ 2,647,713</u>	<u>\$ 2,077,106</u>	<u>\$ (570,607)</u>
Total revenue from the federal government	<u>\$ 2,647,713</u>	<u>\$ 2,647,713</u>	<u>\$ 2,077,106</u>	<u>\$ (570,607)</u>
Total Virginia Public Assistance Fund	<u>\$ 4,362,377</u>	<u>\$ 4,362,377</u>	<u>\$ 3,279,763</u>	<u>\$ (1,082,614)</u>
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,972,497	\$ 2,972,497	\$ 2,651,328	\$ 321,169
Public assistance	864,828	864,828	739,688	125,140
Purchased services	1,168,320	1,168,320	496,282	672,038
Total welfare and social services	<u>\$ 5,005,645</u>	<u>\$ 5,005,645</u>	<u>\$ 3,887,298</u>	<u>\$ 1,118,347</u>
Total health and welfare	<u>\$ 5,005,645</u>	<u>\$ 5,005,645</u>	<u>\$ 3,887,298</u>	<u>\$ 1,118,347</u>
Total Virginia Public Assistance Fund	<u>\$ 5,005,645</u>	<u>\$ 5,005,645</u>	<u>\$ 3,887,298</u>	<u>\$ 1,118,347</u>

**City of Hopewell, Virginia**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**Recreation Fund**  
**For the Year Ended June 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
Revenue from local sources:			
Revenue from use of money and property:			
Revenue from the use of money	\$ 40	\$ 151	\$ 111
Revenue from the use of property	274,346	194,623	(79,723)
Total revenue from use of money and property	<u>\$ 274,386</u>	<u>\$ 194,774</u>	<u>\$ (79,612)</u>
Charges for services			
Other charges for services	\$ 105,750	\$ 60,065	\$ (45,685)
Total charges for services	<u>\$ 105,750</u>	<u>\$ 60,065</u>	<u>\$ (45,685)</u>
Miscellaneous revenue			
Donations	\$ 51,129	\$ 45,613	\$ (5,516)
Miscellaneous refunds and grants	118,279	(3,727)	(122,006)
Total miscellaneous revenue	<u>\$ 169,409</u>	<u>\$ 41,886</u>	<u>\$ (127,523)</u>
Total revenue from local sources	<u>\$ 549,545</u>	<u>\$ 296,725</u>	<u>\$ (252,820)</u>
Revenue from the Commonwealth			
Other state aid	\$ -	\$ 3,000	\$ 3,000
Revenue from the federal government			
Categorical aid:			
Summer feeding program	\$ 8,000	\$ 8,478	\$ 478
Total categorical aid	<u>\$ 8,000</u>	<u>\$ 8,478</u>	<u>\$ 478</u>
Total revenue from the federal government	<u>\$ 8,000</u>	<u>\$ 8,478</u>	<u>\$ 478</u>
Total Revenues	<u><u>\$ 557,545</u></u>	<u><u>\$ 308,203</u></u>	<u><u>\$ (249,342)</u></u>
<b>Parks, recreation, and cultural:</b>			
Parks and recreation:			
Recreation centers and playgrounds	\$ 629,793	\$ 586,111	\$ 43,682
Community division	104,705	98,180	6,525
Athletics division	137,766	135,569	2,197
Seniors division	139,868	118,605	21,263
Pool center	186,306	188,117	(1,811)
Parks	405,616	383,939	21,677
Harbor patrol and marina operation	183,952	189,687	(5,735)
Total parks and recreation	<u>\$ 1,788,006</u>	<u>\$ 1,700,208</u>	<u>\$ 87,798</u>
Total expenditures	<u><u>\$ 1,788,006</u></u>	<u><u>\$ 1,700,208</u></u>	<u><u>\$ 87,798</u></u>

**City of Hopewell, Virginia**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**Community Development Block Grant Fund**  
**For the Year Ended June 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
<b>Revenues</b>			
Revenue from local sources:			
Revenue from use of money and property	\$ -	\$ -	\$ -
Total revenue from the use of money	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenue from the federal government			
Categorical aid:			
Community Development Block Grant funds	\$ 197,074	\$ 108,565	\$ (88,509)
Total categorical aid	<u>\$ 197,074</u>	<u>\$ 108,565</u>	<u>\$ (88,509)</u>
Total revenue from the federal government	<u>\$ 197,074</u>	<u>\$ 108,565</u>	<u>\$ (88,509)</u>
Total revenues	<u><u>\$ 197,074</u></u>	<u><u>\$ 108,565</u></u>	<u><u>\$ (88,509)</u></u>
<b>Expenditures</b>			
Community development:			
Planning and community development	\$ 197,074	\$ 108,564	\$ 88,510
Community development:	<u>\$ 197,074</u>	<u>\$ 108,564</u>	<u>\$ 88,510</u>

**City of Hopewell, Virginia**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**Anti-Litter Fund**  
**For the Year Ended June 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
<b>Revenues</b>			
Revenue from local sources:			
Revenue from use of money and property	\$ -	\$ 6	\$ 6
Total revenue from use of money	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 6</u>
Revenue from the Commonwealth:			
Categorical aid:			
Anti-litter grant	\$ 5,000	\$ 5,000	\$ -
Total categorical aid	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>
Total revenue from the Commonwealth	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>
Total Anti-Litter Fund	<u><u>\$ 5,000</u></u>	<u><u>\$ 5,006</u></u>	<u><u>\$ 6</u></u>
<b>Expenditures</b>			
Public works:			
Sanitation and waste removal	\$ 5,000	\$ 3,457	\$ 1,543
Anti-Litter program	<u>\$ 5,000</u>	<u>\$ 3,457</u>	<u>\$ 1,543</u>

**City of Hopewell, Virginia**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
<b>Revenues</b>			
Revenue from other governments:			
Commonwealth	\$ -	\$ 125,532	\$ 125,532
Federal Government	604,430	812,555	208,125
Local government School Board	-	1,912,428	1,912,428
Total revenue from other governments	<u>\$ 604,430</u>	<u>\$ 2,850,515</u>	<u>\$ 2,246,085</u>
Local sources:			
Other local taxes:			
Hotel and motel room taxes	700,000	883,294	183,294
Restaurant food taxes	1,600,000	1,737,973	137,973
Total other local taxes	<u>\$ 2,300,000</u>	<u>\$ 2,621,267</u>	<u>\$ 321,267</u>
Revenue from use of money and property			
Revenue from the use of money	<u>\$ 276,760</u>	<u>\$ 25,991</u>	<u>\$ (250,769)</u>
Total revenue from use of money and property	<u>\$ 276,760</u>	<u>\$ 25,991</u>	<u>\$ (250,769)</u>
Miscellaneous revenue:			
Other miscellaneous	<u>\$ 10,385,473</u>	<u>\$ 902,962</u>	<u>\$ (9,482,511)</u>
Total miscellaneous revenue	<u>\$ 10,385,473</u>	<u>\$ 902,962</u>	<u>\$ (9,482,511)</u>
Total revenue from local sources	<u>\$ 12,962,233</u>	<u>\$ 3,550,220</u>	<u>\$ (9,412,013)</u>
Total Capital Projects Fund	<u>\$ 13,566,663</u>	<u>\$ 6,400,735</u>	<u>\$ (7,165,928)</u>
<b>Expenditures</b>			
Education:			
Capital projects:			
Contribution to City School Board	<u>\$ 2,797,140</u>	<u>\$ 11,601,900</u>	<u>\$ (8,804,760)</u>
Capital projects expenditures:			
GIS mapping	35,708	2,400	33,308
Other projects	8,076,942	2,740,757	5,336,185
Streets, curbs, and gutters	402,267	217,515	184,752
Information management system	50,000	50,000	-
Downtown development plan and program	268,021	21,034	246,987
Atwater Road project	382,650	258,038	124,612
Dinwiddie Avenue project	252,395	2,520	249,875
Human services building	265,559	259,900	5,659
Total capital projects	<u>\$ 9,733,542</u>	<u>\$ 3,552,164</u>	<u>\$ 6,181,378</u>
Debt Service:			
Principal retirement	733,667	547,000	186,667
Interest and other fiscal charges	2,448,846	1,855,619	593,227
Bond agent fees	-	-	-
Total debt service	<u>\$ 3,182,513</u>	<u>\$ 2,402,619</u>	<u>\$ 779,894</u>
Total Expenditures	<u>\$ 15,713,195</u>	<u>\$ 17,556,683</u>	<u>\$ (1,843,488)</u>

**City of Hopewell, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Component Unit School Board**  
**For the Year Ended June 30, 2012**

<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>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,000	\$ 2,000	\$ 311	\$ (1,689)
Charges for services:				
Charges for education	364,039	364,039	250,775	(113,264)
Miscellaneous revenue:				
Other miscellaneous	399,480	179,398	62,807	(116,591)
Rescinded Revenue	-	135,451	-	(135,451)
Recovered costs:				
E-rate funds	95,000	186,889	102,988	(83,901)
Total revenue from local sources	<u>860,519</u>	<u>867,777</u>	<u>416,881</u>	<u>(450,896)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from the City of Hopewell, Virginia	11,058,127	11,058,127	12,970,578	1,912,451
Total revenues from local governments	<u>11,058,127</u>	<u>11,058,127</u>	<u>12,970,578</u>	<u>1,912,451</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	3,066,848	3,079,250	3,161,287	82,037
Basic school aid	12,710,008	12,840,113	12,799,385	(40,728)
ISAEP	15,717	15,717	15,717	-
Remedial summer education	79,415	114,838	114,838	-
Regular foster care	40,982	23,035	4,477	(18,558)
Special education foster care	-	-	18,576	18,576
Homebound education	50,709	28,700	28,700	-
Gifted and talented	134,155	135,398	135,319	(79)
Remedial education	673,758	680,000	679,603	(397)
Special education	1,612,846	1,627,788	1,626,836	(952)
Vocational	10,054	11,002	10,627	(375)
Vocational adult	6,684	6,684	1,441	(5,243)
Vocational education	295,142	297,876	297,702	(174)
Social security fringe benefits	793,007	800,354	799,886	(468)
Retirement fringe benefits	718,477	725,133	724,709	(424)
Group life insurance benefits	29,812	30,089	30,071	(18)
Early reading intervention and smart beginnings grant	86,733	93,765	93,765	-
At risk payments	899,335	907,541	907,130	(411)
Primary class size	917,790	938,928	938,928	-
At risk four year olds	550,851	550,851	550,851	-
Education technology	180,000	206,000	206,000	-
Standards of Learning algebra readiness	76,878	79,223	79,223	-
National board certified teacher	2,500	5,000	11,000	6,000
Mentor teacher program	4,309	4,309	18,741	14,432
English as a second language	49,275	82,407	82,407	-
Supplemental Support for Schools	386,427	390,489	327,014	(63,475)
Supplemental Support for Construction & Operation	-	-	62,765	62,765
Total categorical aid	<u>\$ 23,391,712</u>	<u>\$ 23,674,490</u>	<u>\$ 23,726,998</u>	<u>\$ 52,508</u>
Total revenue from the Commonwealth	<u>\$ 23,391,712</u>	<u>\$ 23,674,490</u>	<u>\$ 23,726,998</u>	<u>\$ 52,508</u>

**City of Hopewell, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Component Unit School Board**  
**For the Year Ended June 30, 2012**

<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	\$ 2,115,205	\$ 1,263,691	\$ (851,514)
Title I School Improvement	-	15,287	7,515	(7,772)
Title VI-B, special education	892,258	892,258	890,802	(1,456)
Vocational education	102,578	102,578	143,861	41,283
Title II-D	13,207	-	-	-
Title III	51,380	55,166	20,797	(34,369)
Title II	286,010	286,010	267,098	(18,912)
Impact aid	38,640	38,640	42,682	4,042
Gear up	27,550	26,315	23,348	(2,967)
School Improvement Grant	-	566,687	404,478	(162,209)
Jr ROTC	59,500	59,500	62,398	2,898
Headstart	1,199,963	1,199,963	1,298,632	98,669
DODEA Grant	83,165	83,165	152,571	69,406
Total categorical aid	<u>4,441,999</u>	<u>5,440,774</u>	<u>4,577,873</u>	<u>(862,901)</u>
ARRA funding:				
Education Jobs Fund	250,000	251,833	412,573	160,740
State Fiscal Stabilization	-	130,653	130,653	-
Title I	-	722	722	-
Special Education	-	623,377	642,118	18,741
Total ARRA funding	<u>250,000</u>	<u>1,006,585</u>	<u>1,186,066</u>	<u>179,481</u>
Total revenue from the federal government	<u>\$ 4,691,999</u>	<u>\$ 6,447,359</u>	<u>\$ 5,763,939</u>	<u>\$ (683,420)</u>
 Total School Operating Fund	 <u>\$ 40,002,357</u>	 <u>\$ 42,047,753</u>	 <u>\$ 42,878,396</u>	 <u>\$ 830,643</u>
 <b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 8,000	\$ 8,000	\$ 631	\$ (7,369)
Charges for services:				
Cafeteria sales	567,000	567,000	509,599	(57,401)
Total revenue from local sources	<u>575,000</u>	<u>575,000</u>	<u>510,230</u>	<u>(64,770)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	38,106	38,106	41,962	3,856
Revenue from the federal government:				
Categorical aid:				
School food program grant	1,190,000	1,190,000	1,768,838	578,838
USDA commodities	-	-	98,449	98,449
Total categorical aid	<u>1,190,000</u>	<u>1,190,000</u>	<u>1,867,287</u>	<u>677,287</u>
Total revenue from the federal government	<u>1,190,000</u>	<u>1,190,000</u>	<u>1,867,287</u>	<u>677,287</u>
Total School Cafeteria Fund	<u>\$ 1,803,106</u>	<u>\$ 1,803,106</u>	<u>\$ 2,419,479</u>	<u>\$ 616,373</u>

**City of Hopewell, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Component Unit School Board**  
**For the Year Ended June 30, 2012**

<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>
<b>School Textbook Fund:</b>				
Revenue from use of money and property:				
Revenue from the use of money	\$ 8,000	\$ 8,000	\$ 512	\$ (7,488)
Total revenue from use of money and property	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 512</u>	<u>\$ (7,488)</u>
Miscellaneous revenue:				
Other miscellaneous	-	-	716	716
Total miscellaneous revenue	<u>-</u>	<u>-</u>	<u>716</u>	<u>716</u>
Intergovernmental revenues:				
Revenues from the Commonwealth:				
Categorical aid:				
Textbook funds	120,919	120,919	152,666	31,747
Total revenue from the Commonwealth	<u>120,919</u>	<u>120,919</u>	<u>152,666</u>	<u>31,747</u>
Total School Textbook Fund	<u>\$ 128,919</u>	<u>\$ 128,919</u>	<u>\$ 153,894</u>	<u>\$ 24,975</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Capital Projects Fund</b>				
<b>Building and Bus Replacement Fund</b>				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,000	\$ 1,000	\$ 578	\$ (422)
Total revenue from use of money and property	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 578</u>	<u>\$ (422)</u>
Revenue from local contribution:				
Revenue from local bond issue	2,500,000	10,180,766	8,293,129	(1,887,637)
Total miscellaneous revenue	<u>2,500,000</u>	<u>10,180,766</u>	<u>8,293,129</u>	<u>(1,887,637)</u>
Total Building and Bus Replacement Fund	<u>\$ 2,501,000</u>	<u>\$ 10,181,766</u>	<u>\$ 8,293,707</u>	<u>\$ (1,888,059)</u>
Total Discretely Presented Component Unit- School Board	<u>\$ 44,435,382</u>	<u>\$ 54,161,544</u>	<u>\$ 53,745,476</u>	<u>\$ (416,068)</u>

City of Hopewell, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Component Unit - School Board  
 For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board</b>				
<b>School Operating Fund</b>				
Education:				
Administration of schools:				
Administration	\$ 1,652,152	\$ 1,706,159	\$ 1,415,822	\$ 290,337
Total administration of schools	<u>1,652,152</u>	<u>1,706,159</u>	<u>1,415,822</u>	<u>290,337</u>
Instruction costs:				
Compensation	29,157,156	29,974,304	29,328,721	645,583
Supplies	1,099,993	2,113,074	1,824,480	288,594
Equipment	823,049	483,942	635,694	(151,752)
Purchased services	1,264,351	1,716,949	1,522,338	194,611
Total instruction costs	<u>32,344,549</u>	<u>34,288,269</u>	<u>33,311,233</u>	<u>977,036</u>
Operating costs:				
Attendance and health services	744,969	750,105	665,924	84,181
Pupil transportation	995,160	1,071,157	1,050,112	21,045
Operation and maintenance of school plant	4,219,158	5,964,837	5,646,708	318,129
Total operating costs	<u>5,959,287</u>	<u>7,786,099</u>	<u>7,362,744</u>	<u>423,355</u>
Total education	<u>39,955,988</u>	<u>43,780,527</u>	<u>42,089,799</u>	<u>1,690,728</u>
Operating costs:				
Debt service	1,733,962	2,048,030	-	2,048,030
Miscellaneous costs:				
Rescinded revenue	-	135,451	-	135,451
Total School Operating Fund	<u>\$ 41,689,950</u>	<u>\$ 45,964,008</u>	<u>\$ 42,089,799</u>	<u>\$ 3,874,209</u>
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	2,441,636	2,141,366	2,036,134	105,232
Total education	<u>2,441,636</u>	<u>2,141,366</u>	<u>2,036,134</u>	<u>105,232</u>
Operations:				
Repair & replacement of equipment	85,880	670,880	552,941	117,939
Other	18,850	28,850	23,873	4,977
Total Operations & Maintenance	<u>104,730</u>	<u>699,730</u>	<u>576,814</u>	<u>122,916</u>
Capital project expenditures:				
Capital projects	13,153	63,423	51,417	12,006
Total capital projects	<u>13,153</u>	<u>63,423</u>	<u>51,417</u>	<u>12,006</u>
Total School Cafeteria Fund	<u>\$ 2,559,519</u>	<u>\$ 2,904,519</u>	<u>\$ 2,664,365</u>	<u>\$ 240,154</u>
<b>School Textbook Fund:</b>				
Education:				
Instruction	525,000	525,000	309,555	215,445
Total education	<u>525,000</u>	<u>525,000</u>	<u>309,555</u>	<u>215,445</u>
Total School Textbook Fund	<u>\$ 525,000</u>	<u>\$ 525,000</u>	<u>\$ 309,555</u>	<u>\$ 215,445</u>
<b>Capital Projects Fund:</b>				
<b>Building and Bus Replacement Fund</b>				
Education:				
Capital project expenditures:				
Other project costs	860,850	1,110,850	698,776	412,074
Capital projects	3,595,000	12,316,004	7,319,534	4,996,470
Total capital projects	<u>4,455,850</u>	<u>13,426,854</u>	<u>8,018,310</u>	<u>5,408,544</u>
Total Building and Bus Replacement Fund	<u>\$ 4,455,850</u>	<u>\$ 13,426,854</u>	<u>\$ 8,018,310</u>	<u>\$ 5,408,544</u>
Total Discretely Presented Component Unit- School Board	<u>\$ 49,230,319</u>	<u>\$ 62,820,381</u>	<u>\$ 53,082,029</u>	<u>\$ 9,738,352</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 an extended period of time. Information is presented in the following five categories:

	<u>Table</u>
<b>Financial trends information</b>	<b>1 to 4</b>
Financial trends information is intended to help the reader understand and assess how the City of Hopewell's financial position has changed over time.	
<b>Revenue capacity information</b>	<b>5 to 8</b>
Revenue capacity information is intended to help the reader understand and assess the City of Hopewell's ability to generate its most significant local revenue source, the property tax.	
<b>Debt capacity information</b>	<b>9 to 11</b>
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.	
<b>Demographic and economic information</b>	<b>12 to 14</b>
Demographic and economic information is intended to help the reader understand the socioeconomic environment within the City of Hopewell's financial activities take place.	
<b>Operating information</b>	<b>15 to 16</b>
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 Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 2,934,686
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	469,962
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	20,049,644
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>	<u>\$ 23,454,292</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	\$ 4,439,464
Restricted	1,167,481	1,167,481	1,167,481	395,641	395,641	395,641	395,641	395,641	395,641	502,351
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	24,658,155
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>	<u>\$ 29,599,970</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	\$ 7,374,150
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	972,313
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	44,707,799
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>	<u>\$ 53,054,262</u>

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

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

Expenses	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 8,303,573
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	2,107,894
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	11,841,600
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	4,203,248
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	5,548,091
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	14,701,888
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	2,311,175
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	735,236
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	1,836,461
Total governmental activities expenses	<u>\$ 41,413,504</u>	<u>\$ 39,717,498</u>	<u>\$ 41,522,426</u>	<u>\$ 40,400,877</u>	<u>\$ 41,947,347</u>	<u>\$ 46,429,126</u>	<u>\$ 48,832,118</u>	<u>\$ 49,692,517</u>	<u>\$ 51,625,534</u>	<u>\$ 51,589,166</u>
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	\$ 16,193,605
Total primary government expenses	<u>\$ 57,099,095</u>	<u>\$ 55,807,678</u>	<u>\$ 57,708,226</u>	<u>\$ 56,673,789</u>	<u>\$ 58,908,879</u>	<u>\$ 64,126,273</u>	<u>\$ 70,020,725</u>	<u>\$ 67,402,291</u>	<u>\$ 67,973,976</u>	<u>\$ 67,782,771</u>
Program Revenues										
Government activities:										
Charges for services:										
General government administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,555	\$ -	\$ 1,991	\$ 7,620	\$ 3,913
Judicial administration	183,867	61,411	198,943	99,974	82,948	200,543	362,032	26,273	31,532	35,492
Public Safety	11,985	408,843	224,206	439,608	549,021	293,746	454,764	414,833	463,133	580,930
Public Works	-	-	-	-	-	-	-	-	19	1
Parks, recreation and cultural	185,600	150,713	103,291	231,592	141,640	177,568	102,269	308,350	296,931	253,921
Community development	-	-	-	-	-	-	-	78,193	70,194	58,448
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	10,125,073
Capital grants and contributions	264,598	271,737	-	-	-	262,809	197,033	380,537	361,697	2,400,955
Total governmental activities program revenues	<u>\$ 9,169,038</u>	<u>\$ 10,364,405</u>	<u>\$ 10,201,942</u>	<u>\$ 10,325,265</u>	<u>\$ 10,575,091</u>	<u>\$ 11,306,775</u>	<u>\$ 12,042,039</u>	<u>\$ 11,300,017</u>	<u>\$ 11,800,772</u>	<u>\$ 13,458,733</u>
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	\$ 17,775,706
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	3,100,000
Total business-type activities program revenues	<u>\$ 14,108,078</u>	<u>\$ 14,107,345</u>	<u>\$ 15,369,624</u>	<u>\$ 14,728,210</u>	<u>\$ 16,219,446</u>	<u>\$ 16,051,332</u>	<u>\$ 18,808,470</u>	<u>\$ 18,913,494</u>	<u>\$ 18,619,926</u>	<u>\$ 20,875,706</u>
Total primary governmental program revenues	<u>\$ 23,277,116</u>	<u>\$ 24,471,750</u>	<u>\$ 25,571,566</u>	<u>\$ 25,053,475</u>	<u>\$ 26,794,537</u>	<u>\$ 27,358,107</u>	<u>\$ 30,850,509</u>	<u>\$ 30,213,511</u>	<u>\$ 30,420,698</u>	<u>\$ 34,334,439</u>
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)	\$ (38,130,433)
Business-type activities	<u>(1,577,513)</u>	<u>(1,982,835)</u>	<u>(816,176)</u>	<u>(1,544,702)</u>	<u>(742,086)</u>	<u>(1,645,815)</u>	<u>(2,380,137)</u>	<u>1,203,720</u>	<u>2,271,484</u>	<u>4,682,101</u>
Total primary government net revenue	<u>\$ (33,821,979)</u>	<u>\$ (31,335,928)</u>	<u>\$ (32,136,660)</u>	<u>\$ (31,620,314)</u>	<u>\$ (32,114,342)</u>	<u>\$ (36,768,166)</u>	<u>\$ (39,170,216)</u>	<u>\$ (37,188,780)</u>	<u>\$ (37,553,278)</u>	<u>\$ (33,448,332)</u>

City of Hopewell, Virginia

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and other Changes in Net Assets</b>										
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	\$ 24,250,333
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	1,921,273
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	347,966
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	1,568,560
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	6,583,703
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	1,968,030
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	98,440
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	1,927,346
Transfers	214,268	205,117	275,000	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 28,662,485</b>	<b>\$ 30,624,348</b>	<b>\$ 32,390,972</b>	<b>\$ 33,093,187</b>	<b>\$ 35,195,287</b>	<b>\$ 33,576,144</b>	<b>\$ 33,829,417</b>	<b>\$ 37,452,685</b>	<b>\$ 37,225,004</b>	<b>\$ 38,665,651</b>
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	460,967
<b>Total business-type activities</b>	<b>\$ 19,015</b>	<b>\$ (103,257)</b>	<b>\$ 64,166</b>	<b>\$ 798,307</b>	<b>\$ 951,842</b>	<b>\$ 843,518</b>	<b>\$ 404,584</b>	<b>\$ 36,210</b>	<b>\$ 134,000</b>	<b>\$ 460,967</b>
<b>Total primary government</b>	<b>\$ 28,681,500</b>	<b>\$ 30,521,091</b>	<b>\$ 32,455,138</b>	<b>\$ 33,891,494</b>	<b>\$ 36,147,129</b>	<b>\$ 34,419,662</b>	<b>\$ 34,234,001</b>	<b>\$ 37,488,895</b>	<b>\$ 37,359,004</b>	<b>\$ 39,126,618</b>
<b>Change in Net Assets</b>										
Governmental 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)	\$ 535,218
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	\$ 5,143,068
<b>Total primary government</b>	<b>\$ (5,140,479)</b>	<b>\$ (814,837)</b>	<b>\$ 318,478</b>	<b>\$ 2,271,180</b>	<b>\$ 4,032,787</b>	<b>\$ (2,348,504)</b>	<b>\$ (4,936,215)</b>	<b>\$ 300,115</b>	<b>\$ (194,274)</b>	<b>\$ 5,678,286</b>

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>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>	<u>2012</u>
General fund:										
Reserved	\$ 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>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>\$ 8,624,250</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	\$ 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	780,932	1,090,129	503,031	405,094	221,901	228,810	157,004	346,795		
Capital projects funds	<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>\$ 16,182,044</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	\$ 484,090
Restricted									-	-
Committed									-	-
Assigned									7,433,145	7,185,036
Unassigned									<u>4,355,131</u>	<u>4,084,446</u>
Total general fund									<u>\$ 12,141,149</u>	<u>\$ 11,753,572</u>
All other governmental funds:										
Nonspendable									\$ -	\$ -
Restricted									10,098,751	5,789,508
Committed									-	-
Assigned									14,338,352	8,694,433
Unassigned									<u>(248)</u>	<u>(247)</u>
Total all other governmental funds									<u>\$ 24,436,855</u>	<u>\$ 26,237,266</u>

Note: Fiscal years 2003 through 2010 have not been restated per GASB 54.

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

	<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>	<u>2012</u>
<b>Revenues</b>										
General property taxes	\$ 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	\$ 23,481,976
Other local taxes	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	8,425,201
Permits, privilege fees/regulatory licenses	94,530	82,108	93,462	179,406	204,618	206,454	135,509	352,348	31,956	41,144
Fines and Forfeitures	65,830	61,411	79,376	74,318	69,921	155,217	282,130	714,594	1,288,030	1,866,202
Revenue from use of money and property	614,596	383,429	992,484	1,736,958	2,033,562	1,407,833	593,272	349,168	369,081	293,153
Charges for services	221,092	477,448	353,602	517,450	499,070	511,741	501,426	536,670	587,937	680,400
Miscellaneous	314,115	890,576	143,552	549,450	271,236	266,593	167,241	471,399	227,644	1,148,605
Recovered costs	-	-	-	996,392	824,000	823,000	872,000	872,000	884,500	884,500
Intergovernmental	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	14,502,537
<b>Total revenues</b>	<b>\$ 37,223,524</b>	<b>\$ 40,166,630</b>	<b>\$ 40,960,428</b>	<b>\$ 44,988,510</b>	<b>\$ 45,395,511</b>	<b>\$ 46,343,270</b>	<b>\$ 46,025,680</b>	<b>\$ 50,955,585</b>	<b>\$ 48,187,618</b>	<b>\$ 51,323,718</b>
<b>Expenditures</b>										
General government administration	\$ 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	\$ 2,946,336
Judicial administration	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	1,839,894
Public safety	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	11,107,197
Public works	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	3,468,258
Health and welfare	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	5,442,824
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	21,060,268
Parks, recreation and cultural	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	2,273,806
Community development	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	657,839
Nondepartmental	608,575	1,275,270	864,169	746,960	903,500	968,612	864,074	1,025,073	5,075,563	4,866,933
Capital projects	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	3,552,164
Debt service: (1)										
Principle	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	1,696,274
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	2,752,663
<b>Total expenditures</b>	<b>\$ 41,528,539</b>	<b>\$ 40,258,571</b>	<b>\$ 42,669,324</b>	<b>\$ 49,533,032</b>	<b>\$ 54,449,103</b>	<b>\$ 51,322,938</b>	<b>\$ 50,061,577</b>	<b>\$ 51,706,020</b>	<b>\$ 63,597,037</b>	<b>\$ 61,664,456</b>
Excess of revenues over (under) expenditures	<u>(4,305,015)</u>	<u>(91,941)</u>	<u>(1,708,896)</u>	<u>(4,544,522)</u>	<u>(9,053,592)</u>	<u>(4,979,668)</u>	<u>(4,035,897)</u>	<u>(750,435)</u>	<u>(15,409,419)</u>	<u>(10,340,738)</u>
<b>Other financing sources (uses)</b>										
Transfer in	\$ 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	\$ 3,493,901
Transfer out	(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)	(3,493,901)
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	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 4,179,268</b>	<b>\$ 205,117</b>	<b>\$ 20,923,711</b>	<b>\$ 858,896</b>	<b>\$ -</b>	<b>\$ (790,000)</b>	<b>\$ 10,332,340</b>	<b>\$ 2,801,771</b>	<b>\$ 18,158,970</b>	<b>\$ -</b>
<b>Net change in fund balances</b>	<b>\$ (125,747)</b>	<b>\$ 113,176</b>	<b>\$ 19,214,815</b>	<b>\$ (3,685,626)</b>	<b>\$ (9,053,592)</b>	<b>\$ (5,769,668)</b>	<b>\$ 6,296,443</b>	<b>\$ 2,051,336</b>	<b>\$ 2,749,551</b>	<b>\$ (10,340,738)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>8.51%</b>	<b>8.26%</b>	<b>10.35%</b>	<b>13.06%</b>	<b>9.60%</b>	<b>11.10%</b>	<b>10.61%</b>	<b>6.29%</b>	<b>11.77%</b>	<b>7.66%</b>

**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>Personal Property Direct Tax Rate</u>	<u>Personal Property</u>	<u>M &amp; T Property Direct Tax Rate</u>	<u>Machinery and Tools</u>	<u>Public Service</u>	<u>Total Direct Rate</u>	<u>Total Taxable Assessed Value</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2012	\$1.02	\$1,330,768,380	\$3.50	\$122,695,512	\$3.05	\$131,032,392	\$331,805,550	\$1.32	\$1,916,301,834	\$1,906,720,325	100.50%
2011	0.99	1,359,312,700	3.50	129,530,486	3.05	179,114,467	344,749,605	1.33	2,012,707,258	2,002,643,728	100.50%
2010	0.99	1,357,143,000	3.05	128,089,039	3.05	142,657,510	344,073,128	1.27	1,971,962,677	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	1.23	1,936,967,611	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	1.37	1,700,412,530	1,649,400,154	103.09%
2007	1.09	1,122,108,000	3.05	124,658,770	3.05	129,341,114	324,304,640	1.38	1,700,412,524	1,683,408,399	101.01%
2006	1.20	929,194,800	3.05	117,351,944	3.05	142,128,758	365,796,979	1.51	1,554,472,481	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	1.54	1,582,507,848	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	1.50	1,493,023,814	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	1.57	1,411,252,157	1,373,889,269	102.72%

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

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

**Table 6**

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

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Personal Property(2)</u>	<u>Machinery and Tools</u>	<u>Public Utility</u>		<u>Total Direct Rate(3)</u>
				<u>Real Estate</u>	<u>Personal Property</u>	
2003	\$1.20	\$3.05	\$3.05	\$1.20	\$3.05	\$1.57
2004	1.20	3.05	3.05	1.20	3.05	1.50
2005	1.20	3.05	3.05	1.20	3.05	1.54
2006	1.20	3.05	3.05	1.20	3.05	1.51
2007	1.09	3.05	3.05	1.09	3.05	1.38
2008	1.09	3.05	3.05	1.09	3.05	1.37
2009	0.96	3.05	3.05	0.96	3.05	1.23
2010	0.99	3.50	3.05	0.99	3.50	1.27
2011	0.99	3.50	3.05	0.99	3.50	1.33
2012	1.02	3.50	3.05	1.02	3.50	1.20

(1) Per \$100 of assessed value.

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

(3) Weighted average for tax levy.

The City of Hopewell has no overlapping taxes.

Table 7

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

<u>Taxpayer</u>	<u>Fiscal Year 2012</u>		<u>Fiscal Year 2003</u>	
	<u>2012 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>2003 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Allied Signal Corporation/Honeywell	\$119,064,910	6.0%	\$112,100,635	7.9%
Hopewell Cogentric Limited Partnership	106,622,753	5.4%	148,264,092	10.5%
Stone Container Inc.	82,413,147	4.2%	129,769,507	9.2%
Ashland, Inc.	47,595,174	2.4%	33,448,307	2.4%
Dominion Virginia Power	43,263,765	2.2%	64,763,036	4.6%
Virginia American Water Company	43,182,520	2.2%	23,990,181	1.7%
James River Cogeneration Company	42,910,598	2.2%	56,809,542	4.0%
Columbia HCA/John Randolph Hospital	32,739,373	1.7%	29,778,000	2.1%
Verizon Virginia Inc	<u>9,275,859</u>	<u>0.5%</u>	<u>13,932,932</u>	<u>1.0%</u>
	<u>\$527,068,099</u>	<u>26.8%</u>	<u>\$612,856,232</u>	<u>43.4%</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
2012	\$24,939,900	\$24,284,276	97.37%	\$ -	\$24,284,276	97.37%
2011	25,337,657	24,660,226	97.33%	476,675	25,136,901	99.21%
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%

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			
2012	\$ 53,632,083	\$ 3,970,200	\$ -	\$ -	\$ 35,405,000	\$ -	\$ 93,007,283	11.95%	\$ 4,117
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

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 Capita  
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Bonded Debt per Capita (1)
2012	\$ 57,602,283	\$ -	\$ 57,602,283	4.33%	\$ 2,550
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

(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 5.

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

City of Hopewell, Virginia

Legal Debt Margin Information  
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 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	\$ 133,076,838
Total net debt applicable to limit	<u>31,660,473</u>	<u>29,540,831</u>	<u>47,152,511</u>	<u>47,152,511</u>	<u>42,204,452</u>	<u>37,901,111</u>	<u>45,150,600</u>	<u>45,691,344</u>	<u>59,298,557</u>	<u>57,602,283</u>
Legal debt margin	<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>	<u>\$ 75,474,555</u>
Total net debt applicable to the limit as a percentage of debt limit	37.43%	34.78%	50.89%	50.75%	37.61%	33.09%	33.73%	33.67%	43.62%	43.28%

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 2012

Assessed value	\$1,330,768,380
Add back: exempt real property	-
Total assessed value	<u>\$ 1,330,768,380</u>
Debt limit (10% of total assessed value) (a)	\$ 133,076,838
Net debt applicable to limit	<u>\$ 57,602,283</u>
Legal debt margin	<u>\$ 75,474,555</u>

## 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>
2012	22,591	\$778,341,324	\$34,454	9.10%
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%

## 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 Period Nine Years Prior

Employer	Fiscal Year 2012		Fiscal Year 2003		% 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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government-										
City Clerk	1	1	1	1	1	1	1	1	1	2
City Attorney	2	2	2	2	2	2	2	2	2	2
City Manager	7	7	7	7	3	6	6	6	6	6
Finance department	14	14	14	14	18	15	15	15	15	15
City treasurer	5	6	6	6	6	5	5	5	5	5
Commissioner of revenue	6	6	6	6	6	7	7	7	7	7
Voter registrar	1	2	2	2	2	2	2	2	2	2
Judicial administration-										
Clerk of circuit court	6	6	6	6	6	5	5	5	5	5
Commonwealth Attorney	6	6	7	7	7	9	9	7	7	7
Court services	4	4	3	4	4	4	2	2	2	2
General district court										1
Public safety-										
Sheriff department	7	9	9	9	9	9	9	9	9	10
Fire & rescue	38	38	41	43	43	43	43	46	46	46
Building inspections	3	4	5	5	7	7	7	6	6	6
Police department	73	73	73	73	73	73	73	76	76	78
Animal control	3	3	3	3	3	3	3	1	1	1
Emergency services	1	1	1	1	1	1	1	1	1	1
Public Works-										
General maintenance	39	39	39	39	39	36	36	34	34	34
Landfill	2	2	2	2	2	2	2	2	2	2
Engineering	4	4	4	4	4	4	4	3	3	3
Sewer services	67	67	63	63	63	63	64	60	60	60
Health & welfare-										
Department of Social Services	40	40	41	41	41	41	41	40	40	40
Community Services Act	2	2	2	1	1	1	1	1	1	1
Culture and recreation-										
Parks and recreation	15	16	17	17	17	17	17	15	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	2	2	2	2	2	1	1	1
Totals	<u>351</u>	<u>357</u>	<u>360</u>	<u>362</u>	<u>364</u>	<u>362</u>	<u>361</u>	<u>351</u>	<u>351</u>	<u>356</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 Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Police department:										
E911 calls answered	16,889	19,354	17,733		22,906	22,381	19,764	14,101	17,075	17,329
Animal calls answered	2,142	2,116	1,539	1,805	1,847	1,912	1,361	1,856	2,757	3,028
Physical arrests	1,241	1,334	1,733	1,154	1,362		1,048	1,412	1,753	1,388
Civil papers										
Fire and rescue:										
Fire calls	1,206	1,394	1,104	1,117	1,225	1,232	1,164	3,130	3,430	3,687
EMS calls	2,549	2,285	1,517	1,623	1,993	2,046	1,944	3,557	3,505	3,615
Building inspections:										
Permits issued (all)	1,274	1,233	1,277	1,270	1,535	1,482	2,568	1,783	855	957
Inspections done (all)	1,110	1,152	1,266	915	1,264	1,174	2,895	4,607	482	2,560
Public works										
General maintenance:										
Work orders issued						2,720	2,002	1,898	1,429	n/a
Health and welfare										
Department of Social Services:										
Caseload*	5,001	6,835	8,425	8,336	8,600	8,436	9,087	10,378	10,707	10,911
Culture and recreation										
Parks and recreation:										
Community center visits	43,536	37,564	40,672	44,099	43,369	55,066	55,046	45,253	57,556	55,565
Summer program participants	177	120	597	452	421	425	320	1,058	1,303	n/a
Youth sports participants						4,039	4,627	5,314	4,461	n/a
Community development										
Planning:										
Zoning permits issued	678	743	884	989	1,142	1,346	1,376	496	218	291

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Administration buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	4	4	4	4	6	6	6	6	6	6
Public Works										
Vehicles					43	43	43	43	43	43
Public safety										
Police department:										
Vehicles					61	60	60	60	60	60
Sheriff department:										
Vehicles					11	13	14	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	7	8	8	8	8	8	8	8	8
Building inspectors:										
Vehicles	6	6	6	7	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	12	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**

**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 of Hopewell, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia (the "City") as of and for the year ended June 30, 2012, and have issued our report thereon dated January 18, 2013. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2012-01.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-04.

We noted certain other matters that are not significant or material weaknesses. We have discussed these with management of the City and described them in a separate letter to management dated January 18, 2013.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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

Richmond, Virginia  
January 18, 2013

**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 of 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, 2012. The City's major federal programs are identified in the summary of auditors' 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, 2012.

### **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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-03 to be a material weakness.

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 be 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-02 to be a significant deficiency.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and accordingly, we express no opinion on it.

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

Richmond, Virginia  
January 18, 2013

**City of Hopewell, Virginia**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

	Federal Catalogue Number	Expenditures
<b><u>Department of Agriculture</u></b>		
<u>Pass Through Payments:</u>		
Department of Education		
National school breakfast program	10.553	\$ 528,247
National school lunch program	10.555	1,240,591
Summer food service program for children	10.559	8,478
Department of Social Services		
State Admin Matching Grants for Supplemental Nutrition Assistance Programs	10.561	453,203
Total Department of Agriculture		2,230,519
<b><u>Department of Defense</u></b>		
<u>Direct Payment</u>		
JROTC	12.000	62,397
Department of Defense Education Activity	12.000	152,571
Total Department of Defense		214,968
<b><u>Department of Housing and Urban Development</u></b>		
<u>Direct Payments:</u>		
Community Development Block Grant- State Programs	14.228	108,565
Total Department of Housing and Urban Development		108,565
<b><u>Department of Justice</u></b>		
<u>Pass Through Payments:</u>		
Office of Justice Program	16.000	159,114
Public Safety Partnership and Community Policing Grant	16.710	221,252
Total Department of Justice		380,366
<b><u>Department of Transportation</u></b>		
<u>Pass Through Payments:</u>		
<u>Dept of Motor Vehicles</u>		
State and Community Highway Safety Program - Sheriff	20.600	24,951
State and Community Highway Safety Program - Police	20.600	12,089
Total Department of Transportation		37,040
<b><u>Department of Energy</u></b>		
<u>Pass Through Payment:</u>		
Energy Efficiency and Conservation Block Grant	81.086	350,000
<u>Direct Payment</u>		
Clean Water State Revolving Funds - ARRA	81.128	125,000
Total Department of Energy		475,000

**City of Hopewell, Virginia**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

	Federal Catalogue Number	Expenditures
<b><u>Department of Education</u></b>		
<b><u>Direct Payments:</u></b>		
Impact Aid	84.041	42,682
 <b><u>Pass Through Payments:</u></b>		
Title I cluster		
Title I: Grants to local educational agencies	84.010	1,271,206
Title I: Grants to local educational agencies - ARRA	84.389	722
Special education cluster:		
Special education grants to states	84.027	868,084
Special education grants to states - ARRA	84.391	616,536
Special Education- Preschool Grants (IDEA Preschool)- ARRA	84.392	25,582
Preschool Handicapped	84.073	22,718
Career and Technical Education: National Programs	84.048	143,861
Gaining Early awareness and readiness for undergraduate programs	84.334	23,348
English Language Acquisition Grants (Title III)	84.365	20,797
Improving Teacher Quality State (Title II A)	84.367	267,098
School Improvement Grant	84.377	404,478
State Fiscal Stabilization - ARRA	84.394	130,653
State Fiscal Stabilization - Basic Aid - ARRA	84.394	
Education Jobs Fund	84.410	412,573
 Total Department of Education		4,250,338
 <b><u>Department of Health and Human Services</u></b>		
<b><u>Direct Payments:</u></b>		
Administration for Children, Youth and Families (Head Start and Day Care Grant)	93.600	1,298,632
Health Care and Other Facilities	93.887	254,430
 <b><u>Pass Through Payments:</u></b>		
Promoting Safe and Stable Families	93.556	898
Temporary Assistance for Needy Families (TANF)	93.558	389,314
Refugee and Entrant Assistance - State Administered Programs	93.566	604
Low Income Home Energy Assistance	93.568	40,177
Child Care and Development Block Grants	93.575	192,183
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	151,532
Child Welfare Services - State Grants	93.645	1,181
Foster Care - Title IV-E	93.658	295,011
Adoption Assistance	93.659	121,551
Social Services Block Grant	93.667	218,921
Chafee Foster Care Independence Program	93.674	4,304
State Children's Insurance Program	93.767	13,047
Medical Assistance Program	93.778	274,100
 Total Department Health and Human Services		3,255,885

**City of Hopewell, Virginia**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

	Federal Catalog Number	Expenditures
<b><u>Department of Homeland Security</u></b>		
<u>Pass Through Payments:</u>		
<u>Dept of Emergency Services</u>		
Urban Areas Security Initiative	97.008	\$ 32,603
Emergency Management Performance Grants	97.042	63,514
Assistance to Firefighters Grant	97.044	92,757
State Homeland Security Program (SHSP)	97.073	66,149
Total Department of Homeland Security		255,023
Total federal expenditures		\$ 11,207,704

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Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards present the activity of all federally

Note 2 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified

**CITY OF HOPEWELL**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**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: **NO**
3. Material weaknesses in internal control disclosed by the audit of financial statements: **YES, finding 2012-01**
4. Noncompliance, which is material to the financial statements: **NO**
5. Significant deficiencies in internal control over major programs: **YES, finding 2012-02**
6. Material weaknesses in internal control over major programs: **YES, finding 2012-03**
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: **YES**
9. The programs tested as major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
81.086	Conservation Research & Development
84.027/84.391/84.392	Special Education Cluster
84.377	School Improvements Grant Cluster
84.410	Education Jobs Fund
93.600	Head Start Cluster
93.778	Medicaid Cluster

10. Dollar threshold used to distinguish between type A and type B programs: \$336,231
11. City of Hopewell was not determined to be a low risk auditee.

**CITY OF HOPEWELL**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:**

**2012-01**

**Criteria:**

Federal revenues should reconcile between the fund statements and the Schedule of Expenditures of Federal Awards (SEFA). It is the clients' responsibility to prepare the SEFA.

**Condition:**

During our reconciliation of federal revenues between the fund statements and the SEFA we noted several grants that were not recorded in the SEFA (total of ~\$730,000).

**Cause:**

The City is relying too heavily on the auditors to assist with the reconciliation of Federal revenues to the SEFA.

**Effect:**

Inaccurate reporting of federal revenues affects the major program determination of the Single Audit, as well as causing inefficiencies during the audit.

**Recommendation:**

We recommend that the City perform a reconciliation of federal revenues to the SEFA before fieldwork begins to ensure all grants are properly reported.

**Management Response:**

City Finance staff will work with the Director of Finance to reconcile and complete the SEFA.

**C. Findings and Questioned Costs Relating to Federal Awards:**

**2012-02 Reporting**

**CFDA 81.086- Conservation Research & Development**

**Criteria:**

Per the grant agreement, the Property Certification was to have been filed within 90 days of termination of the grant (i.e. within 90 days of Aug. 15, 2012, or Nov. 15, 2012). The Annual Inventory report was to have been filed annually.

**Condition:**

The Property Certification was not filed within 90 days of termination of grant (i.e. within 90 days of Aug. 15, 2012, or Nov. 15, 2012). No annual inventory report had been filed at time of fieldwork.

## CITY OF HOPEWELL

### Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**Cause:**

The grant closeout reporting process was not completed in a timely manner- This was a new grant in the current year.

**Effect:**

Federal reporting criteria not met.

**Recommendation:**

We recommend the Grant Manager start the reporting closeout process as soon as all funding has been exhausted for that particular program.

**Management Response:**

City Finance staff will commence the grant closing process no later than the 1st quarter after the funds are exhausted.

### 2012-03 Equipment and Real Property Management

#### CFDA 81.086- Conservation Research & Development

**Criteria:**

Per the grant agreement, equipment purchased with federal funds should be capitalized within 90 days of termination of the grant.

**Condition:**

Equipment purchased with federal funding was not capitalized within 90 days of termination of the grant.

**Cause:**

Insufficient communication between the City Finance department and the Grant Manager to ensure capitalization of grant funded equipment purchased.

**Effect:**

Capital assets were understated, causing a material adjusting entry of ~\$1.5 Mil to be posted.

**Recommendation:**

We recommend that a formal communication process between the City Finance department and the Grant Managers is designed to discuss the financial statement impact of each grant.

**Management Response:**

The Finance Department will work with departments expending grants funds to improve the communication and assure the proper handling of grant funds.

**CITY OF HOPEWELL**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**D. Findings and Questioned Costs- State Compliance**

**2012-04 Compliance related to Social Services**

**Criteria:**

Each local Department of Social Services should document a Business Continuity Plan in compliance with the Virginia Department of Emergency Management's (VDEM) requirements, which include establishing procedures that address disruptions for loss of access to facility, loss of services due to reduced workforce and loss of services due to equipment or systems failure.

**Condition:**

While performing our audit procedures on compliance with a documented Business Continuity Plan, we determined that the City's plan did not address disruption for loss of services due to reduced workforce.

**Cause:**

The Social Services department failed to address this element when putting together their Business Continuity Plan.

**Effect:**

Hopewell Social Services Business Continuity Plan is not in compliance with VDEM requirements.

**Recommendation:**

We recommend Hopewell Social Services review the requirements of the Business Continuity Plan as outlined on VDEM's website, and revise their current plan so it is compliant.

**Management Response:**

Administration staff will work with Social Service to revise the Business Continuity Plan to be in compliance with VDEM.

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