

FY 2008
Comprehensive Annual Financial Report
Fiscal Year ended June 30, 2008
City of Suffolk, Virginia



Suffolk
VIRGINIA

CITY OF SUFFOLK, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008

Prepared By:

Department of Finance

CITY OF SUFFOLK, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2008

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CITY OF SUFFOLK

P.O. BOX 1858, SUFFOLK, VIRGINIA 23439-1858 PHONE: (757) 514-4012

CITY MANAGER

December 3, 2008

The Honorable Council
City of Suffolk, Virginia

Dear Council Members,

In accordance with statutes of the Code of the Commonwealth of Virginia and local charter provisions, the Comprehensive Annual Financial Report (CAFR) of the City of Suffolk as of June 30, 2008, and for the fiscal year then ended, is hereby transmitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Management believes that the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position, results of operations of the City, and the cash flows of its proprietary funds as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal control 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 cost and benefits requires estimates and judgments by management. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

An annual independent audit of the City's finances is required by Section 8.08 of the City Charter and Section 15.2-2511 of the 1950 Code of Virginia, as amended. The City of Suffolk's financial statements have been audited by Robinson, Farmer, Cox Associates. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Suffolk as of and for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Suffolk's financial statements as of and for the fiscal year ended June 30, 2008, are fairly

presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section.

The independent audit of the financial statements of the City of Suffolk was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal control and compliance with legal requirements, with special emphasis on internal control and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit section of the CAFR.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Suffolk's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The present City of Suffolk was formed January 1, 1974, from the consolidation of the City of Suffolk and the City of Nansemond (formerly Nansemond County). The City is Virginia's largest city in land area and one of the top ten in land area in the nation. The City is situated in the western portion of Hampton Roads, Virginia's coastal plain area, and is bounded by the James River to the north, the Cities of Chesapeake and Portsmouth to the east, the State of North Carolina to the south, and the Counties of Southampton and Isle of Wight to the west. The City of Suffolk is one of seven major cities that form the Norfolk – Virginia Beach – Newport News metropolitan area with 1.6 million people.

The City's government is organized under the Council-Manager form of government. The governing body, City Council, is composed of seven members who make policies for administration of the City. The Mayor and Vice-Mayor are appointed from City Council by majority vote of all members of City Council. City Council appoints a City Manager to act as administrative head of the City. The City Manager serves at the pleasure of City Council, carries out its policies, directs business procedures, and appoints and has the power to remove the directors of all departments and all employees of those departments under his control.

The School Board is elected by borough. Under Virginia law all operations of the School Board are completely independent of City Council and the City Administration. City Council is required to make an annual appropriation to the School Board based upon an approved budget, but has no authority to direct how such appropriation is expended.

The City of Suffolk provides a full range of municipal services contemplated by statute or charter. This includes education, public safety, highways and streets, parks and recreation, sanitation, health and social services, public improvements, planning and zoning, public utilities, stormwater management and general administrative services.

The funds and entities related to the City of Suffolk included in the City's CAFR are controlled by or dependent on the City. Determination of "controlled by or dependent on" is based on criteria developed by the Governmental Accounting Standards Board. The criteria deal with existence as an organized entity, governmental character, and substantial autonomy. Based on these criteria, the various funds of the City shown in the Table of Contents are included in this report. Since the School System is fiscally dependent on the City, the financial statements of the Suffolk City School System are included as a component unit of the City in accordance with Governmental Accounting Standards Board Statement No. 14. The Industrial Development Authority has also been included as a component unit of the City due to the fiscal relationship which exists for the Northgate Commerce Park, Suffolk Industrial Park, and the development of the Hilton Garden Inn Hotel and Suffolk Conference Center, as well as other initiatives designed to foster economic activity in the City, in accordance with Governmental Accounting Standards Board Statement No. 14. Excluded as a component unit are the Suffolk Redevelopment and Housing Authority, the Western Tidewater Regional Jail Authority, and the Western Tidewater Water Authority which are not controlled by or dependent on the City.

The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Budgetary control is maintained at the expenditure level of each department using an encumbrance accounting system. Open encumbrances are reported as reservations of fund balance at June 30, 2008. A description of the procedures utilized to establish budgetary data is presented in the Notes to Required Supplementary Information of this report.

Local Economy and Economic Activity

The City of Suffolk has experienced a strong increase in population and is expected to go through a higher growth rate in the next 20 years than it experienced during the two previous decades, according to the Hampton Roads Planning District Commission. The Northern Suffolk Development District is projected to encounter the greatest degree of growth due to the large tracts of land available for development, its proximity and accessibility to employment and commercial centers, and the increasing availability of public infrastructure. The presence of Interstate 664, the Monitor-Merrimac Bridge Tunnel, and the James River Bridge provide convenient access to the Virginia Peninsula from the northern part of the City. Significant new growth and revitalization is also occurring around the Greater Downtown Development District. In planning for growth and cost effective service delivery, the City has identified both of these areas as Urban/Suburban Growth Areas in the 2026 Comprehensive Land Use Plan, adopted in March, 2006.

These rapidly growing residential and commercial developments are opening up many new locations for office, industrial, and retail tenants across the city. With affordable, well-located sites and easy access to regional transportation networks, you can see why Suffolk is a highly desirable place to do business. In 2007, new and expanding businesses invested more than \$165 million in the city, announcing more than 1,100 new jobs. In addition, Suffolk has seen significant new interest from national real estate developers due to the opening of the new APM Marine Terminal. There are several major new industrial developments that are currently under construction: 1) Bridgeway Commerce Center: three buildings totaling 425,000 square feet. 2) Northgate Logistics Center: two buildings totaling 300,000 square feet. 3) Virginia Regional Commerce Park: four buildings totaling 1,000,000 square feet, and 4) Virginia Commerce Center: three buildings totaling 1,300,000 square feet. Other industrial/warehouse spaces that are currently in the design phase include: 1) Enterchange at Suffolk: two buildings totaling 918,000 square feet, and 2) Commerce Center Hampton Roads: two buildings totaling 740,000 square feet. In addition, our computer modeling and simulation research and development sector has diversified with the recent addition of Applied Research Associates, Inc. and Atmospheric and Environmental Research, Inc.

Calendar year 2007 also saw a variety of other retail, medical and banking activity. With heavyweight anchors like Wal-Mart, Kohl's, Office Max and Bed Bath & Beyond, northern Suffolk's Harbour View Station East is growing by leaps and bounds. The 230,000 square-foot retail center offers a variety of space and is conveniently located near I-664. Sentara BelleHarbour opened a three-story, 75,000-square-foot facility offering a full service 24-hour emergency department, advanced diagnostic imaging, laboratory, physical therapy, sports medicine center and physician offices. This new center will meet the surgical needs of the growing community. Additionally, Bon Secours Hampton Roads Health System opened their new advanced emergency department at Harbour View, which offers a 30-minute guarantee of treatment. The \$3.7 million expansion added an additional 11,000 square-feet to their existing facility. SuffolkFirst Bank opened its third full-service branch in northern Suffolk. The new 12,000-square-foot building represented a capital investment of \$4.2 million. Bronco Federal Credit Union held a ribbon cutting ceremony for their new 4,000 square-foot building located near downtown Suffolk. This new location features the latest in financial technology and will soon become an outlet of Virginia's credit union shared service network. Premier Fitness hosted a ribbon cutting ceremony for their new 13,000 square-foot facility located in northern Suffolk. Marlyn Development announced their plans for the development of 120,000 square-feet of office and office/warehouse buildings at Northgate Commerce Park. They will invest approximately \$4.5 million in the first phase with a total capital investment of \$8 million when the project is completed.

Northern Suffolk is seeing significant expansion of office space as it continues to develop into one of the major high-technology hubs of the Hampton Roads Region. The brand-new MAST Center (Modeling, Analysis, Simulation Technology) is a 32-acre campus for research, technology and education. The first phase of this three-building complex, houses the Virginia Modeling, Analysis and Simulation Center (VMASC), a collaboration of Old Dominion University (ODU) with industry, government and the military. Down the street from the MAST Center is a "Who's Who" of Fortune 500 giants located within the Bridgeway Commerce Park.

Within Bridgeway Commerce Park, the Bridgeway Technology Center project is comprised of 500,000 square-feet of Class A office, laboratory and research facilities. Bridgeway Technology Centers I, II, and III have delivered 261,000 square-feet of leased facilities to

include such tenants as the U.S. Joint Forces Command, General Dynamics, Raytheon, Science Applications International Corporation (SAIC), BMH Associates, Inc., Antheon, Centex Homes and Echostorm. Bridgeway Technology Centers IV and V will be signature multi-story office facilities within the project, and are expected to be under construction during Winter 2008 with delivery and occupancy in 2009. The Bridgeway Technology Center VI facility will be a 100,000 square-foot multi-story office facility that will be available on a build-to-suit basis pending the completion of Bridgeway Technology Centers IV and V.

Another multi-phase project within Bridgeway Commerce Park is Bridgeway Commerce Center. This campus-like setting will feature three state-of-the-art warehouse/distribution light industrial buildings. Buildings I and III have been completed and are home to Dana Corporation, Capital Lightning & Supply, TKC Technology Solutions and CHEP USA. Building two, with a total of 126,000 square-feet is planned for construction in late 2008.

Other major announcements in calendar year 2007 have included Unilever Lipton with their \$3.1 million investment to add the "Lipton-To-Go-Stix". Their new high speed equipment turns out 1,000 single-serving "Stix" per minute in six flavors. Vitex Packaging added 10,000 square-feet of production and warehouse space, investing \$1.5 million and added 15 new jobs. The River Stone Chophouse opened their doors in late 2007 to a dining establishment like no other. This 13,000 square-foot building offers a state-of-the-art conference room with an adjacent private dining area and a bar with its soaring 22-foot ceiling, the landmark structure will accommodate up to 250 for corporate meetings or private events.

Clearly the future is bright for economic activity across the City of Suffolk. Suffolk's Historic Downtown offers a rich blend of historic attractions, art studios, small shops and a wide variety of dining establishments. During calendar year 2007, downtown Suffolk added new unique residential opportunities with Prentis Place, Jefferson School Lofts and Montgomery Lofts. The resurgence of downtown along with the look and lifestyle of an earlier era inspired the transformation of these buildings into highly desirable living spaces. Four Downtown buildings won awards for their excellence in architecture and interior designs in 2007. The buildings were selected from hundreds of entries throughout the Hampton Roads region from three different professional organizations. The buildings included The Hilton Garden Inn and Suffolk Conference Center, The Suffolk Center for Cultural Arts, The Jones Building and Montgomery Lofts.

Economic activity continues to flourish during the first half of 2008. ProLogis, the world's largest owner, manager and developer of industrial facilities, purchased 83 acres at Northgate Commerce Park. The initial phase of development will include the construction of two buildings – one comprising 489,500 square-feet and the other, 154,000 square-feet. DLBA Robotics announced their plans to construct a 30,000 square-foot office, manufacturing and warehouse building. They plan to invest \$3 million in the project and bring 50 new jobs to Suffolk. The Dixie Group expanded into 80,000 square-feet at Bridgeway Business Center. They will invest \$2.6 million and add 20 new jobs. Adams Comprehensive Foot Care held a ribbon cutting ceremony to dedicate their new office for the practice of podiatry, located within Harbour View Professional Center. Boeing leased 7,500 square-feet of office space at Bridgeway Technology Center III for its multi-million dollar, state-of-the-art experimentation center. They will initially employ nine people and have the capability to network many others during events, as needed, from a pool of hundreds more. Landmark Hotel Groups acquired ownership of the Hilton Garden Inn and Suffolk Conference Center from Noble Investment

Group. The company plans to make significant upgrades to the property and will still operate under the Hilton Garden Inn name.

According to the 2008 Hampton Roads Real Estate Market Survey conducted by the Old Dominion University Center for Real Estate and Economic Development, Suffolk now has over 11.5 million square-feet of industrial space in 115 buildings with only a 4.72% vacancy rate as of Fourth Quarter, 2007. Suffolk continues to outpace the other regional submarkets mostly because of available land and ease of access to the transportation systems. As of January 2008, Suffolk had 925,814 square-feet of Class A and B office space with a 5.54% vacancy rate, versus a regional office vacancy rate of 8.4%. In addition, the City has 1,038,148 square-feet of retail space in 12 different neighborhood and community shopping centers with a 6.30% vacancy rate.

As you can see there are significant new opportunities throughout Suffolk. By managing our residential and commercial development through “smart growth” best practices we continue to offer families and businesses plenty of room to live, work and play in Suffolk. Indeed, as the saying goes, *“It’s a good time to be in Suffolk”*.

Major Initiatives and Long Range Planning

City Council and City Management continue their visionary process in their commitment to planning for the future of the City of Suffolk. Through a series of retreats and work sessions, City Council has established priorities as the guiding principles to move the City into the twenty-first century and to develop partnerships to further the City’s objectives.

In planning for the specific initiatives under these priorities, the City’s adopted ten-year Capital Improvements Plan which represents a planned schedule of the City’s needed expenditures for physical improvements over the next decade. The Capital Improvements Plan which covers the ten-year period from fiscal year FY-09 through fiscal year FY-18 includes water and sewer projects totaling approximately \$338.5 million, golf course projects of \$.7 million, Rt. 17 taxing district improvements totaling \$4.8 million, school projects of \$132 million, public safety projects of more than \$32.7 million, public building and facilities totaling approximately \$21.3 million, parks and recreation projects of \$16.3 million, industrial development of \$32.3 million, public works projects of approximately \$35.2 million, and village and neighborhood initiatives of \$10.8 million. The Plan also includes projects in the areas of public works, geographical information systems, and Downtown, Village and Neighborhood Initiatives.

The City recently underwent a review and revision of its financial policies and guidelines that included input from City staff, City financial advisors and the rating agents of City bonds. This policy revision is substantially complete and will be going before Council in December 2008 to facilitate the above mentioned plan for expenditures and improvements throughout the City.

The City of Suffolk, as well as the region, has seen upward trends in residential growth and significant increases in the assessed valuation of real property. To manage growth, in March 2006, City Council adopted the 2026 Comprehensive Land Use plan. This plan updated the 2018 Plan and has set forth the desired growth patterns of the City, identifying residential, office, and industrial/commercial growth areas as well as areas which are anticipated to

maintain their rural/agricultural characteristics. Based on several measures of performance, the plan continues to be effective. The City has maintained an average of 1,700 new residential building permits over the past ten years. The City of Suffolk, like other localities in the Hampton Roads Region, Virginia and nationally, experienced significant increases in the assessed valuation of real property. For fiscal year 2007, the City Council reduced the city wide real estate tax rate from \$1.06 per \$100 of assessed value to \$.94 per \$100 of assessed value. In the subsequent fiscal year, 2009, this rate was maintained.

City Council has adopted and incorporated into its Comprehensive Land Use Plan, several neighborhood and village revitalization plans. These plans set the stage for capital and other improvements to enhance the quality of life for citizens as well as continue the revitalization of the downtown area. Implementation of these plans has been moved forward by way of the Capital Improvement Plan as well as the obtainment of federal funding. The City's public commitment to the implementation of these plans is spurring private investment in neighborhoods and villages. In addition, the plans are becoming a catalyst for opportunities for public/private partnerships.

Continuing its efforts to enhance and improve the quality of life for the citizens of Suffolk, a new library in the northern section of the City was completed in fiscal year 2007. Near the site of the new Northern Suffolk Library, the new Creekside Elementary School has been constructed and was opened for the 2006-2007 school year in August of 2006. This 800-pupil school represents the City's thirteenth elementary school and brings the total number of schools in the City to twenty-one. Included in the new school facility is the Creekside Recreation Center operated by the City's Parks and Recreation Department. This recreation center is the seventh joint use facility opened over the past ten years and brings the full and expanded use of the new school for recreation purposes within the community. The fiscal year 2008 capital budget includes funding for Hillpoint Elementary School; this school will also have an 800-pupil capacity and will serve the Route 10 corridor of the City. Based on progress to date this school is planned to be open in the fall of 2008.

To address Federally mandated requirements and regulations related to Stormwater quantity and quality during fiscal year 2006 the City Council adopted a Stormwater Management Program. This program and associated Stormwater Management fee went into effect July 1, 2006.

With the exception of the roads within the approximately two and one half square miles in the old City of Suffolk which were maintained by the City, since the 1974 merger of the City of Suffolk and the City of Nansemond (formerly the County of Nansemond) the Virginia Department of Transportation has provided maintenance of the City's roadways. This maintenance effort was to a county standard. During fiscal year 2006 City Council voted to transfer this maintenance to the City. In preparation of this large endeavor, during the latter part of FY2006, the City established the Road Maintenance Fund, a special revenue fund, and began recruiting staff, acquiring necessary equipment and stocking of inventory to be prepared for the transition effective July 1, 2006. The transition of the maintenance of all city roadways was completed in fiscal year 2007. The results of the operations of the Road Maintenance Fund can be found in the Nonmajor Governmental Funds section of the CAFR.

Cash Management

The City uses a pooled cash concept to allow greater investment flexibility and, consequently, a better investment return. Cash from all funds, except that restricted for specific purposes or managed by fiscal agents, is pooled for investment purposes.

The City's investment policy is to minimize market risks while achieving a competitive yield on its investments. Accordingly, during fiscal year ending June 30, 2008, cash of the City was maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. Seq. of the Code of Virginia or covered by federal depository insurance.

During the fiscal year ended June 30, 2008, the City's temporarily idle cash was invested in instruments ranging in maturity but none more than 24 months. The investment policy states that the portfolio shall be designed to attain a market rate of return, taking into account investment risk constraints and liquidity needs. The total amount of interest earned in the general fund for the current fiscal year was \$2,466,587 compared with \$2,572,329 for the previous fiscal year ended June 30, 2007.

Debt Administration

While the City pursues the implementation of a capital improvements plan, the City conservatively reviews annually the affordability of such funding levels. The City is substantially near completion in the revision of the financial policies that govern this debt administration. These guidelines serve to provide measurement of affordability, level of debt outstanding, and annual amounts of debt service. Additional information regarding the City's debt outstanding and debt administration is provided in the notes to the financial statements and the statistical section contained in this report.

Awards and Acknowledgements

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 Suffolk, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2007, representing the twenty-fourth consecutive year that the City has received this award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Department of Finance. We would like to express our appreciation to all members of this Department, and to the many other City departments and agencies which have contributed to the completion of this report.

Respectfully,

A handwritten signature in black ink, reading "Selena Cuffee-Glenn". The signature is written in a cursive style with a long, sweeping tail on the "n".

Selena Cuffee-Glenn
City Manager

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Suffolk
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



Oliver S. Cox

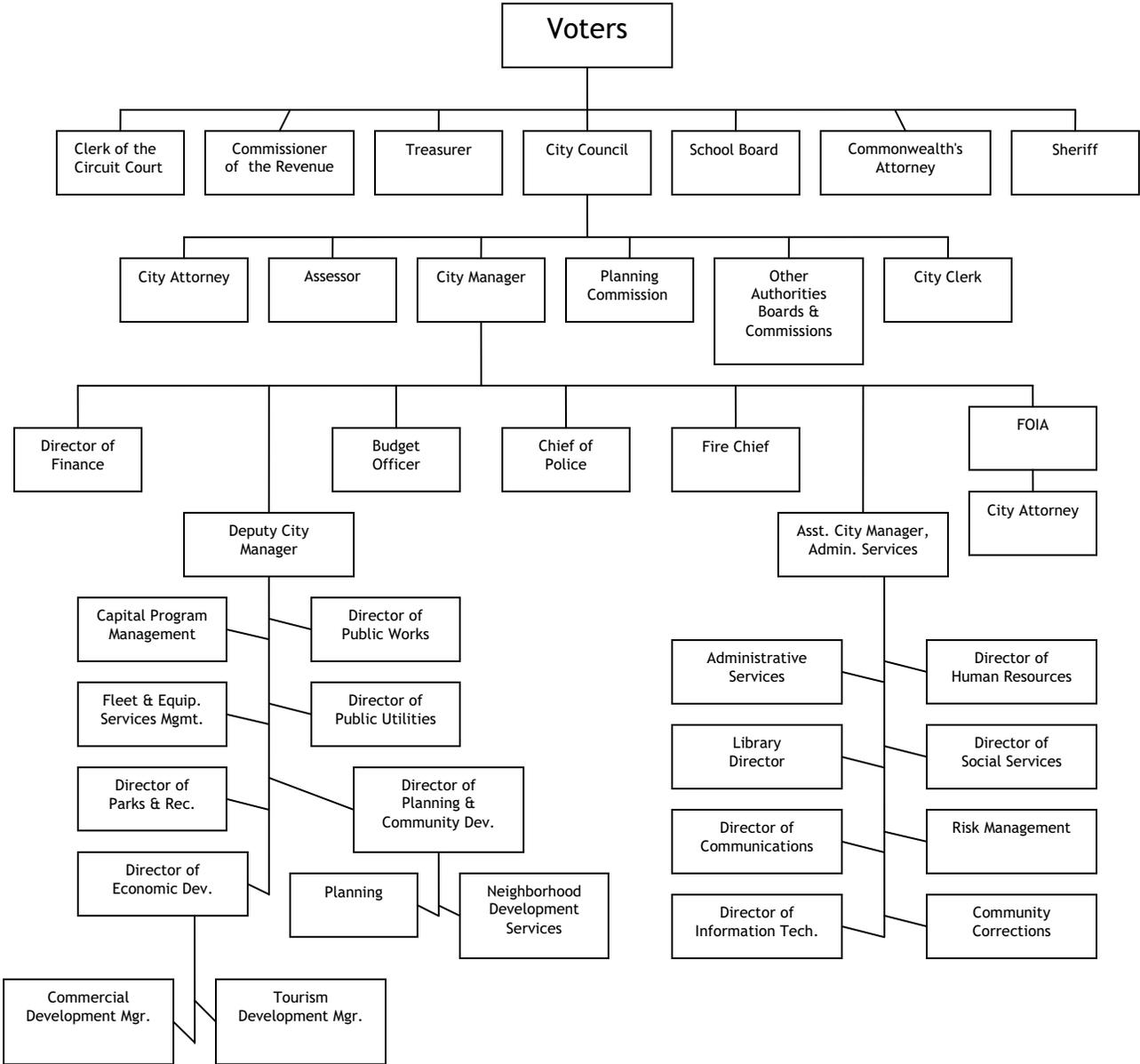
President

Jeffrey R. Emery

Executive Director

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CITY OF SUFFOLK, VIRGINIA ORGANIZATIONAL CHART



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CITY OF SUFFOLK, VIRGINIA

OFFICIAL DIRECTORY
JUNE 30, 2008

CITY COUNCIL

Linda T. Johnson, Mayor
Curtis R. Milteer, Sr., Vice Mayor

Joseph H. Barlow
Leroy Bennett
Charles F. Brown

Jeffrey L. Gardy
Charles D. Parr, Sr.

CONSTITUTIONAL OFFICERS

Raleigh H. Isaacs
C. Phillips Ferguson
Thomas A. Hazelwood
W. Randolph Carter, Jr.
Ronald H. Williams

Sheriff
Commonwealth's Attorney
Commissioner of the Revenue
Clerk of the Circuit Court
City Treasurer

JUDGES

Westbrook J. Parker
Rodham T. Delk, Jr.
Carl Edward Eason, Jr.
Robert B. Edwards
James A. Moore
Alfreda Talton-Harris
Robert S. Brewbaker, Jr.
William R. Savage, III

Chief Judge of Circuit Court
Judge of Circuit Court
Judge of Circuit Court
Chief Judge of General District Court
Judge of General District Court
Chief Judge of Juvenile and Domestic Relations Court
Judge of Juvenile and Domestic Relations Court
Presiding Judge of General District Court

SUFFOLK PUBLIC SCHOOLS - SCHOOL BOARD

Lorraine B. Skeeter, Chairwoman
James E. Perkinson, Vice Chairman

Enoch C. Copeland
Michael J. Debranski, Ed. D.
Sharon R. Harris

John R. Riddick, Sr.
William L. Whitley

SUFFOLK PUBLIC SCHOOLS - ADMINISTRATION

Milton R. Liverman, Ed. D.
Michael K. Brinkley

School Superintendent
Executive Director of Finance

CITY OF SUFFOLK, VIRGINIA

OFFICIAL DIRECTORY
JUNE 30, 2008

CITY ADMINISTRATION

Selena Cuffee-Glenn	City Manager
Patrick Roberts	Deputy City Manager
C. Edward Roettger, Jr.	City Attorney
Erika S. Dawley	City Clerk
Maria Kattmann	City Assessor
Vacant	Assistant City Manager - Administrative Services
John Wallingford	Director of Finance
Yvonne M. Manning	Director of Human Resources
William A. Freeman	Police Chief
Mark R. Outlaw	Fire Chief
Elliott A. Drew	Library Director
Albert S. Moor, II, P.E.	Director of Public Utilities
Eric T. Nielsen, P.E.	Director of Public Works and Aviation Facility
Delbert T. Patrick, Jr.	Director of Information Technology
Leonard R. Horton	Director of Social Services
Thomas A. O'Grady	Director of Economic Development
D. Scott Mills	Director of Planning and Community Development
Sharon Thornhill	Registrar
Raymond H. Swartz, Jr.	Chief Magistrate
Anne Seward	Budget Officer

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Honorable Members of the City Council
City of Suffolk
Suffolk, 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 Suffolk, Virginia, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Suffolk, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Suffolk, Virginia, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2008, on our consideration of the City of Suffolk, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 2, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Suffolk's (the "City") comprehensive annual financial report presents a discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2008. Please read this in conjunction with the transmittal letter in the front of this report and the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- At the close of the fiscal year, the assets of the City exceeded its liabilities by \$372.9 million (total net assets - government-wide), a \$26.6 million increase from fiscal year 2007.
- The General Fund, on a current financial resource basis, reported revenues in excess of expenditures and other financing sources and uses by \$14.3 million.
- At the end of the fiscal year, the undesignated fund balance for the General Fund was \$33.3 million, an increase of \$10.9 million from the prior fiscal year.
- Debt transactions for 2008 were as follows:
 - In November, 2007, the City issued \$24.475 million in general obligation bonds. This bond issue has an effective interest rate of 4.16%. This bond issue is for support of the fiscal year 2007 capital budget which contained projects in areas such as education, economic development, public safety, public works, and community development.
 - In December, 2007, the City issued \$39.795 million in VRA water and sewer revenue bonds series 2007.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide the readers with a broad overview of the City's finances in a manner similar to a private-sector business. Government-wide financial reporting consists of two statements: the Statement of Net Assets and the Statement of Activities.

The *statement of net assets* presents information on all City assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information identifying how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, some items of revenues and expenses are reported in this statement that will result in cash flows in future fiscal periods.

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

In the Statement of Net Assets and the Statement of Activities, the City is divided into the following categories:

- **Governmental activities** - Most of the City's basic services are reported here including general government, public safety, public works, education, health and welfare, parks and recreation and economic and community development.
- **Business-type activities** - The City's water and sewer services are reported here as well as the City's golf course activity and Stormwater Utilities. These services are supported by charges for services based on use.
- **Component Units** - The City includes two separate legal entities in its report - the Suffolk School Board and the Economic Development Authority of the City of Suffolk. While legally separate, the City is financially accountable and provides operating and capital funding to these component units.

Fund Financial Statements

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the City's most significant funds. The fund financial statements are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Capital Projects and Debt Service funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds - The City maintains three different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, the City's golf course activity and the activities of the Stormwater Utility Fund. Internal Service funds are an accounting mechanism used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet management, information technology and insurance programs.

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

Fiduciary Funds - The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is similar to that of the proprietary funds.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the Basic Financial Statements section of this report.

Required Supplementary Information - In addition to the basic financial statements and notes, this report also presents budgetary comparison schedules, a schedule of funding progress and employer contributions and notes to the required supplementary information.

Other Supplementary Information - This report also presents combining and individual fund statements and schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

The following table reflects the condensed statement of net assets:

Statement of Net Assets						
(in Millions)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 109.2	\$ 90.4	\$ 29.1	\$ 30.3	\$ 138.3	\$ 120.7
Capital assets	337.9	315.8	308.9	264.9	646.8	580.7
Total assets	\$ 447.1	\$ 406.2	\$ 338.0	\$ 295.2	\$ 785.1	\$ 701.4
Current and other liabilities	\$ 16.7	\$ 12.7	\$ 10.1	\$ 5.7	\$ 26.8	\$ 18.4
Long-term liabilities	231.1	220.6	154.3	116.0	385.4	336.6
Total liabilities	\$ 247.8	\$ 233.3	\$ 164.4	\$ 121.7	\$ 412.2	\$ 355.0
Net assets:						
Invested in capital assets, net of related debt	\$ 140.8	\$ 128.1	\$ 172.1	\$ 173.1	\$ 312.9	\$ 301.2
Restricted net assets	1.3	0.4	-	-	1.3	0.4
Unrestricted net assets	57.2	44.4	1.5	0.4	58.7	44.8
Total net assets	\$ 199.3	\$ 172.9	\$ 173.6	\$ 173.5	\$ 372.9	\$ 346.4
Total liabilities and net assets	\$ 447.1	\$ 406.2	\$ 338.0	\$ 295.2	\$ 785.1	\$ 701.4

Net assets (assets in excess of liabilities) may serve over time as a useful indicator of a government's financial position. In the case of the City of Suffolk, assets exceeded liabilities by \$372.9 million at June 30, 2008. The largest portion of the City's net assets, 84% and 87% in 2008 and 2007, respectively, represents its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment), net of accumulated depreciation and less any related debt used to acquire or construct those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

GOVERNMENT-WIDE FINANCIAL ANALYSIS: (CONTINUED)

Statement of Net Assets: (Continued)

The majority of the remaining balance of net assets, 16% and 13% in 2008 and 2007, respectively, represents unrestricted net assets, which may be used to meet the City's ongoing obligations. Unrestricted net assets increased both in governmental and business-type activities in FY 08 by \$12.8 million and \$1.1 million respectively.

Statement of Activities

The following table indicates the changes in net assets for governmental and business-type activities:

Changes in Net Assets (in Millions)						
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for services	\$ 6.4	\$ 5.3	\$ 29.0	\$ 26.5	\$ 35.4	\$ 31.8
Operating grants and contributions	30.8	30.2	0.9	0.8	31.7	31.0
Capital grants and contributions	1.2	106.3	2.6	6.0	3.8	112.3
General revenues:						
Real estate and property taxes	98.4	88.8	-	-	98.4	88.8
Other taxes	33.1	31.3	-	-	33.1	31.3
Grants and contributions, not restricted	14.4	14.5	-	-	14.4	14.5
Unrestricted investment earnings	3.8	3.9	1.6	1.0	5.4	4.9
Miscellaneous	1.4	3.7	-	0.3	1.4	4.0
Total Revenues	<u>\$ 189.5</u>	<u>\$ 284.0</u>	<u>\$ 34.1</u>	<u>\$ 34.6</u>	<u>\$ 223.6</u>	<u>\$ 318.6</u>
Expenses:						
General government	\$ 9.6	\$ 8.4	\$ -	\$ -	\$ 9.6	\$ 8.4
Judicial	7.2	6.8	-	-	7.2	6.8
Public safety	36.3	33.9	-	-	36.3	33.9
Public works	29.8	28.8	-	-	29.8	28.8
Health and welfare	12.7	10.8	-	-	12.7	10.8
Education	42.1	52.0	-	-	42.1	52.0
Parks, recreation, cultural	8.5	8.8	-	-	8.5	8.8
Community development	6.3	27.2	-	-	6.3	27.2
Interest on long-term debt	11.1	7.0	-	-	11.1	7.0
Utility	-	-	29.1	30.2	29.1	30.2
Golf course	-	-	1.8	2.0	1.8	2.0
Stormwater Utility	-	-	2.5	1.9	2.5	1.9
Total expenses	<u>\$ 163.6</u>	<u>\$ 183.7</u>	<u>\$ 33.4</u>	<u>\$ 34.1</u>	<u>\$ 197.0</u>	<u>\$ 217.8</u>
Excess of revenues over expenses	\$ 25.9	\$ 100.3	\$ 0.7	\$ 0.5	\$ 26.6	\$ 100.8
Transfers	0.6	0.5	(0.6)	(0.5)	-	-
Change in net assets	<u>\$ 26.5</u>	<u>\$ 100.8</u>	<u>\$ 0.1</u>	<u>\$ (0.0)</u>	<u>\$ 26.6</u>	<u>\$ 100.8</u>
Net assets - beginning of year, as restated	172.9	72.1	173.5	173.5	346.4	245.6
Net assets - ending	<u>\$ 199.4</u>	<u>\$ 172.9</u>	<u>\$ 173.6</u>	<u>\$ 173.5</u>	<u>\$ 373.0</u>	<u>\$ 346.4</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS: (CONTINUED)

Governmental Activities

Charges for services increased \$1.1 million and operating grants and contributions increased \$.6 million while capital grants decreased \$105.1 million due to the in funding from the Commonwealth for the maintenance of the roadway infrastructure that was taken over July 1, 2006.

Real estate and personal property tax revenue, the City's largest revenue source, totaled \$98.4 million and \$88.8 million in FY 2008 and 2007 respectively. The City's assessed value of real property increased by 11.3% for the current fiscal year.

The City is committed to ensuring the highest level of safety for its citizens and has expended \$36.3 million and \$33.9 million towards public safety efforts, representing 22.2% and 18.5% of total governmental activities expenses for 2008 and 2007 respectively.

Education continues to be one of the City's highest priorities and commitments representing 25.7% and 28.3.0% in 2008 and 2007 respectively of total governmental activity expenses.

Business-type Activities

The business-type activities are made up of Public Utilities, Golf Course and Stormwater Utilities.

Charges for services, including water and sewer fees, golf fees and Stormwater Utility fees represent 85% and 77.7% of total revenues for business-type activities for 2008 and 2007 respectively.

During 2008, Public Utilities received \$2.6 million in capital asset contributions from developer projects that came on line and were accepted into the City system. These contributions represented 7.6% of total revenues for business-type activities for 2008.

The Utility fund has debt covenants as a condition of its master indenture with the VRA which dictates that revenues after applicable operating expenditures must be adequate enough to cover required debt service of the fund 1.15 times over. For 2008 these debt covenants were met with a coverage ratio of 1.84.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$86.1 million. Approximately 96% of this amount is available for spending at the government's discretion (unreserved fund balance).

General Fund. The general fund is the chief operating fund of the City. At the end of the current fiscal year, the general fund balance was \$48.1 million of which \$33.3 million represents undesignated fund balance of the general fund. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balances represents 25% of the total fund expenditures, while total fund balance represents 37% of that same amount.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS: (CONTINUED)

General Fund: (Continued)

The net increase to fund balance for the general fund for 2008 was \$14.3 million. This increase was a result of a higher than anticipated rate of return on idle cash and an increased balance of idle cash which produced an additional \$1.1 million in interest earnings above budget projections. Also a factor was a decrease of general fund expenditures of \$5.3 million. The remaining increase to fund balance relates to unbudgeted revenue items.

Debt service fund. The debt service fund has a fund balance of \$.9 million. Of this amount \$.4 million is restricted for payment to a debt service reserve fund in a future fiscal year as required by the HUD Section 108 loan leaving \$.5 million. During the current fiscal year, the fund balance increased very little (\$.1 million). During FY 08 the City began transferring monies from the General Fund to meet debt service requirements. Previously general property revenues were provided to fund debt service requirements.

Capital projects fund. The capital projects fund accounts for all construction projects of general public improvements, excluding capital projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$28.4 million, of this \$7.1 million was encumbered for contracts in process, and the balance of \$21.4 million was designated for subsequent years' expenditures. During FY08 the City issued general obligation bonds of \$24.5 million to finance various projects and expended \$28.6 million on various projects. The City's top five construction projects consisted of the following in FY08:

- \$13.8 million on construction of a new elementary school
- \$1.3 million on a new police administrative building.
- \$3.2 million on East Suffolk Complex
- \$1.4 million of East Washington Streetscape
- \$1.1 million on transportation improvements on Route 17

At year end the City has \$232.1 million in projects authorized and has expended and committed \$153 million on these projects, reference details on Exhibit 15.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net assets of the proprietary funds at the end of the current fiscal year totaled \$173.6 million.

Enterprise funds. The City's enterprise funds account for its water and sewer operations as well as the City's golf course and stormwater utility efforts. Unrestricted net assets of the enterprise funds were \$1.5 million at the end of the current fiscal year.

Internal service funds. The internal service funds are used to account for entity-wide fleet management, information technology and insurance programs. The total net assets at the end of the current fiscal year were \$15.7 million. Each of the internal service funds finished strong this year with positive changes in net assets. The City funded \$2.4 million in other post employment benefits in the Risk Management Fund as a result of new accounting requirements for FY 08.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations. Differences between the original budget and the final amended budget resulted in a \$7.2 million increase in appropriations.

Listed below are explanations for significant budgetary variances between the final amended budget and actual results:

- General property taxes were under budget and noncategorical aid was over budget due to the reclassification of PPTRA revenue as discussed previously. The value of this reclassification was \$10.2 million.
- Revenue from use of money exceeded budget projects by \$1.1 million. This was due in large part to a higher idle cash balance for 2008 as well as higher than anticipated returns on investments.
- Charges for services revenue was over budget due in large part to the additional \$.2 million in EMS fees received in 2008.
- Education expenditures were under budget by \$.6 million based on final actual transfers to schools.
- Economic development expenditures were under budget by \$.4 million. The majority of this figure is made up of funds for economic development incentives that carry forward to future fiscal years to further this development program on an as needed basis.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2008, totaled to \$646.7 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment and construction in progress.

Capital Assets (net of depreciation) (in Millions)						
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 22.0	\$ 22.0	\$ 4.6	\$ 4.6	\$ 26.6	\$ 26.6
Construction in progress	41.2	17.1	77.5	32.0	118.7	49.1
Buildings	30.6	31.6	13.7	14.2	44.3	45.8
Improvements other than buildings	126.7	130.0	183.4	184.3	310.1	314.3
Machinery and equipment	19.1	19.8	29.6	29.9	48.7	49.7
Allocation of School Board assets	98.3	95.3	-	-	98.3	95.3
Total	\$ 337.9	\$ 315.8	\$ 308.8	\$ 265.0	\$ 646.7	\$ 580.8

Additional information on the City's capital assets can be found in Note 7.

CAPITAL ASSETS AND DEBT ADMINISTRATION: (CONTINUED)

Long-term debt. At the end of the current fiscal year, the City had total outstanding debt of \$363.3 million. Capital leases, claims payable, compensated absences and premiums and other credits are not included in these figures.

	Outstanding Debt					
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Bonds Payable	\$ 202.9	\$ 190.0	\$ 150.0	\$ 112.6	\$ 352.9	\$ 302.6
Loans and Notes Payable	10.4	12.2	-	-	10.4	12.2
Total	\$ 213.3	\$ 202.2	\$ 150.0	\$ 112.6	\$ 363.3	\$ 314.8

The Commonwealth of Virginia limits the amount of debt outstanding to 10% of the locality’s assessed value of real property. The City Charter further limits this calculation to 7% of the City’s assessed value of real property. The City’s outstanding debt is significantly below both limitations representing the City’s conservative debt borrowing policy.

Subsequent to the end of the current fiscal year, the City issued \$16.6 million in general obligation debt in support of general government activities. The City will also be included in the VRA pool for utility projects, capitalized interest and costs of issuance in mid December 2008 for an estimated amount of \$45.3 million.

The City maintains bond ratings on general obligation debt of “Aa3”, “A+” and “AA-“ from Moody’s, S&P and Fitch respectively.

Additional information on the City’s long-term debt can be found in Notes 8 and 14.

ECONOMIC FACTORS

- The City’s economic development initiatives created over 1100 new jobs and over \$165 million dollars in new capital investment in the City.
- The City’s assessed value of real property increased by 11.3% for fiscal year 2008.
- For the fiscal year 2009 the City maintained its tax rate of \$.94 per \$100.

REQUESTS FOR INFORMATION

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. Questions concerning this report or requests for additional information should be directed to the City’s Department of Finance, 441 Market Street, Suffolk, Virginia, 23434.



BASIC FINANCIAL STATEMENTS

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BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

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Statement of Net Assets
At June 30, 2008

	Primary Government			Component Units	
	Governmental Activities	Business Type Activities	Totals	School Board	Economic Development Authority
ASSETS					
Cash and cash equivalents	\$ 62,676,206	\$ 8,800,583	\$ 71,476,789	\$ 18,170,787	\$ 2,367,874
Restricted cash	32,707,517	12,935,992	45,643,509	-	16,871,398
Receivables - net	5,538,368	4,798,418	10,336,786	479,968	33,490
Due from other governments	2,210,344	-	2,210,344	3,196,253	-
Internal balances	1,314,339	(1,314,339)	-	-	-
Due from component units	919,100	-	919,100	-	-
Inventories	444,375	118,880	563,255	463,109	10,526,445
Prepaid items	380,758	1,209	381,967	35,000	-
Deferred charges	3,010,181	3,748,948	6,759,129	-	-
Capital assets not depreciated	63,224,536	82,073,335	145,297,871	5,938,618	5,485,397
Capital assets being depreciated, net	274,713,767	226,881,977	501,595,744	32,755,773	14,015,398
Total Assets	\$ 447,139,491	\$ 338,045,003	\$ 785,184,494	\$ 61,039,508	\$ 49,300,002
LIABILITIES					
Accounts payable	\$ 6,891,595	\$ 8,112,346	\$ 15,003,941	\$ 2,074,286	\$ 1,367,472
Payables from restricted assets	406,928	-	406,928	-	-
Accrued liabilities	-	-	-	478,860	-
Accrued payroll	-	-	-	10,206,268	-
Accrued interest	4,879,270	1,863,262	6,742,532	-	115,011
Due to primary government	-	-	-	125,345	793,755
Deposits and amounts held for others	-	33,042	33,042	23,998	149,000
Unearned revenue	4,420,775	64,941	4,485,716	-	-
Long-term liabilities:					
Due within one year	18,237,317	3,071,602	21,308,919	169,386	15,240
Due in more than one year	212,927,971	151,244,619	364,172,590	1,675,292	21,534,485
Total Liabilities	\$ 247,763,856	\$ 164,389,812	\$ 412,153,668	\$ 14,753,435	\$ 23,974,963
NET ASSETS					
Invested in capital assets, net of related debt	\$ 140,789,631	\$ 172,165,375	\$ 312,955,006	\$ 38,694,391	\$ 19,500,795
Restricted for:					
Debt service requirements	392,169	-	392,169	-	-
Perpetual care:					
Expendable	959,304	-	959,304	-	-
Unrestricted assets	57,234,531	1,489,816	58,724,347	7,591,682	5,824,244
Total Net Assets	\$ 199,375,635	\$ 173,655,191	\$ 373,030,826	\$ 46,286,073	\$ 25,325,039
Total Liabilities and Net Assets	\$ 447,139,491	\$ 338,045,003	\$ 785,184,494	\$ 61,039,508	\$ 49,300,002

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

CITY OF SUFFOLK, VIRGINIA

Statement of Activities
Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 9,575,332	\$ -	\$ 531,013	\$ -
Judicial administration	7,157,778	788,324	1,846,680	-
Public safety	36,275,476	2,361,369	2,293,795	-
Public works	29,772,711	1,531,857	17,088,074	138,253
Health and welfare	12,718,036	15,201	8,398,910	-
Education	42,109,639	-	-	-
Parks, recreation, and cultural	8,524,477	476,376	297,489	-
Community development	6,296,351	1,215,821	302,122	1,088,018
Interest on long-term debt	11,090,479	-	-	-
Total governmental activities	\$ 163,520,279	\$ 6,388,948	\$ 30,758,083	\$ 1,226,271
Business-type activities:				
Utility	\$ 29,147,386	\$ 23,803,453	\$ 864,141	\$ 2,658,020
Golf Course	1,780,625	1,396,897	-	-
Stormwater	2,591,374	3,823,758	-	-
Total business-type activities	\$ 33,519,385	\$ 29,024,108	\$ 864,141	\$ 2,658,020
Total primary government	\$ 197,039,664	\$ 35,413,056	\$ 31,622,224	\$ 3,884,291
COMPONENT UNITS:				
School Board	\$ 144,755,535	\$ 2,791,080	\$ 92,786,528	\$ -
Economic Development Authority	\$ 1,345,636	\$ 846,388	\$ 1,068,495	\$ 975,000
Total component units	\$ 146,101,171	\$ 3,637,468	\$ 93,855,023	\$ 975,000
General revenues:				
General property taxes				
Local sales and use taxes				
Utility taxes				
Communication taxes				
Business and occupational taxes				
Motor vehicle license taxes				
Recordation taxes				
Tobacco taxes				
Meals taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Grants and contributions not restricted to specific programs				
Miscellaneous				
City of Suffolk contribution				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business Type Activities	Total	School Board	Economic Development Authority	
\$ (9,044,319)	\$ -	\$ (9,044,319)	\$ -	\$ -	
(4,522,774)	-	(4,522,774)	-	-	
(31,620,312)	-	(31,620,312)	-	-	
(11,014,527)	-	(11,014,527)	-	-	
(4,303,925)	-	(4,303,925)	-	-	
(42,109,639)	-	(42,109,639)	-	-	
(7,750,612)	-	(7,750,612)	-	-	
(3,690,390)	-	(3,690,390)	-	-	
(11,090,479)	-	(11,090,479)	-	-	
<u>\$ (125,146,977)</u>	<u>\$ -</u>	<u>\$ (125,146,977)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (1,821,772)	\$ (1,821,772)	\$ -	\$ -	
-	(383,728)	(383,728)	-	-	
-	1,232,384	1,232,384	-	-	
<u>\$ -</u>	<u>\$ (973,116)</u>	<u>\$ (973,116)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (125,146,977)</u>	<u>\$ (973,116)</u>	<u>\$ (126,120,093)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,177,927)</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,544,247</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,177,927)</u>	<u>\$ 1,544,247</u>	
\$ 98,438,807	\$ -	\$ 98,438,807	\$ -	\$ -	
7,579,882	-	7,579,882	-	-	
4,190,304	-	4,190,304	-	-	
3,682,126	-	3,682,126	-	-	
5,806,810	-	5,806,810	-	-	
1,650,732	-	1,650,732	-	-	
1,563,745	-	1,563,745	-	-	
1,415,123	-	1,415,123	-	-	
5,632,980	-	5,632,980	-	-	
1,582,521	-	1,582,521	-	-	
3,794,438	1,633,718	5,428,156	87,426	173,755	
14,427,389	-	14,427,389	-	-	
1,368,871	26,762	1,395,633	822,572	-	
-	-	-	41,582,858	-	
561,968	(561,968)	-	-	-	
<u>\$ 151,695,696</u>	<u>\$ 1,098,512</u>	<u>\$ 152,794,208</u>	<u>\$ 42,492,856</u>	<u>\$ 173,755</u>	
<u>\$ 26,548,719</u>	<u>\$ 125,396</u>	<u>\$ 26,674,115</u>	<u>\$ (6,685,071)</u>	<u>\$ 1,718,002</u>	
<u>172,826,916</u>	<u>173,529,795</u>	<u>346,356,711</u>	<u>52,971,144</u>	<u>23,607,037</u>	
<u>\$ 199,375,635</u>	<u>\$ 173,655,191</u>	<u>\$ 373,030,826</u>	<u>\$ 46,286,073</u>	<u>\$ 25,325,039</u>	

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BASIC FINANCIAL STATEMENTS

Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2008

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents:					
Unrestricted	\$ 40,062,910	\$ 6,186,156	\$ 472,338	\$ 10,346,687	\$ 57,068,091
Restricted	1,784,320	25,785,330	392,169	2,705,698	30,667,517
Receivables (Net of allowances for uncollectibles):					
Taxes receivable	2,872,751	-	-	30,415	2,903,166
Accounts receivable	2,588,133	34,904	-	5,766	2,628,803
Due from other governmental units	1,971,697	19,773	-	218,874	2,210,344
Due from other funds	2,621,253	-	-	-	2,621,253
Due from component units	919,100	-	-	-	919,100
Inventories	87,776	-	-	-	87,776
Prepaid items	13,314	-	-	-	13,314
Total assets	\$ 52,921,255	\$ 32,026,163	\$ 864,507	\$ 13,307,440	\$ 99,119,365
LIABILITIES					
Accounts payable	\$ 1,224,591	\$ 3,585,242	\$ 2,799	\$ 1,596,493	\$ 6,409,125
Payables from restricted assets	406,928	-	-	-	406,928
Due to other funds	-	-	-	218,874	218,874
Deferred revenue	1,567,487	-	-	21,581	1,589,068
Unearned revenue	1,632,578	-	-	2,788,197	4,420,775
Total liabilities	\$ 4,831,584	\$ 3,585,242	\$ 2,799	\$ 4,625,145	\$ 13,044,770
FUND BALANCES					
Reserved for:					
Encumbrances	\$ 722,716	\$ 7,101,916	\$ -	\$ 1,081,568	\$ 8,906,200
Inventories	87,776	-	-	-	87,776
Cemetery perpetual care	-	-	-	959,304	959,304
Grant compliance	-	-	-	6,128	6,128
Unreserved:					
Designated:					
Capital projects	9,494,050	21,339,005	-	-	30,833,055
General	4,479,019	-	-	-	4,479,019
Special revenue	-	-	-	1,922,509	1,922,509
Debt service	-	-	392,169	-	392,169
Undesignated:					
Special revenue	-	-	-	4,712,786	4,712,786
Debt service	-	-	469,539	-	469,539
Unreserved	33,306,109	-	-	-	33,306,109
Total fund balances	\$ 48,089,671	\$ 28,440,921	\$ 861,708	\$ 8,682,295	\$ 86,074,595
Total liabilities and fund balances	\$ 52,921,255	\$ 32,026,163	\$ 864,507	\$ 13,307,440	\$ 99,119,365

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

Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Assets
At June 30, 2008

	<u>Primary Government</u>
Total fund balances - governmental funds	\$ 86,074,595
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	320,470,139
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported as revenue in the governmental funds.	1,589,068
Other assets used in governmental activities are not financial resources and therefore not reported in the governmental funds:	
Net financing costs	3,010,181
Internal service funds are used by management to change the costs of certain activities such as information technology, fleet management, and insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	15,661,435
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(4,805,322)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	
General obligation bonds	\$ (202,896,724)
Literary fund loans	(6,250,000)
Notes payable	(480,000)
Section 108 loan	(3,652,000)
Unamortized premium and other credits on bonds	(5,335,408)
Other post employment benefits	(211,866)
Compensated absences	(3,798,463)
Total long-term liabilities	<u>(222,624,461)</u>
Net assets of governmental activities	<u>\$ 199,375,635</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2008

	Governmental Funds				
	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Real estate and personal property taxes	\$ 96,795,683	\$ -	\$ -	\$ 1,241,839	\$ 98,037,522
Other local taxes	33,104,223	-	-	-	33,104,223
Permits, privilege fees and regulatory licenses	1,297,231	-	-	78,277	1,375,508
Fines and forfeitures	475,350	-	-	-	475,350
Revenue from use of money and property	3,427,220	64,774	9,874	292,570	3,794,438
Charges for services	3,146,664	900	-	1,390,517	4,538,081
Miscellaneous	1,151,302	146,835	-	70,734	1,368,871
Intergovernmental:					
Contribution from Component Unit - School Bd.	-	1,394,038	-	-	1,394,038
Revenue from the Commonwealth	21,714,414	95,513	-	17,375,126	39,185,053
Revenue from the Federal Government	5,316,301	1,130,758	-	779,631	7,226,690
Total revenues	\$ 166,428,388	\$ 2,832,818	\$ 9,874	\$ 21,228,694	\$ 190,499,774
Expenditures:					
Current:					
General government administration	\$ 8,172,799	\$ -	\$ -	\$ -	\$ 8,172,799
Judicial administration	6,511,441	-	-	258,878	6,770,319
Public safety	33,089,566	-	-	474,264	33,563,830
Public works	7,576,509	-	-	16,803,475	24,379,984
Health and welfare	11,020,754	-	-	20,066	11,040,820
Education	45,999,422	-	-	-	45,999,422
Parks, recreation, and cultural	5,919,239	-	-	65,053	5,984,292
Community development	5,579,617	-	-	612,528	6,192,145
Nondepartmental	7,622,634	-	-	-	7,622,634
Capital outlay	-	28,574,620	-	-	28,574,620
Debt service:					
Principal	-	-	13,361,741	-	13,361,741
Interest and other fiscal charges	-	-	8,531,876	-	8,531,876
Bond issuance cost	-	-	190,205	-	190,205
Total expenditures	\$ 131,491,981	\$ 28,574,620	\$ 22,083,822	\$ 18,234,264	\$ 200,384,687
Excess (deficiency) of revenues over expenditures	\$ 34,936,407	\$ (25,741,802)	\$ (22,073,948)	\$ 2,994,430	\$ (9,884,913)
Other financing sources (uses):					
Issuance of debt	\$ -	\$ 24,475,000	\$ -	\$ -	\$ 24,475,000
Premiums on debt	-	300,653	200,970	-	501,623
Transfers in	2,844,099	1,240,000	22,457,210	681,748	27,223,057
Transfers (out)	(23,502,813)	(1,332,745)	(456,864)	(1,115,181)	(26,407,603)
Total other financing sources (uses)	\$ (20,658,714)	\$ 24,682,908	\$ 22,201,316	\$ (433,433)	\$ 25,792,077
Net changes in fund balances	\$ 14,277,693	\$ (1,058,894)	\$ 127,368	\$ 2,560,997	\$ 15,907,164
Fund balances at beginning of year	33,811,978	29,499,815	734,340	6,121,298	70,167,431
Fund balances at end of year	\$ 48,089,671	\$ 28,440,921	\$ 861,708	\$ 8,682,295	\$ 86,074,595

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2008

	<u>Primary Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	\$ 15,907,164
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. The following details support this adjustment:	
Capital outlay	\$ 27,619,315
Depreciation expense	(7,785,638)
Transfer of joint tenancy assets from Primary Government to the Component Unit	<u>3,107,271</u> 22,940,948
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of:	
Deferred taxes	401,285
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 the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:	
Debt issued or incurred:	
General obligation bonds	\$ (24,475,000)
Premium on general obligation debt	(501,623)
Bond issuance costs	190,205
Principal repayments on debt:	
Principal retired on general obligation debt	11,560,267
Principal retired on literary fund loans	500,000
Principal retired on Section 108 loan	193,000
Principal retired on notes payable	<u>1,108,475</u> (11,424,676)
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. The following is a summary of items supporting this adjustment:	
Change in accrued interest payable	\$ (2,678,643)
Change in compensated absences	(283,357)
Increase in other post employment benefits	(211,866)
Amortization of premiums on bonds payable	249,757
Amortization of deferred charges	<u>(129,715)</u> (3,053,824)
Internal service funds are used by management to charge the costs of certain activities such as information technology, fleet management, and insurance to individual funds. The net revenue of certain internal service funds is reported with governmental activities.	<u>1,777,822</u>
Change in net assets of governmental activities	<u>\$ 26,548,719</u>

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

Statement of Net Assets - Proprietary Funds
At June 30, 2008

	Business-type Activities - Enterprise Funds			Governmental
	Major Fund	Nonmajor	Totals	Activities -
	Utility Fund	Funds		Internal
				Service Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 6,709,266	\$ 2,091,317	\$ 8,800,583	\$ 5,608,115
Restricted cash	12,881,241	54,751	12,935,992	2,040,000
Receivables (net of allowance for uncollectible)	4,614,758	183,660	4,798,418	6,399
Inventories	118,880	-	118,880	356,599
Prepaid items	1,209	-	1,209	367,444
Total Current Assets	\$ 24,325,354	\$ 2,329,728	\$ 26,655,082	\$ 8,378,557
Noncurrent Assets:				
Deferred charges	\$ 3,681,933	\$ 67,015	\$ 3,748,948	\$ -
Capital assets:				
Land	\$ 3,205,760	\$ 1,390,791	\$ 4,596,551	\$ 298,000
Construction in progress	77,476,784	-	77,476,784	-
Buildings	21,782,695	213,826	21,996,521	1,221,050
Improvements other than buildings	224,566,225	2,917,815	227,484,040	35,157
Machinery and equipment	48,378,883	42,982	48,421,865	39,800,241
Less: Accumulated depreciation	(70,275,573)	(744,876)	(71,020,449)	(23,886,284)
Total Capital Assets (net)	\$ 305,134,774	\$ 3,820,538	\$ 308,955,312	\$ 17,468,164
Total Noncurrent Assets	\$ 308,816,707	\$ 3,887,553	\$ 312,704,260	\$ 17,468,164
Total Assets	\$ 333,142,061	\$ 6,217,281	\$ 339,359,342	\$ 25,846,721
LIABILITIES				
Current Liabilities:				
Vouchers and accounts payable	\$ 8,081,709	\$ 30,637	\$ 8,112,346	\$ 482,472
Current portion of compensated absences	14,534	253	14,787	11,238
Unearned revenue	-	64,941	64,941	-
Deposits payable	33,042	-	33,042	-
Accrued interest	1,784,713	78,549	1,863,262	73,946
Claims payable - current portion	-	-	-	1,383,853
Due to other funds	-	1,314,339	1,314,339	1,088,040
Bonds, notes payable and capital lease obligations-current	2,961,599	95,216	3,056,815	2,485,455
Total Current Liabilities	\$ 12,875,597	\$ 1,583,935	\$ 14,459,532	\$ 5,525,004
Noncurrent Liabilities:				
Noncurrent portion of compensated absences	\$ 315,305	\$ 46,683	\$ 361,988	\$ 149,835
Claims payable - net of current	-	-	-	641,119
Net bond discount, premiums etc.	3,938,116	1,313	3,939,429	-
Bonds, notes payable and capital lease obligations - net of current	142,968,418	3,974,784	146,943,202	3,869,328
Total Noncurrent Liabilities	\$ 147,221,839	\$ 4,022,780	\$ 151,244,619	\$ 4,660,282
Total Liabilities	\$ 160,097,436	\$ 5,606,715	\$ 165,704,151	\$ 10,185,286
NET ASSETS				
Invested in capital assets, net of related debt	\$ 172,414,837	\$ (249,462)	\$ 172,165,375	\$ 11,113,381
Unrestricted assets	629,788	860,028	1,489,816	4,548,054
Total Net Assets	\$ 173,044,625	\$ 610,566	\$ 173,655,191	\$ 15,661,435
Total Liabilities and Net Assets	\$ 333,142,061	\$ 6,217,281	\$ 339,359,342	\$ 25,846,721

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

Statement of Revenues, Expenses and Changes in Net Assets -
 Proprietary Funds
 Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds			Governmental
	Major Fund	Nonmajor	Totals	Activities -
	Utility Fund	Funds		Internal
				Service Funds
Operating revenues:				
Charges for services	\$ 23,680,294	\$ 5,099,205	\$ 28,779,499	\$ 24,751,648
Other operating revenues	123,159	121,450	244,609	256,753
Total operating revenues	\$ 23,803,453	\$ 5,220,655	\$ 29,024,108	\$ 25,008,401
Operating expenses:				
Personnel services	\$ 6,371,224	\$ 1,530,356	\$ 7,901,580	\$ 2,145,394
Self-insured claims	-	-	-	8,029,922
Purchased services	1,160,467	1,380,913	2,541,380	531,299
Contractual services	1,419,185	339,246	1,758,431	615,699
Supplies	670,248	147	670,395	4,525,202
Utilities	918,137	-	918,137	71,573
Insurance and bonds	-	-	-	1,182,500
OPEB	-	-	-	2,400,000
Bulk-water purchases	3,165,556	-	3,165,556	-
Depreciation and amortization	6,027,843	156,032	6,183,875	3,912,552
Leased property	186,086	142,750	328,836	481,491
Other charges	929,713	630,741	1,560,454	350,128
Total operating expenses	\$ 20,848,459	\$ 4,180,185	\$ 25,028,644	\$ 24,245,760
Net income from operations	\$ 2,954,994	\$ 1,040,470	\$ 3,995,464	\$ 762,641
Nonoperating revenues (expenses):				
Interest income	\$ 1,567,862	\$ 65,856	\$ 1,633,718	\$ 181,500
Interest and other fiscal (expenses)	(4,217,220)	(191,814)	(4,409,034)	(330,174)
Gain on disposal of capital assets	-	-	-	71,884
Isle of Wight contribution for WTWA	864,141	-	864,141	-
Other nonoperating (expenses)	(4,081,707)	-	(4,081,707)	-
Other nonoperating revenues	26,762	-	26,762	-
Total nonoperating revenues (expenses)	\$ (5,840,162)	\$ (125,958)	\$ (5,966,120)	\$ (76,790)
Net income before contributions and transfers	\$ (2,885,168)	\$ 914,512	\$ (1,970,656)	\$ 685,851
Capital contributions	2,658,020	-	2,658,020	1,345,456
Transfers in	37,637	225,395	263,032	-
Transfers (out)	(720,000)	(105,000)	(825,000)	(253,485)
Changes in net assets	\$ (909,511)	\$ 1,034,907	\$ 125,396	\$ 1,777,822
Net assets, beginning of year	173,954,136	(424,341)	173,529,795	13,883,613
Net assets, end of year	\$ 173,044,625	\$ 610,566	\$ 173,655,191	\$ 15,661,435

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

Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds			Governmental
	Major Fund	Nonmajor	Totals	Activities -
	Utility Fund	Funds		Internal
				Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 22,484,589	\$ 5,164,122	\$ 27,648,711	\$ 25,105,119
Payments to employees (including fringe benefits)	(6,344,893)	(1,516,540)	(7,861,433)	(2,130,675)
Payments for operating activities	(12,716,263)	(2,476,059)	(15,192,322)	(18,466,669)
Net cash provided by operating activities	\$ 3,423,433	\$ 1,171,523	\$ 4,594,956	\$ 4,507,775
Cash flows from non-capital financing activities:				
Transfers in	\$ 37,637	\$ (105,000)	\$ (67,363)	\$ 954,375
Transfer (out)	(720,000)	302,491	(417,509)	(119,820)
Net cash provided by (used in) non-capital financing activities	\$ (682,363)	\$ 197,491	\$ (484,872)	\$ 834,555
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	\$ (46,102,444)	\$ (9,725)	\$ (46,112,169)	\$ (3,504,946)
Isle of Wight contribution for WTWA	864,141	-	864,141	-
Proceeds from debt issued	40,775,571	-	40,775,571	-
Capital contributions	2,658,020	-	2,658,020	1,345,456
Principal paid on debt	(2,290,458)	(90,000)	(2,380,458)	(2,412,436)
Interest paid on debt	(4,029,806)	(194,411)	(4,224,217)	(289,255)
Proceeds from sale of capital assets	-	-	-	348,393
Net cash provided by (used in) capital and related financing activities	\$ (8,124,976)	\$ (294,136)	\$ (8,419,112)	\$ (4,512,788)
Cash flows from investing activities:				
Interest earned	\$ 1,567,862	\$ 65,856	\$ 1,633,718	\$ 181,500
Net increase (decrease) in cash and cash equivalents	\$ (3,816,044)	\$ 1,140,734	\$ (2,675,310)	\$ 1,011,042
Cash and cash equivalents at beginning of year	23,406,551	1,005,334	24,411,885	6,637,073
Cash and cash equivalents at end of year	\$ 19,590,507	\$ 2,146,068	\$ 21,736,575	\$ 7,648,115
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Cash flows from operations:				
Income from operations	\$ 2,954,994	\$ 1,040,470	\$ 3,995,464	\$ 762,641
Adjustment to reconcile net income to net cash provided by operations:				
Depreciation and amortization	6,027,843	156,032	6,183,875	3,912,552
Changes in operating accounts:				
(Increase) decrease in:				
Accounts receivable	(1,345,407)	(25,121)	(1,370,528)	96,718
Inventories	(47,619)	-	(47,619)	57,376
Prepays	42,302	-	42,302	(99,513)
Non-operating revenues	26,762	-	26,762	-
Increase (decrease) in:				
Accounts payable	(179,847)	17,738	(162,109)	(120,237)
Deferred revenue	(219)	(31,412)	(31,631)	-
Claims payable	-	-	-	(116,481)
Compensated absences	26,331	13,816	40,147	14,719
Non-operating (expenses)	(4,081,707)	-	(4,081,707)	-
Net cash provided by operating activities	\$ 3,423,433	\$ 1,171,523	\$ 4,594,956	\$ 4,507,775

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

Statement of Net Assets
 Fiduciary Funds
 At June 30, 2008

	OPEB Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ <u>3,845,000</u>	\$ <u>23,488</u>
Total assets	\$ <u><u>3,845,000</u></u>	\$ <u><u>23,488</u></u>
Liabilities		
Amounts held for others	\$ <u>-</u>	\$ <u>23,488</u>
Total liabilities	\$ <u>-</u>	\$ <u>23,488</u>
Net assets		
Held in trust for OPEB benefits	\$ <u>3,845,000</u>	\$ <u>-</u>
Total net assets	\$ <u>3,845,000</u>	\$ <u>-</u>
Total liabilities and net assets	\$ <u><u>3,845,000</u></u>	\$ <u><u>23,488</u></u>

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

Statement of Changes in Plan Net Assets
OPEB Trust Fund
At June 30, 2008

Additions:

Employer contributions	\$	2,400,000
Contribution from City of Suffolk School Board		<u>1,445,000</u>
Total additions	\$	<u>3,845,000</u>

Deductions:

None	\$	<u>-</u>
Total deductions	\$	<u>-</u>
Change in net assets	\$	3,845,000
Net assets - beginning of year		<u>-</u>
Net assets - end of year	\$	<u><u>3,845,000</u></u>

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

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CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Suffolk, Virginia have been prepared in conformity with accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board (GASB) and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

A. Entity and Services

The City of Suffolk, Virginia (City) was formed on January 1, 1974, by the merger of the former Cities of Suffolk and Nansemond. The City of Nansemond was previously formed by the merger of the County of Nansemond and the Towns of Whaleyville and Holland. The City is a political subdivision of the Commonwealth of Virginia operating under the council-manager form of government. The elected seven-member City Council, vested with legislative powers, appoints the City Manager who is the executive and administrative head of the City's government.

The City provides a full range of services to include the following: public safety (police and fire), education, community development (planning and zoning), water treatment and distribution, sewage collection, refuse collection, maintenance of highways, streets and infrastructure, stormwater management, recreational activities including a golf course, cultural events, social services, and library among other services.

B. Financial Reporting Entity

The City's Basic Financial Statements include all funds, agencies, boards, commissions, authorities and other governmental organizations for which the City has 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. Also, an organization that is fiscally dependent on the Primary Government should be included in its reporting entity.

These financial statements include the City of Suffolk, Virginia (the Primary Government) and its Component Units. The Component Units discussed below are included in the City's reporting entity because of the significance of the operational or financial relationship with the City.

Blended 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. The City has no blended component units.

Discretely Presented Component Units - Discretely presented component units are reported separate from the primary government to emphasize that they are legally separate from the City. The following organizations have been included in the reporting entity as a discretely presented component unit:

City of Suffolk Public Schools

The City of Suffolk Public Schools (School Board) is responsible for elementary and secondary education within the City. The Schools are fiscally dependent upon the City because the City Council approves the annual budget of the Schools, levies the necessary taxes to finance the Schools' operations and approves the borrowing of money.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Financial Reporting Entity: (Continued)

City of Suffolk Public Schools: (Continued)

The School Board has one discretely presented component unit, the Pruden Center for Industry and Technology (The Center). The Center is a vocational and technical center used by both the Suffolk City Schools and the Isle of Wight County Schools to provide classes to high school students and adults in various occupational trades. The Center is dependent upon the Suffolk School Board for a majority of its funding. The Center is shown as a discretely presented component unit as it is legally separate from the School Board. Separate audited financial statements may be obtained from the Pruden Center by contacting the Pruden Center for Industry and Technology, 4169 Pruden Blvd., Suffolk, Virginia 23434.

The School Board does not issue separate financial statements. The following funds are included in the School Board:

School Operating Fund - accounts for revenues and expenditures relating to the operation of the City of Suffolk Public Schools. Revenues are derived from the City's General Fund and from state and federal funds.

School Food Service Fund - accounts for revenues and expenditures relating to the operation of school cafeterias. Revenues are derived from state and federal funds and cafeteria sales.

School Grants Fund - accounts for revenues and expenditures relating to grants received by the school system from federal and state governments.

Combined School Activity Funds - accounts for additions and deductions of the various activity funds of each of the Suffolk public schools. Revenues are derived from school fundraisers, athletic and state event receipts and School Board allocations.

The Pruden Center for Industry and Technology Component Unit - Accounts for revenues and expenditures relating to operation of The Pruden Center for Industry and Technology operated jointly by Suffolk Public Schools and Isle of Wight County Public Schools. Revenues are derived primarily from local appropriations.

Economic Development Authority

The Economic Development Authority of the City of Suffolk (EDA) was established under the Industrial Development and Revenue Bond Act - *Code of Virginia*. A separate board appointed by the City Council governs the EDA. The EDA is authorized to acquire, own, lease and dispose of properties and to conduct related activities to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises to locate or to remain in the City. The City makes significant contributions to the EDA relating to the property the EDA develops and markets. Separate audited financial statements may be obtained from the EDA by contacting the Executive Director, City of Suffolk Economic Development Authority, 127 E. Washington Street, Suite 200, Suffolk, Virginia 23434.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Financial Reporting Entity: (Continued)

Other related organizations not included in the financial statements:

Western Tidewater Water Authority

The Western Tidewater Water Authority (Water Authority) was created March 18, 1998, by the City Council of the City of Suffolk, Virginia and the Board of Supervisors of the County of Isle of Wight, Virginia pursuant to the Virginia Water and Sewer Authorities Act, Chapter 51, Title 15.2, *Code of Virginia*.

The Water Authority was formed for the purpose of acquiring, financing, constructing, leasing, operating and maintaining facilities for the production, impoundment, treatment and transmission of potable and non-potable water. Those facilities may include, but not be limited to, sources of water supply, water intakes, reservoirs, filtration and purification plants, pumping stations, transmission lines, storage facilities and all other facilities deemed appropriate for fulfilling the purpose of the Water Authority together with all appurtenant equipment and appliances necessary or suitable therefore, and all properties, rights, easements or franchises relating thereto and deemed necessary, convenient or appropriate by the Water Authority for its operation. The City is not obligated to pay the principal or interest on notes or any other liabilities of the Authority and has no financial interest in the Authority.

Separate financial statements are available from the Western Tidewater Water Authority and can be obtained by contacting the Treasurer at P.O. Box 80, Isle of Wight, Virginia 23397.

Western Tidewater Regional Jail Authority

The Western Tidewater Regional Jail Authority (Jail Authority) was created as a political subdivision of the Commonwealth of Virginia jointly through an agreement dated November 1, 1989, among the Cities of Suffolk (59.3%) and Franklin (6.8%), and the County of Isle of Wight (33.9%) (the member jurisdictions) under the Jail Authorities Act, Code of the Commonwealth of Virginia. The Jail Authority has the responsibility to finance the acquisition, construction, equipping and maintenance of a regional jail facility to operate for the benefit of the member jurisdictions.

Notes issued by the Jail Authority are limited obligations payable solely from revenues received from the member jurisdictions. The City is not obligated to pay the principal or interest on the notes or any other liabilities of the Authority and has no financial interest in the Authority beyond its initial contribution to the Authority.

Separate financial statements are available from the Western Tidewater Regional Jail Authority and can be obtained by contacting the Superintendent at 2402 Godwin Blvd., Suffolk, Virginia 23434.

Suffolk Redevelopment and Housing Authority

The Suffolk Redevelopment and Housing Authority administers public housing and redevelopment activities in the City. It applies, receives and invests its own funds and formulates and approves its own budget.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Financial Reporting Entity: (Continued)

Other related organizations not included in the financial statements: (Continued)

Suffolk Redevelopment and Housing Authority: (Continued)

City Council is responsible for appointing members of the Board of the Suffolk Redevelopment and Housing Authority, but the City's accountability does not extend beyond making such appointments. Suffolk Redevelopment and Housing Authority does not have a significant operational or financial relationship with the City.

Separate financial statements are available from the Suffolk Redevelopment and Housing Authority and can be obtained by contacting the Executive Director at 530 E. Pinner Street, Suffolk, Virginia 23434.

C. Government-wide and Fund Accounting Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The focus is on either the City as a whole or major individual funds (within the fund financial statements). The government-wide financial statements categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information. The City generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities is reported using the economic resources measurement focus and the accrual basis of accounting which 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, which include fees and charges paid by the recipients of goods or services offered by the programs, 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. 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, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The City does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The City's internal activities include water and sewer billing, information technology, fleet management, and risk management. It is the City's policy to eliminate information technology, fleet management and risk management activities in the government-wide statement of activities.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Government-wide and Fund Accounting Financial Statements: (Continued)

The governmental funds major fund statements in the fund financial statements are presented on a current financial resource measurement focus and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile funds based on financial statements with the governmental column of the government-wide presentation.

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.

The focus of the basic financial statements is on the City as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

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.

Fund Classification

The focus of governmental and proprietary fund financial statements is on major funds. Fund statements present the financial information of each major fund in a separate column. Nonmajor funds are aggregated and displayed in a single column.

The main operating fund, the general fund, is always reported as a major fund. Other individual governmental and enterprise funds are reported in separate columns as major funds based on these criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the fund are at least 10% of the corresponding total for all funds of that category or type (that is, total governmental or total enterprise funds), and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that management believes is particularly important to financial statement users may be reported as a major fund.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Government-wide and Fund Accounting Financial Statements: (Continued)

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

The City presents the following 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 services, and interest income. A significant part of the General Fund's revenues is transferred to other funds and component units, principally to finance the operations of the City of Suffolk Public Schools.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund types).

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The City presents the following nonmajor governmental funds:

Special Revenue Funds

The Special Revenue Funds account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

Suffolk Taxing District Fund - accounts for revenues and expenditures related to services provided in the Suffolk Taxing District. Most revenues are derived from a specific percentage of the annual real estate tax assessments in the Suffolk Taxing District.

Downtown Business Overlay District - accounts for revenues and expenditures related to services provided in the Downtown Business Overlay District. Most revenues are derived from a specific percentage of the annual real estate tax assessments in the Downtown Business Overlay District.

Road Maintenance Fund - accounts for revenue and expenditures related to maintaining roads city wide. Revenues will be derived from the state and sale of service to other funds.

Consolidated Grants Fund - accounts for revenues and expenditures involving governmental grant programs.

Transit System Fund - accounts for the operation of a transit system in the City of Suffolk. A portion of the revenue is derived from charges for services. The majority of the revenues are derived from General Fund appropriations and grants.

Law Library Fund - accounts for the maintenance of a law library. Revenue is derived from court fees.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Government-wide and Fund Accounting Financial Statements: (Continued)

Special Revenue Funds: (Continued)

Route 17 Taxing District Fund - accounts for revenues and expenditures related to services provided in the Route 17 Taxing District. Most revenues are derived from a specific percentage of the annual real estate tax assessments in the Route 17 Taxing District.

Mosquito Taxing District Fund - accounts for revenues and expenditures related to mosquito spraying services provided in the Mosquito Taxing District. Most revenues are derived from a specific percentage of the annual real estate tax assessments in the Mosquito Taxing District.

Law Enforcement Block Grant - accounts for revenues and expenditures related to the Law Enforcement Block Grant. Revenues are derived from a federal grant.

Wireless E-911 Fund - accounts for revenues and expenditures related to developing and implementing the technology for wireless E-911. Surcharges are paid into a Commonwealth of Virginia wireless 911 fund and then distributed to counties and cities that operate public safety answering points and to service providers to defray capital assets and operating expenses incurred in providing service to wireless E-911 calls.

Cemetery Fund - accounts for monies received from the sale of burial sites, lots and mausoleum sites, the revenue from which is to be applied to the perpetual care of the City's cemeteries.

Proprietary Funds

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the primary government's business activities are accounted for through proprietary funds. The measurement focus is on the determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges for services. Operating expenses include cost of sales and services, personnel, contractual services, and depreciation. The City has chosen not to implement private sector guidance issued after November 30, 1989 in reporting activities of the proprietary funds.

Enterprise Funds

The Enterprise Funds account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The City presents the following major enterprise fund:

Utility Fund - accounts for the provision of water and sewer services to City residents. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, billing, collections, financing and related debt service and capital assets of the water and sewage systems.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Government-wide and Fund Accounting Financial Statements: (Continued)

Enterprise Funds: (Continued)

The City presents the following nonmajor enterprise funds:

Golf Course Fund - accounts for the development and maintenance of the Municipal Golf Course activities.

Stormwater Utility Fund - accounts for the maintenance and improvements to the City's stormwater infrastructure.

The City presents the following other fund types:

Internal Service Funds

The Internal Service Funds account for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis. The Internal Service Funds are included in governmental activities for government-wide reporting purposes. The excess revenue or expenses of the funds are allocated to the appropriate functional activity.

Information Technology Fund - accounts for the City's technology infrastructure and allocates costs to the various departments or agencies using the service.

Fleet Management Fund - accounts for, on a cost-reimbursement basis, the financing of vehicles and the related maintenance, repairs and fuel costs of the City and allocates operating costs to the various departments or agencies using the equipment.

Risk Management Fund - accounts for the funding and payment of auto, personal liability, general liability, health insurance, and workers' compensation claims against the City exclusive of the School Board employees. Charges to other funds are based on estimated claims for the year.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide financial statements.

Agency Funds

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. In addition to the Funds listed below, the Suffolk Public School Combined School Activity Funds are also agency funds.

Special Welfare Fund - accounts for receipt of welfare checks and foster children support checks from the state and payments made on behalf of individuals.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Government-wide and Fund Accounting Financial Statements: (Continued)

Agency Funds: (Continued)

Commonwealth Fund - accounts for monies collected by the City on behalf of the Commonwealth of Virginia.

OPEB Trust Fund - accounts for activities of the City and School Board's other post-employment benefits (OPEB). This fund accumulates resources for health insurance for retired employees.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net assets and statements of activities, and proprietary funds, are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net assets or on the statement of fiduciary net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The fund financial statements of the Governmental Funds (for the primary government and component units) are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term "available" is limited to collection within forty-five days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are deferred. Interest income is recorded as earned. Federal and State reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

E. Stewardship, Compliance and Accountability

1. Budgeting Information

The City utilizes the following procedures in establishing the budgetary data reflected in the basic financial statements:

- At least 60 days prior to June 30, the City Manager submits to City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Stewardship, Compliance and Accountability: (Continued)

1. Budgeting Information: (Continued)

- The budget is formulated from estimates of revenues and expected expenditures from each department. The School Board is treated as a single expenditure line item.
- The City Manager submits the proposed budget to City Council, and recommends an appropriation ordinance and an ordinance levying the tax rates for the ensuing year.
- City Council then holds public hearings on the proposed budget. Notice of such public hearing must appear in a local newspaper not less than seven days prior to the hearing.
- The budget must be approved by a majority vote of City Council and legally adopted before July 1. If City Council does not adopt the proposed budget before July 1, the budget as submitted is automatically adopted.
- Additional appropriations may be made by City Council only if there is an unencumbered fund balance or additional funding becomes available. Supplemental budget appropriations were approved during the fiscal year ended June 30, 2008 for the following funds: General Fund, Consolidated Grants, Road Maintenance, Suffolk Taxing District, Capital Projects, Utility Fund, Golf Course Fund, Stormwater Utility Fund, Information Technology Fund, and Fleet Management Fund.

Formal budgetary integration is employed as a management control device. Annual operating budgets are adopted by ordinance passed by City Council for the General Fund, the Debt Service Fund, the Utility Fund, the Internal Service Funds and the following Special Revenue Funds: Route 17 Tax District, Downtown Business Overlay District, Suffolk Taxing District, Road Maintenance, Transit System, and Law Library. Annual operating budgets are also adopted for the School Operating, School Food Service and School Grants funds.

Budgets for proprietary fund types are prepared on the accrual basis of accounting. The General, Special Revenue and Debt Service Funds' budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Beginning fund balances for budgetary basis presentation purposes are adjusted for the carry-forward or prior year encumbrances. According to City Code, unexpended and unencumbered appropriations lapse at June 30 of each year. Appropriations that are encumbered at June 30 are carried forward into the following year's appropriations to allow for liquidation of the encumbrances.

Individual grants and projects included in the Consolidated Grants Fund, Law Enforcement Block Grant Fund, Wireless E-911 Fund, and Capital Projects Fund, are budgeted separate from the operating budget. These appropriations do not parallel the City's fiscal year and the accounting, encumbering and controlling of the funds are based upon the length of each individual grant or project, which may be more than one year.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Stewardship, Compliance and Accountability: (Continued)

2. Excess Expenditures of Appropriations

Expenditures did not exceed appropriations in any funds for the year ended June 30, 2008.

3. Fund Deficit

The following fund had a deficit balance at June 30, 2008:

Golf Course Fund	\$ <u>1,470,856</u>
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F. Deposits and Investments

For purposes of reporting cash flows for proprietary-type funds, cash and cash equivalents include cash on hand, money market funds, certificates of deposit and investments with maturities of three months or less.

State statutes authorize the City government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, the Local Government Investment Pool and State Non-Arbitrage Pool.

Investments for the government, as well as for its component units, are reported at fair value. No investments are valued at cost. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Interest income on investments is allocated to the appropriate funds based upon the average monthly cash balance of each fund. Interest income is accrued as earned.

Restricted Cash and Payables from Restricted Cash - Restricted cash in the various funds consists of developer bonds and various other deposits and unspent bond proceeds as disclosed in Note 3. Payables from restricted assets in the fleet management fund will be paid from these capital lease proceeds.

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 "due to" or "due from" other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Receivables and Payables: (Continued)

Allowances for Uncollectible Accounts

The City calculates its allowances for uncollectibles on property taxes and utility service charges using historical collection data. The receivables shown on the Statement of Net Assets are presented net of the following allowances for doubtful accounts as of June 30, 2008:

<u>Fund</u>	
General Fund – Taxes receivable	\$ 1,364,423
Nonmajor Funds – Taxes receivable	46,547
Utility Fund – Accounts receivable	125,908
Nonmajor Proprietary Funds – Accounts receivable	<u>40,449</u>
 Total	 \$ <u><u>1,577,327</u></u>

Property Taxes - Property taxes are levied as of January 1 for personal property and as of July 1 for real estate, based on the assessed value of real and personal property as of the date. The City's legal right to collect property taxes attaches each year when the rates are approved and the taxes are assessed. Real estate taxes are collectible twice a year, on June 5 and December 5. Personal property taxes are due on December 5. Amounts not collected within 45 days after year-end are reflected as deferred revenue.

	<u>Real Property</u>	<u>Personal Property</u>
Levy date	July 1	January 1
Due date and collection date	June 5 and December 5	December 5
Lien date for delinquent taxes	3 years from due date	Various

H. Inventories and Prepaid Items

Inventories of materials and supplies in the governmental and proprietary fund types are recorded at cost. The cost of inventory is recorded as an expenditure at the time individual inventory items are consumed (consumption method) on a first-in, first-out basis.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

I. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met.

Property, plant, equipment and infrastructure capital outlays of the Primary Government as well as the component units are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis on both the fund's basis and the government-wide basis. Interest expense is capitalized on proprietary fund type assets. The amount of interest expense capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project against interest income earned on invested proceeds over the same period.

The City's capitalization policy threshold is \$5,000. All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated assets are valued at their estimated fair market value on the date donated. Assets acquired under capital leases are capitalized at the net present value of all lease payments, and related amortization expense is included with depreciation expense.

The estimated useful lives of capital assets are as follows:

	<u>Years</u>
Buildings	40
Improvements other than buildings	15-75
Machinery and equipment	3-50
Infrastructure	25-50

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Capital assets having historical significance and being maintained by the City are not expected to decrease in value and, therefore, are not being depreciated.

J. Deferred/Unearned Revenue

Deferred revenue in the governmental fund types consists of revenues that are measurable but not available for use during the current period. Property taxes receivable at June 30 but not collected within 45 days after that date are reported as deferred revenue in the financial statements. Unearned revenues consist of amounts prepaid and not yet earned.

K. Compensated Absences

City employees are granted vacation and sick pay in varying amounts based on years of service. Employees may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination, or death, may be compensated for certain amounts at specified rates. The cost of accumulated vacation and sick pay expected to be paid from future expendable resources is accounted for as a liability in the government-wide statements and proprietary fund statements.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

K. Compensated Absences: (Continued)

All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. For governmental fund types, the amount of accumulated unpaid vacation leave which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirement or resignation. For City proprietary funds, the cost of vacation and sick leave is recorded as a liability when earned.

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

M. Fund Equity

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

The governmental fund types classify fund balances as follows:

Reserved Fund Balances

Reserved for grant compliance represents state and federal grant funds received in advance of use.

Reserved for encumbrances represents the portion of fund balance available to pay for commitments related to purchase orders or contracts which remain unperformed at year-end.

Reserved for inventories represent the portion of fund balance that is not available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

Reserved for workers compensation claims represents the portion of fund balance in which funds received from the various School Board departments for workers compensation claims which have not yet been required for payment of claims.

Reserved for health insurance claims represents the portion of fund balance in which funds received from employees School Board Department's health insurance claims which have not yet been required for payment of claims.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

M. Fund Equity: (Continued)

Unreserved Fund Balances

Designated for other specific projects represents the portion of fund balance identified for specific uses in the governmental funds.

Undesignated represents the portion of total fund balance available for appropriation that is uncommitted at year-end.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Retirement Plan

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

P. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures/expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

Q. Component Unit-School Board Capital Asset and Debt Presentation

By law, the School Board does not have taxing authority and, therefore, it cannot incur debt through general obligation bonds to fund the acquisition, construction or improvement of its capital assets. That responsibility lies with the City who issues the debt on behalf of the School Board. However, the *Code of Virginia* requires the School Board to hold title to the capital assets (buildings and equipment) due to their responsibility for maintaining the assets.

In the Statement of Net Assets, this scenario presents a dilemma for the City. Debt issued on behalf of the School Board is reported as a liability of the primary government, thereby reducing the net assets of the City. The corresponding capital assets are reported as assets of the Component Unit-School Board (title holder), thereby increasing its net assets.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Q. Component Unit-School Board Capital Asset and Debt Presentation: (Continued)

The Virginia General Assembly amended the *Code of Virginia* to allow a tenancy in common with the School Board whenever the locality incurs a financial obligation which is payable over more than one fiscal year for any school property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt.

R. Comparative Data/reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

S. Credit Risk

The assessed value of real estate and personal property for the City's ten largest taxpayers comprises 4.69% and 0.21% of the City's real estate and personal property tax base, respectively. Concentration of credit risk with respect to receivables is limited due to the large number of citizens comprising the City's taxpayer base.

NOTE 2—DEPOSITS AND INVESTMENTS:

The City maintains a cash and investment pool for all funds except the Economic Development Authority. The cash and investments of the Economic Development Authority's funds are held separately from other City funds and the Treasurer of the City of Suffolk is not accountable for these funds. Each fund's portion of the pool is reported in the balance sheet as cash and cash equivalents and/or restricted assets.

Deposits

All cash of the City and Component Unit School Board is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

The City Treasurer's policy for deposits and investments applies to both the City and the School Board. The policy refers to relevant state statutes identifying allowable types of investments, which are deemed to be high quality. The state statutes specify the following minimum levels of credit ratings: A-1 or P-1 for commercial paper and certificates of deposit, AA or Aa for corporate notes, and AAA for asset-backed securities. The Treasurer's policy emphasizes the use of securities of high credit quality and marketability, and follows state statute, but does not specify minimum credit ratings.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 2-DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

Credit risk is the risk an investor is subject to as a result of the credit quality of investments in debt securities.

The City's rated debt investments as of June 30, 2008 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Locality's Rated Debt Investments' Values		
Rated Debt Investments	Fair Quality Ratings	
	AAA	AAAm
SNAP	\$ -	\$ 74,172,056
Repurchase Agreements - Underlying:		
U.S. Agency Securities	17,257,240	-
Total	<u>\$ 17,257,240</u>	<u>\$ 74,172,056</u>

Interest Rate Risk

The City Treasurer's policy states that the investment portfolio shall be designed to attain a market rate of return, taking into account investment risk constraints and liquidity needs. The portfolio shall be structured so that securities mature concurrent with estimated cash needs and remain sufficiently liquid to meet anticipated operating requirements. Investments of current operating funds shall have maturities of no longer than 24 months.

Investment Type	Fair Value	Less Than 1 Year
Repurchase Agreements	\$ 17,257,240	\$ 17,257,240

Interest rate risk does not apply to the State Non-Arbitrage Pool.

External Investment Pool

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 SNAP is the same as the value of the pool shares.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 3-RESTRICTED CASH:

The City has restricted cash as of June 30, 2008 as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Govern- mental Funds</u>	<u>Business- type Activities</u>	<u>Internal Service Funds</u>	<u>Total Primary Government</u>
Unspent bond proceeds	\$ -	\$ 22,742,006	\$ -	\$ -	\$ 12,881,241	\$ -	\$ 35,623,247
School projects	-	3,043,324	-	-	-	-	3,043,324
Debt service	-	-	392,169	-	-	-	392,169
OPEB	-	-	-	-	-	2,040,000	2,040,000
Cemetery	-	-	-	963,508	-	-	963,508
Bridge repair	-	-	-	1,722,433	-	-	1,722,433
Other external purposes	1,784,320	-	-	19,757	54,751	-	1,858,828
Total restricted cash	<u>\$ 1,784,320</u>	<u>\$ 25,785,330</u>	<u>\$ 392,169</u>	<u>\$ 2,705,698</u>	<u>\$ 12,935,992</u>	<u>\$ 2,040,000</u>	<u>\$ 45,643,509</u>

NOTE 4-RECEIVABLES:

Receivables in the fund statements at June 30, 2008 are as follows:

	<u>Taxes Receivable</u>	<u>Accounts Receivable</u>	<u>Subtotal</u>	<u>Less- Allowance for Uncollectible Accounts</u>	<u>Receivables Net</u>
Primary Government:					
General	\$ 4,237,174	\$ -	\$ 4,237,174	(1,364,423)	\$ 2,872,751
Nonmajor Governmental Funds	76,962	-	76,962	(46,547)	30,415
Business-type Activities	-	4,964,775	4,964,775	(166,357)	4,798,418
Internal Service Funds	-	6,399	6,399	-	6,399
Total	<u>\$ 4,314,136</u>	<u>\$ 4,971,174</u>	<u>\$ 9,285,310</u>	<u>\$ (1,577,327)</u>	<u>\$ 7,707,983</u>
Component Unit- School Board	<u>\$ -</u>	<u>\$ 405,638</u>	<u>\$ 405,638</u>	<u>\$ -</u>	<u>\$ 405,638</u>

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 5-DUE FROM OTHER GOVERNMENTS:

Due from other governments in the fund statements at June 30, 2008 are as follows:

<u>Primary Government</u>				
	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>Commonwealth of Virginia</u>				
State sales tax	\$ 626,722	\$ -	\$ -	\$ 626,722
Shared expenses	338,606	-	-	338,606
Social services reimbursement	568,422	-	-	568,422
Various grants	<u>154,328</u>	<u>19,773</u>	-	<u>174,101</u>
Total due from the Commonwealth of Virginia	\$ <u>1,688,078</u>	\$ <u>19,773</u>	\$ -	\$ <u>1,707,851</u>
<u>Federal Government</u>				
HUD grants	\$ -	\$ -	\$ 136,948	\$ 136,948
Social services reimbursement	263,478	-	-	263,478
Various grants	<u>20,141</u>	-	<u>81,926</u>	<u>102,067</u>
Total due from the Federal government	\$ <u>283,619</u>	\$ -	\$ <u>218,874</u>	\$ <u>502,493</u>
Total due from other governments	\$ <u>1,971,697</u>	\$ <u>19,773</u>	\$ <u>218,874</u>	\$ <u>2,210,344</u>
<u>Component Unit School Board</u>				
	<u>School Operating Fund</u>	<u>School Food Service Fund</u>	<u>School Grants Fund</u>	<u>Total</u>
<u>Commonwealth of Virginia</u>				
State sales tax	\$ 1,223,846	\$ -	\$ -	\$ 1,223,846
Various grants	<u>176,604</u>	-	-	<u>176,604</u>
Total due from the Commonwealth of Virginia	\$ <u>1,400,450</u>	\$ -	\$ -	\$ <u>1,400,450</u>
<u>Federal Government</u>				
School food reimbursement	\$ -	\$ 434,233	\$ -	\$ 434,233
Title I	-	-	526,413	526,413
Title VI-B	-	-	488,892	488,892
Various grants	<u>62,705</u>	-	<u>283,560</u>	<u>346,265</u>
Total due from the Federal government	\$ <u>62,705</u>	\$ <u>434,233</u>	\$ <u>1,298,865</u>	\$ <u>1,795,803</u>
Total due from other governments	\$ <u>1,463,155</u>	\$ <u>434,233</u>	\$ <u>1,298,865</u>	\$ <u>3,196,253</u>

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 6-INTERFUND TRANSACTIONS:

Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2008 are as follows:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 2,621,253	\$ -
Nonmajor Governmental Funds:		
Grants Fund	-	218,874
Nonmajor Enterprise Funds:		
Golf Course Fund	-	1,314,339
Internal Service Funds:		
Fleet Management Fund	-	1,088,040
Totals	<u>\$ 2,621,253</u>	<u>\$ 2,621,253</u>

Purpose

Due to General Fund

\$218,874 - Nonmajor Governmental Funds: Advances for receivables from other governments to be reimbursed in subsequent fiscal year.

\$1,314,339 - Nonmajor Enterprise Fund: Advances for fund accumulated deficit at June 30, 2008.

Transactions between primary government and component units

Receivable and payable balances between the primary government and component units at June 30, 2008, are as follows:

	<u>Due To</u>	<u>Due From</u>
Primary Government	\$ 919,100	\$ -
Component Units:		
School Board	-	125,345
Industrial Development Authority	-	793,755
Totals	<u>\$ 919,100</u>	<u>\$ 919,100</u>

The City transferred \$45,518,655 to Suffolk School Board as part of its annual operating budget appropriation for support of schools.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 6-INTERFUND TRANSACTIONS: (CONTINUED)

Interfund Transfers

	Transfers to						Total
	General Fund	Debt Service	Capital Projects	Utility	Nonmajor Governmental	Enterprise	
Transfers from:							
General Fund	\$ -	\$ 21,711,072	\$ 890,000	\$ -	\$ 676,346	\$ 225,395	\$ 23,502,813
Capital Projects Fund	650,000	295,108	350,000	37,637	-	-	1,332,745
Debt Service Fund	451,463	-	-	-	5,402	-	456,865
Utility	720,000	-	-	-	-	-	720,000
Nonmajor:							
Governmental	664,151	451,030	-	-	-	-	1,115,181
Enterprise	105,000	-	-	-	-	-	105,000
Internal Service	253,485	-	-	-	-	-	253,485
Total	<u>\$ 2,844,099</u>	<u>\$ 22,457,210</u>	<u>\$ 1,240,000</u>	<u>\$ 37,637</u>	<u>\$ 681,748</u>	<u>\$ 225,395</u>	<u>\$ 27,486,089</u>

Purpose

Transfers are used to (1) move revenues from that statute or budget requires to collect them to the funds 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.

	Due To	Due From
General fund	\$ 2,621,253	\$ -
Nonmajor Governmental Funds:		
Grants Fund	-	218,874
Nonmajor Enterprise Funds:		
Golf Course Fund	-	1,314,339
Internal Service Funds:		
Fleet Management Fund	-	1,088,040
Total	<u>\$ 2,621,253</u>	<u>\$ 2,621,253</u>

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 7—CAPITAL ASSETS:

The following is a summary of governmental capital asset activity for the fiscal year ended June 30, 2008:

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Capital assets not being depreciated				
Land	\$ 22,017,163	\$ -	\$ -	\$ 22,017,163
Construction in progress	<u>17,110,387</u>	<u>26,564,348</u>	<u>2,467,362</u>	<u>41,207,373</u>
Total capital assets not being depreciated	<u>\$ 39,127,550</u>	<u>\$ 26,564,348</u>	<u>\$ 2,467,362</u>	<u>\$ 63,224,536</u>
Capital assets being depreciated				
Buildings	\$ 43,151,760	\$ -	\$ -	\$ 43,151,760
Improvements other than buildings	144,561,425	3,004,161	-	147,565,586
Machinery and equipment	<u>46,203,564</u>	<u>3,950,417</u>	<u>851,378</u>	<u>49,302,603</u>
Total capital assets being depreciated	<u>\$ 233,916,749</u>	<u>\$ 6,954,578</u>	<u>\$ 851,378</u>	<u>\$ 240,019,949</u>
Less accumulated depreciation				
Buildings	\$ 11,591,059	\$ 1,056,991	\$ -	\$ 12,648,050
Improvements other than buildings	14,564,402	6,283,303	-	20,847,705
Machinery and equipment	<u>26,417,565</u>	<u>4,357,895</u>	<u>574,869</u>	<u>30,200,591</u>
Total accumulated depreciation	<u>\$ 52,573,026</u>	<u>\$ 11,698,189</u>	<u>\$ 574,869</u>	<u>\$ 63,696,346</u>
Total capital assets being depreciated net	<u>\$ 181,343,723</u>	<u>\$ (4,743,611)</u>	<u>\$ 276,509</u>	<u>\$ 176,323,603</u>
School Board Joint Tenancy Assets	<u>\$ 95,282,893</u>	<u>\$ 6,014,261</u>	<u>\$ 2,906,990</u>	<u>\$ 98,390,164</u>
Total capital assets governmental activities	<u>\$ 315,754,166</u>	<u>\$ 27,834,998</u>	<u>\$ 5,650,861</u>	<u>\$ 337,938,303</u>

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 7-CAPITAL ASSETS: (CONTINUED)

The following is a summary of Utility Fund capital asset activity for the year ended June 30, 2008:

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Capital assets not being depreciated				
Land	\$ 3,205,760	\$ -	\$ -	\$ 3,205,760
Construction in progress	<u>31,954,912</u>	<u>47,562,878</u>	<u>2,041,006</u>	<u>77,476,784</u>
Total capital assets not being depreciated	\$ <u>35,160,672</u>	\$ <u>47,562,878</u>	\$ <u>2,041,006</u>	\$ <u>80,682,544</u>
Capital assets being depreciated				
Buildings	\$ 21,407,695	\$ 375,000	\$ -	\$ 21,782,695
Improvements other than buildings	220,758,275	3,807,950	-	224,566,225
Machinery and equipment	<u>47,814,738</u>	<u>564,145</u>	<u>-</u>	<u>48,378,883</u>
Total capital assets being depreciated	\$ <u>289,980,708</u>	\$ <u>4,747,095</u>	\$ <u>-</u>	\$ <u>294,727,803</u>
Less accumulated depreciation				
Buildings	\$ 7,438,361	\$ 549,135	\$ -	\$ 7,987,496
Improvements other than buildings	38,843,011	4,422,643	-	43,265,654
Machinery and equipment	<u>17,966,358</u>	<u>1,056,065</u>	<u>-</u>	<u>19,022,423</u>
Total accumulated depreciation	\$ <u>64,247,730</u>	\$ <u>6,027,843</u>	\$ <u>-</u>	\$ <u>70,275,573</u>
Total capital assets being depreciated net	\$ <u>225,732,978</u>	\$ <u>(1,280,748)</u>	\$ <u>-</u>	\$ <u>224,452,230</u>
Total capital assets Utility Fund	\$ <u><u>260,893,650</u></u>	\$ <u><u>46,282,130</u></u>	\$ <u><u>2,041,006</u></u>	\$ <u><u>305,134,774</u></u>

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 7-CAPITAL ASSETS: (CONTINUED)

The following is a summary of Golf Course capital asset activity for the year ended June 30, 2008:

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Capital assets not being depreciated				
Land	\$ 1,390,791	\$ -	\$ -	\$ 1,390,791
Capital assets being depreciated				
Buildings	\$ 213,826	\$ -	\$ -	\$ 213,826
Improvements other than buildings	2,908,090	9,725	-	2,917,815
Machinery and equipment	42,982	-	-	42,982
Total capital assets being depreciated	<u>\$ 3,164,898</u>	<u>\$ 9,725</u>	<u>\$ -</u>	<u>\$ 3,174,623</u>
Less accumulated depreciation				
Buildings	\$ 30,429	\$ 6,086	\$ -	\$ 36,515
Improvements other than buildings	547,669	145,648	-	693,317
Machinery and equipment	10,746	4,298	-	15,044
Total accumulated depreciation	<u>\$ 588,844</u>	<u>\$ 156,032</u>	<u>\$ -</u>	<u>\$ 744,876</u>
Total capital assets being depreciated net	<u>\$ 2,576,054</u>	<u>\$ (146,307)</u>	<u>\$ -</u>	<u>\$ 2,429,747</u>
Total capital assets Golf Course Fund	<u>\$ 3,966,845</u>	<u>\$ (146,307)</u>	<u>\$ -</u>	<u>\$ 3,820,538</u>

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 7-CAPITAL ASSETS: (CONTINUED)

The following is a summary of Component Unit-School Board capital asset activity for the year ended June 30, 2008:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Capital assets not being depreciated				
Land	\$ 5,890,284	\$ 48,334	\$ -	\$ 5,938,618
Capital assets being depreciated				
Buildings	\$ 167,498,825	\$ 114,401	\$ 74,233	\$ 167,538,993
Improvements	13,883,889	408,135	-	14,292,024
Machinery and equipment	27,016,952	2,596,215	1,209,039	28,404,128
Total capital assets being depreciated	<u>\$ 208,399,666</u>	<u>\$ 3,118,751</u>	<u>\$ 1,283,272</u>	<u>\$ 210,235,145</u>
Less accumulated depreciation				
Buildings	\$ 50,596,957	\$ 4,511,325	\$ 12,816	\$ 55,095,466
Improvements	6,205,212	553,187	-	6,758,399
Machinery and equipment	16,370,592	2,037,835	1,173,084	17,235,343
Total accumulated depreciation	<u>\$ 73,172,761</u>	<u>\$ 7,102,347</u>	<u>\$ 1,185,900</u>	<u>\$ 79,089,208</u>
Total capital assets being depreciated net	<u>\$ 135,226,905</u>	<u>\$ (3,983,596)</u>	<u>\$ 97,372</u>	<u>\$ 131,145,937</u>
City Joint Tenancy Assets	<u>\$ (95,282,893)</u>	<u>\$ (3,107,271)</u>	<u>\$ -</u>	<u>\$ (98,390,164)</u>
Total	<u><u>\$ 45,834,296</u></u>	<u><u>\$ (7,042,533)</u></u>	<u><u>\$ 97,372</u></u>	<u><u>\$ 38,694,391</u></u>

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 7-CAPITAL ASSETS: (CONTINUED)

The following is a summary of depreciation expense charged to various functions/funds for the year ending June 30, 2008:

Governmental Activities:

General Government	\$ 330,400
Judicial Administration	67,367
Public Safety	1,672,464
Public Works	8,988,267
Public Health	24,776
Parks, Recreation, and Culture	614,915
Community Development	
Total Governmental Activities	\$ 11,698,189

* Includes depreciation of \$3,585,328 for the Fleet Maintenance Fund and \$327,223 for Information Technology Fund.

Proprietary Funds:

Utility Fund	\$ 6,027,843
Golf Course Fund	156,032
Total Proprietary Funds	\$ 6,183,875

Component Unit School Board	\$ 7,102,347
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NOTE 8-LONG-TERM OBLIGATIONS:

The following is a summary of the changes in long-term obligation transactions of the governmental funds for the year ended June 30, 2008:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2008</u>	<u>Due Within One Year</u>
Governmental Funds:					
General obligation debt	\$ 189,981,991	\$ 24,475,000	\$ 11,560,267	\$ 202,896,724	\$ 12,734,737
Literary fund loans	6,750,000	-	500,000	6,250,000	500,000
Notes payable	1,588,475	-	1,108,475	480,000	240,000
Section 108 loan	3,845,000	-	193,000	3,652,000	193,000
Capital lease obligations	8,767,219	-	2,412,436	6,354,783	2,485,455
	<u>\$ 210,932,685</u>	<u>\$ 24,475,000</u>	<u>\$ 15,774,178</u>	<u>\$ 219,633,507</u>	<u>\$ 16,153,192</u>
Add bond premiums and other credits	5,083,540	501,623	249,755	5,335,408	261,526
Claims payable	2,141,453	8,911,851	9,028,332	2,024,972	1,383,853
OPEB	-	2,802,627	2,590,761	211,866	211,866
Compensated absences	3,661,457	656,620	358,542	3,959,535	226,880
Total	<u><u>\$ 221,819,135</u></u>	<u><u>\$ 37,347,721</u></u>	<u><u>\$ 28,001,568</u></u>	<u><u>\$ 231,165,288</u></u>	<u><u>\$ 18,237,317</u></u>

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

The following is a summary of long-term obligations outstanding at June 30, 2008:

Description	Issue Date	Final Maturity	Interest Rate	Authorized and Issued	Outstanding June 30, 2008
Bonds Payable:					
Virginia Public School Authority	08/30/90	07/15/10	6.40 - 7.10	\$ 3,685,000	\$ 705,000
Virginia Public School Authority	07/31/91	07/15/12	4.85 - 6.60	451,546	111,739
General Obligations Bonds:					
Public Improvement Series 1997	10/01/97	12/01/17	4.50 - 5.25	29,910,000	3,015,000
Public Improvement Series 1999	04/29/99	04/01/19	4.40 - 4.90	10,485,000	2,160,000
Public Improvement Series 2000	04/26/00	04/01/20	5.00 - 5.50	18,285,000	2,835,000
Public Improvement Series 2001	06/07/01	06/30/21	4.00 - 5.00	21,135,000	7,635,000
2001 Refunding Bonds	06/07/01	06/30/15	4.00 - 5.00	5,430,883	3,262,536
Public Improvement Series 2002	07/18/02	06/30/23	3.00 - 5.00	18,195,000	14,070,000
Public Improvement Series 2003	07/01/03	08/01/23	2.50 - 6.00	17,515,000	14,440,000
2003 Refunding Bonds	07/16/03	08/01/16	2.50 - 6.00	18,129,532	7,453,628
Public Improvement Series 2004	07/28/04	06/30/25	2.50 - 6.00	18,160,000	15,900,000
Public Improvement Series 2005	11/17/05	12/01/25	4.00 - 5.00	11,710,000	10,530,000
2005 Refunding Bonds	11/17/05	12/01/19	4.00 - 5.00	9,978,267	9,270,164
2007 Public Improvement and Refunding Bonds	04/11/07	02/01/35	4.00 - 4.50	88,081,239	87,033,657
2007B Public Improvement Bonds	12/01/07	12/01/27	4.00 - 5.00	24,475,000	24,475,000
Total general obligation bonds					\$ 202,896,724
Literary Fund Loans:					
Literary Fund Loan	12/01/99	12/01/19	3.00	5,000,000	\$ 3,000,000
Literary Fund Loan	04/01/01	04/01/21	3.00	5,000,000	3,250,000
Total literary fund loans					\$ 6,250,000
Notes Payable:					
Planters' Club Note	07/15/05	07/15/10	5.00	1,200,000	\$ 480,000
Total notes payable					\$ 480,000
Other Notes:					
Section 108 Loan Payable	09/14/06	08/01/26	4.96 - 5.77	3,845,000	\$ 3,652,000
Capital Lease Obligations:					
Communications System	10/01/03	10/01/08	5.14	2,415,743	\$ 531,041
Refuse Trucks	10/01/04	10/01/08	3.17	1,213,155	250,079
Refuse Trucks	01/13/06	01/13/10	4.27	1,617,535	659,674
Roadway Maintenance Equipment	04/26/06	07/01/11	3.69	4,662,530	3,147,900
Refuse Trucks	09/14/06	09/14/11	4.11	245,968	165,537
Roadway Maintenance Equipment	02/28/07	02/29/12	3.975	2,083,504	1,600,552
Total capital lease obligations					\$ 6,354,783
Add premiums and other credits					\$ 5,335,408
Claims payable					\$ 2,024,972
Other post employment benefits					\$ 211,866
Compensated absences					\$ 3,959,535
Total governmental long-term obligations					\$ 231,165,288

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Amortization Requirements for Governmental Funds

The following is a summary of long-term obligation amortization requirements for governmental funds at June 30, 2008:

Year Ending June 30,	General Obligation Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest
2009	\$ 12,734,737	\$ 8,962,421	\$ 500,000	\$ 187,500
2010	12,455,954	8,472,660	500,000	172,500
2011	12,641,413	7,982,114	500,000	157,500
2012	12,636,044	7,422,856	500,000	142,500
2013	12,787,950	6,887,884	500,000	127,500
2014	12,985,951	6,321,565	500,000	112,500
2015	11,990,850	5,736,744	500,000	97,500
2016	12,197,234	5,154,540	500,000	82,500
2017	11,778,111	4,589,484	500,000	67,500
2018	11,860,050	4,028,018	500,000	52,500
2019	9,784,945	3,457,113	500,000	37,500
2020	9,394,829	2,994,218	500,000	22,500
2021	8,617,188	2,580,255	250,000	7,500
2022	7,662,069	2,196,201	-	-
2023	7,801,929	1,855,395	-	-
2024	7,006,789	1,526,735	-	-
2025	6,256,649	1,236,671	-	-
2026	5,476,498	975,512	-	-
2027	5,056,348	738,939	-	-
2028	5,221,186	505,303	-	-
2029	820,000	294,750	-	-
2030	855,000	257,850	-	-
2031	895,000	219,375	-	-
2032	930,000	179,100	-	-
2033	975,000	137,250	-	-
2034	1,015,000	93,375	-	-
2035	1,060,000	47,700	-	-
Total	\$ 202,896,724	\$ 84,854,028	\$ 6,250,000	\$ 1,267,500

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Amortization Requirements for Governmental Funds: (Continued)

Year Ending June 30,	Section 108 Loan Payable		Notes Payable		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 193,000	\$ 189,288	\$ 240,000	\$ 24,000	\$ 2,485,455	\$ 230,433
2010	193,000	179,667	240,000	12,000	1,771,183	128,364
2011	193,000	170,065	-	-	1,489,549	58,887
2012	193,000	160,406	-	-	608,596	9,256
2013	193,000	150,707	-	-	-	-
2014	193,000	140,979	-	-	-	-
2015	193,000	131,214	-	-	-	-
2016	193,000	121,410	-	-	-	-
2017	193,000	111,567	-	-	-	-
2018	193,000	101,521	-	-	-	-
2019	193,000	91,215	-	-	-	-
2020	193,000	80,764	-	-	-	-
2021	193,000	70,187	-	-	-	-
2022	193,000	59,495	-	-	-	-
2023	193,000	48,697	-	-	-	-
2024	193,000	37,812	-	-	-	-
2025	193,000	26,849	-	-	-	-
2026	193,000	15,809	-	-	-	-
2027	178,000	5,135	-	-	-	-
Total	\$ 3,652,000	\$ 1,892,787	\$ 480,000	\$ 36,000	\$ 6,354,783	\$ 426,940

The Internal Services Fund capital lease obligations are collateralized by equipment with a book value of \$7,438,842, which is net of accumulated depreciation of \$6,222,448 at June 30, 2008.

Other

General Fund revenues are used to pay all long-term general obligation debt, capital leases, and compensated absences.

The General Fund has a contingent liability for repayment of the general obligation bonds outstanding in the Enterprise Fund, from which repayment is anticipated, should the Enterprise Fund be unable to do so.

Debt service requirements for general obligation bonds and other long-term obligations are met by the General Fund. The City retains the liability for the portion of general obligation bonds issued to fund capital projects of the School Board.

General obligation bonds are direct obligations and pledge the full faith and credit of the City.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Other: (Continued)

The following is a summary of the changes in long-term obligation transactions of the proprietary funds for the year ended June 30, 2008:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Amount Due Within One Year
Utility Fund:					
Bonds payable	\$ 108,425,474	\$ 39,795,000	\$ 2,290,458	\$ 145,930,016	\$ 2,961,599
Add bond premiums					
other credits	3,090,829	980,571	133,284	3,938,116	133,284
Net bonds payable	\$ 111,516,303	\$ 40,775,571	\$ 2,423,742	\$ 149,868,132	\$ 3,094,883
Compensated absences	303,508	12,858	6,527	309,839	14,534
Total Utility Fund	<u>\$ 111,819,811</u>	<u>\$ 40,788,429</u>	<u>\$ 2,430,269</u>	<u>\$ 150,177,971</u>	<u>\$ 3,109,417</u>
Golf Course Fund:					
Bonds payable	\$ 4,160,000	-	\$ 90,000	\$ 4,070,000	\$ 95,216
Premium on bonds	1,382	-	69	1,313	69
Total Golf Course Fund	<u>\$ 4,161,382</u>	<u>\$ -</u>	<u>\$ 90,069</u>	<u>\$ 4,071,313</u>	<u>\$ 95,285</u>
Stormwater Utility Fund:					
Compensated absences	\$ 33,120	\$ 17,272	\$ 3,456	\$ 46,936	\$ 253
Total Proprietary Funds	<u>\$ 116,014,313</u>	<u>\$ 40,805,701</u>	<u>\$ 2,523,794</u>	<u>\$ 154,296,220</u>	<u>\$ 3,204,955</u>

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Other: (Continued)

The following is a summary of proprietary funds long-term obligations outstanding at June 30, 2008:

Description	Issue Date	Final Maturity	Interest Rate %	Authorized and Issued	Outstanding June 30, 2008
Public Utility Fund:					
Bonds payable:					
General Obligation and Revenue Bonds:					
Water and Sewer Revenue Bonds					
Series 2000	03/29/00	04/01/30	4.20 - 5.90	\$ 14,435,000	\$ 980,000
2001 Refunding Bonds	06/07/01	06/30/15	4.00 - 5.00	1,344,117	807,464
Water and Sewer Bonds Series 2001	12/14/01	04/01/31	3.85 - 5.10	18,340,000	16,235,000
2003 Refunding Bonds	07/16/03	08/01/16	2.50 - 6.00	3,250,469	1,336,373
Water and Sewer Revenue Bonds					
Series 2003	12/04/03	10/01/33	2.10 - 5.10	11,725,000	10,905,000
2003C VRA Refunding Bonds	08/07/03	10/01/16	2.00 - 5.00	3,295,000	2,235,000
Water and Sewer Revenue Bonds					
Series 2004B	11/17/04	10/01/26	2.00 - 6.00	11,695,000	11,065,000
Water and Sewer Revenue Bonds					
Series 2005B	12/07/05	10/01/35	4.77 - 5.10	14,050,000	13,535,000
2005 Refunding Bonds	11/17/05	12/01/19	4.00 - 5.00	26,733	24,836
2006B VRA Refunding Bonds	08/09/06	04/01/30	4.10 - 4.87	12,750,000	12,410,000
Water and Sewer Revenue Bonds					
Series 2006C	11/29/06	10/01/36	4.26 - 4.91	36,460,000	36,460,000
2007 Public Improvement and Refunding Bond	04/11/07	02/01/35	4.00 - 4.50	163,761	141,343
2007 Series Water and Sewer Revenue Bond - VRA	12/13/07	10/01/37	3.40 - 5.10	39,795,000	39,795,000
Total long-term debt					\$ 145,930,016
Bond premiums and other credits					3,938,116
Net bonds payable					\$ 149,868,132
Compensated absences					309,839
Total Public Utility Fund					\$ 150,177,971
Golf Course Fund:					
General Obligation Bonds:					
Public Improvement Series 2004	07/02/04	06/30/30	2.00 - 6.00	\$ 590,000	\$ 545,000
Public Improvement Series 2002	07/18/02	06/30/33	3.00 - 5.00	3,765,000	3,475,000
2007 Public Improvement and Refunding Bond	04/11/07	02/01/35	4.00 - 4.50	50,000	50,000
Total bonds payable					\$ 4,070,000
Premium on bonds					1,313
Total Golf Course Fund					\$ 4,071,313
Stormwater Utility Fund:					
Compensated absences					\$ 46,936
Total Proprietary Funds					\$ 154,296,220

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Other: (Continued)

The following is a summary of long-term obligation amortization requirements for proprietary funds at June 30, 2008:

Fiscal Year Ending June 30,	Major Fund		Non-major Enterprise Fund	
	Utility Fund		Golf Course Fund	
	Principal	Interest	Principal	Interest
2009	\$ 2,961,599	\$ 6,864,925	\$ 95,216	\$ 187,354
2010	3,559,787	6,734,931	96,692	184,077
2011	3,730,206	6,586,802	101,756	180,509
2012	3,876,504	6,426,003	111,832	176,433
2013	4,030,143	6,258,701	111,907	172,034
2014	4,232,055	6,085,202	116,994	167,489
2015	4,222,048	5,900,510	122,101	162,664
2016	4,365,567	5,707,556	127,198	157,378
2017	4,414,572	5,513,405	132,317	151,731
2018	4,282,525	5,321,514	132,425	145,934
2019	4,472,512	5,121,571	147,543	139,662
2020	4,682,498	5,831,944	152,672	132,796
2021	4,895,000	4,690,733	157,813	125,549
2022	5,140,000	4,454,514	162,931	117,984
2023	5,375,000	4,202,073	168,071	110,016
2024	5,625,000	3,939,871	183,211	101,402
2025	5,900,000	3,664,394	188,351	92,272
2026	6,170,000	3,372,545	198,502	82,719
2027	6,480,000	3,063,786	213,653	72,517
2028	5,930,000	2,760,459	218,815	61,815
2029	6,205,000	2,462,848	225,000	50,731
2030	6,510,000	2,150,093	240,000	39,200
2031	5,880,000	1,822,181	210,000	28,000
2032	4,965,000	1,521,970	220,000	17,250
2033	5,215,000	1,268,127	235,000	5,875
2034	5,480,000	1,001,436	-	-
2035	4,990,000	740,485	-	-
2036	5,245,000	485,530	-	-
2037	4,620,000	239,191	-	-
2038	2,475,000	61,753	-	-
Totals	\$ <u>145,930,016</u>	\$ <u>114,255,053</u>	\$ <u>4,070,000</u>	\$ <u>2,863,391</u>

The City also leases various equipment and facilities through operating leases which are subject to appropriation annually. Rent expense for governmental and business-type activities was \$1,055,212 and \$315,442, respectively.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

School Board Long-Term Liabilities

Following is a summary of changes in noncurrent liabilities of the School Board and its component unit for the year ended June 30, 2008:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Current</u> <u>Portion</u>
Compensated absences:					
School Board	\$ 1,820,835	\$ 454,854	\$ 431,011	\$ 1,844,678	\$ 169,386

General Obligation Debt Limit

The Commonwealth of Virginia imposes a legal limit of 10% of the assessed valuation of taxable real property on the amount of general obligation borrowing which may be outstanding by the City. The City of Suffolk has independently set a lower debt limit of 7% of the assessed valuation. As of June 30, 2008 the City's aggregated general obligation indebtedness is approximately \$373 million less than the City's limit and \$627 million less than the Commonwealth's limit as summarized in statistical table number 14.

The City was in compliance with all significant financial covenants contained in the various bond indentures at June 30, 2008. The City does not have overlapping debt at June 30, 2008.

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2008, \$32,570,000 of bonds outstanding are considered defeased.

Arbitrage Rebate

Management has calculated its estimated arbitrage rebate liability relating to the City's various bond issues in accordance with Internal Revenue Service regulations. Internal Revenue Service regulations require the City to remit the rebate to the United States Treasury once every five years. At June 30, 2008, the City did not have an estimated rebate liability.

Bonds Authorized and Unissued

Bonded debt authorized by City Council in previous years but unissued as of June 30, 2008, totals \$43,475,739.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 9—DEFINED BENEFIT PENSION PLAN:

A. Plan Description

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

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

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/publications/2007AnnuRept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the City and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The City's and School's non-professional employee contribution rates for the fiscal year ended 2008 were 8.94% and 12.14% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$6,170,650, \$4,077,444 and \$3,386,801, to the teacher cost-sharing pool for the fiscal years ended June 30, 2008, 2007 and 2006, respectively and these contributions represented 15.30%, 9.20% and 6.62%, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2008, the City's annual pension cost of \$4,404,885 was equal to the City's required and actual contributions.

For fiscal year 2008, the City School Board's annual pension cost for the Board's non-professional employees was \$821,274 which was equal to the Board's required and actual contributions.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 9—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

C. Annual Pension Cost

Trend information for the City and School Board

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
City:			
June 30, 2008	\$ 4,404,885	100%	\$ -
June 30, 2007	4,123,650	100%	-
June 30, 2006	3,473,959	100%	-
School Board:			
Non-professional:			
June 30, 2008	\$ 821,274	100%	\$ -
June 30, 2007	484,246	100%	-
June 30, 2006	404,346	100%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.50% to 5.73% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the City's and the City School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 20 years.

D. Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the City's plan was 84.27% funded. The actuarial accrued liability for benefits was \$151,283,005, and the actuarial value of assets was \$127,487,501, resulting in an unfunded actuarial accrued liability (UAAL) of (\$23,795,504). The covered payroll (annual payroll of active employees covered by the plan) was \$47,940,645 and ratio of the UAAL to the covered payroll was 49.64%.

As of June 30, 2007 the most recent actuarial valuation date, the City School Board's plan was 89.54% funded. The actuarial accrued liability for benefits was \$15,354,981, and the actuarial value of assets was \$13,749,278, resulting in an unfunded actuarial accrued liability (UAAL) of (\$1,605,703). The covered payroll (annual payroll of active employees covered by the plan) was \$6,831,960, and ratio of UAAL to the covered payroll was 49.64.

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

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 10–DEFERRED/UNEARNED REVENUE:

The balance in deferred revenue on the fund statements and unearned revenues on the government-wide statements at year-end is comprised of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid licenses and fees not yet earned (General)	\$ -	\$ 1,205,980
Unearned developer deposits (General)	-	426,598
Unearned developer deposits (Nonmajor Governmental)	-	2,775,222
Unearned grant receipts (Nonmajor Governmental)	-	12,975
Taxes receivable, net (General)	1,567,487	-
Taxes receivable, net (Nonmajor Governmental)	21,581	-
Prepaid inspection fees not yet earned (Nonmajor Proprietary)	-	64,941
	<hr/>	<hr/>
Total	\$ <u>1,589,068</u>	\$ <u>4,485,716</u>

NOTE 11–CONTINGENT LIABILITIES AND COMMITMENTS:

Litigation

Various claims and lawsuits are pending against the City and School Board. In the opinion of the City and School Board attorneys, resolution of these cases will not involve a significant liability to the City or the School Board.

Federally Assisted Grant Programs

The City participates in a number of federally assisted grant programs. Although the City has been audited in accordance with the provisions of OMB Circular A-133, these programs remain subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, City management believes such disallowances, if any, will not be significant.

Construction Commitments

The City has authorized expenditures for capital additions and construction of various governmental and utility capital projects. At June 30, 2008, projects expected to be completed at various dates through 2008 had a total unexpended balance of \$7,101,916 (governmental) and \$13,451,235 (utility).

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 11—CONTINGENT LIABILITIES AND COMMITMENTS: (CONTINUED)

Self-Insurance

The City is self-insured for a portion of its health insurance risks up to \$100,000 per occurrence. An external insurance policy provides coverage over the specified amount up to \$1,000,000 per individual for life.

Claims payable reported in the Risk Management Fund at June 30, 2008 consists of all current self-insured claims payable amounting to \$2,024,972. The current portion is \$1,383,853 and \$1,207,992 for 2008 and 2007, respectively. Claims payable for health insurance are based on current enrollment and benefits and historical experience. Claims payable for workman's compensation and other contingent liabilities are based on insurance coverage and specific claims which have been presented. Following is a summary of changes in claims payable for the fiscal years ended June 30, 2008 and 2007:

	Claims Payable July 1, 2007	Current Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30, 2008
Health Insurance	\$ 684,742	\$ 8,180,579	\$ (7,700,952)	\$ 1,164,369
Workman's Compensation and other	1,456,711	731,272	(1,327,380)	860,603
Totals	<u>\$ 2,141,453</u>	<u>\$ 8,911,851</u>	<u>\$ (9,028,332)</u>	<u>\$ 2,024,972</u>

	Claims Payable July 1, 2006	Current Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30, 2007
Health Insurance	\$ 493,439	\$ 6,529,925	\$ (6,338,622)	\$ 684,742
Workman's Compensation and other	1,380,843	701,149	(625,281)	1,456,711
Totals	<u>\$ 1,874,282</u>	<u>\$ 7,231,074</u>	<u>\$ (6,963,903)</u>	<u>\$ 2,141,453</u>

Third-party administrators acting on behalf of the City pay all self-insured claims. There have been no claims settled that exceeded insurance coverage in any of the past three years.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 11—CONTINGENT LIABILITIES AND COMMITMENTS: (CONTINUED)

Worker’s Compensation Self-Insurance Coverage - School Board

The School Board maintains a self-insurance plan for workers’ compensation benefits. Charges are made to the School Operating, Grants and Food Service Funds as approved by City Council in the annual operating budgets. Any excess charges are reflected as a reserved fund balance for workers’ compensation claims in the School Operating Fund.

Claims are paid by a third-party administrator acting on behalf of the School Board under terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The plan pays all claims up to \$300,000 and \$250,000 for each covered accident, for the years ended June 30, 2008 and 2007, respectively. Any claims exceeding \$300,000 for each covered accident are paid by specific stop-loss insurance provided by a third-party insurance company. As of June 30, 2008, the workers’ compensation benefit obligation consisted of \$338,917 in reported unpaid claims and estimated incurred but not reported claims. Changes in the balance of claims liabilities during the years ended June 30, 2008 and 2007, are as follows:

	<u>Claims Payable July 1, 2007</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Claims Payable June 30, 2008</u>
Workers' compensation	\$ 363,659	\$ 434,674	\$ (459,416)	\$ 338,917

	<u>Claims Payable July 1, 2006</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Claims Payable June 30, 2007</u>
Workers' compensation	\$ 184,279	\$ 574,507	\$ (395,127)	\$ 363,659

At June 30, 2008, School Operating Fund cash of \$548,200 was held for purposes of funding the School’s future claims liabilities. As a result, \$548,200 of the School Operating Fund balance is reserved for payment of future claims liabilities.

Health Insurance Self-insurance Coverage - School Board

Claims are paid by a third-party administrator acting on behalf of the School Board under terms of a contractual agreement. The plan pays all claims up to \$125,000 for each participant. Any claims exceeding \$125,000 for each participant are paid by specific stop-loss insurance provided by a third-party insurance company.

As of June 30, 2008, School Operating Fund cash of \$380,122 was held for purposes of funding the School’s future claims liabilities. As a result, \$380,122 of the School Operating Fund balance is reserved for payment of future claims liabilities.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 12—LANDFILL POST CLOSURE CARE COSTS:

State and Federal laws and regulations require that the City of Suffolk perform certain maintenance and monitoring functions subsequent to closure of the City's landfill site. The City ceased accepting solid waste at the landfill in 1984 and completed initial closure measures in 1995. The City's ten-year post closure period began in 1995 and has been extended. The estimated post closure cost is \$581,200. This cost estimate includes site maintenance, water quality testing, and applicable methane gas monitoring measures, leachate collection and disposal. The total current cost of landfill closure and post closure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations. The City has expended \$326,041 through fiscal year 2008. It is estimated that the remaining \$255,159 will be recognized as post closure care expenses between June 30, 2008, and the date post closure care requirements expire.

NOTE 13—SURETY BONDS:

Surety Bonds of the City of Suffolk are as follows:

Ronald H. Williams, Treasurer	Constitutional Officer's Self-Insurance Plan	\$ 1,000,000
	Commonwealth of Virginia Faithful Performance of Duty Bond Plan	500,000
Thomas A. Hazelwood, Commissioner of the Revenue	Constitutional Officer's Self-Insurance Plan	1,000,000
	Commonwealth of Virginia Faithful Performance of Duty Bond Plan	3,000
Raleigh H. Isaacs, Sheriff	Constitutional Officer's Self-Insurance Plan	1,000,000
	Commonwealth of Virginia Faithful Performance of Duty Bond Plan	30,000
W. Randolph Carter, Jr., Clerk of Circuit Court	Constitutional Officer's Self-Insurance Plan	1,000,000
	Commonwealth of Virginia Faithful Performance of Duty Bond Plan	485,000
C. Phillips Ferguson, Commonwealth's Attorney	Constitutional Officer's Self-Insurance Plan	1,000,000

NOTE 14—SUBSEQUENT EVENT:

In November, 2008 the City issued General Obligation Public Improvement Bonds, Series 2008 in the amount of \$16.6 million to fund various projects.

The City will be included in the VRA pool for Public Utility projects mid-December for projects, capitalized interest, and costs of issuance estimated to be \$45,300,000.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 15–TRUST FOR OTHER POST-EMPLOYMENT BENEFITS:

The City of Suffolk has established a irrevocable trust pursuant to Section 15.2-1544 of the Code of Virginia, as amended for the purpose of accumulated and investing assets to fund Other Post-Employment Benefits (OPEB) and to participate in the Virginia Pooled OPEB Trust Fund and has established a Local Finance Board to become a Participating Employer in the Trust Fund. The Trust Fund provides administrative, custodial and investment services to the Participating Employers in the Trust Fund. For the fiscal year ending June 30, 2008 the City contributed \$2,400,000 and the School Board contributed \$1,445,000 to the Trust Fund. There have been no expenses allocated to the Trust Fund during the fiscal year ended June 30, 2008.

Financial statements for the Virginia Pooled OPEB Trust Fund are not currently available.

NOTE 16–OTHER POST-EMPLOYMENT BENEFITS PROGRAM:

City:

A. Plan Description

The City Post-Retirement Medical Plan (CPRMP) is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. The plan is administered by the City. Retired employees, who were enrolled in the City group health insurance plan for the 24 month prior to retirement date, who were employed by City with at least 20 years of service and who retire under the VRS plan are eligible to elect post-retirement coverage in the CPRMP. The CPRMP has no separate financial report.

B. Funding Policy

The City establishes employer contribution rates for plan participants as part of the budgetary process each year. The City also determines how the plan will be funded each year whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. For participating retirees the City pays \$167 per month towards the monthly premium and the retiree contributes remaining funds towards the monthly premium. Retirees pay 100 % of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

C. Annual Required Contribution (ARC)

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$2,802,627 for fiscal year 2008. The City has paid \$2,590,761 towards this obligation during FY 08. The City is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

City: (Continued)

C. Annual Required Contribution (ARC)

Annual OPEB Cost

For 2008, the City’s expected cash payment of \$2,802,627 was \$211,866 short of the OPEB cost. The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2008	\$ 2,802,627	93%	\$ 211,866

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008 is as follows:

Actuarial accrued liability (AAL)	\$ 19,803,803
Actuarial value of plan assets	2,590,761
Unfunded actuarial accrued liability	17,213,042
Funded ratio (actuarial value of plan assets / AAL)	13%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Cost Method

The projected unit credit (PUC) cost method was used for this valuation. The objective of this method is to fund each participant’s benefits under the plan as they would accrue. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

Interest Assumptions

	<u>Funded</u>
Discount rate	7.5%
Payroll growth	N/A

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

School Board:

A. Plan Description

The School Board Post-Retirement Medical Plan (SBPRMP) is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. The plan is administered by the School Board. Retired employees, who were enrolled in Suffolk Public Schools group health insurance plan for the 24 month prior to retirement date, who were employed by Suffolk Public Schools with at least 10 years of service and who retire under the VRS plan are eligible to elect post-retirement coverage in the SBPRMP. The SBPRMP has no separate financial report.

B. Funding Policy

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. For participating retirees the School Board pays \$137 per month towards the monthly premium and the retiree contributes remaining funds towards the monthly premium. Retirees pay 100 % of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

C. Annual Required Contribution (ARC)

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$2,213,791 for fiscal year 2008. The School Board elected to pre-fund OPEB liabilities. The School Board is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual OPEB Cost

For 2008, the School Board's expected cash payment of \$2,213,791 is equal to the ARC. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2008	\$ 2,213,791	100%	\$ -

CITY OF SUFFOLK, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

School Board: (Continued)

C. Annual Required Contribution (ARC): (Continued)

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008 is as follows:

Actuarial accrued liability (AAL)	\$	20,497,547
Actuarial value of plan assets		2,213,791
Unfunded actuarial accrued liability		18,283,756
Funded ratio (actuarial value of plan assets / AAL)		11%
Covered payroll (active plan members)		N/A
UAAI as a percentage of covered payroll		N/A

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Cost Method

The entry age normal cost method is used to determine the Plan's liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level of percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under this method, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Interest Assumptions

	<u>Funded</u>
Discount rate	7.5%
Payroll growth	N/A

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2008

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
General property taxes:				
Real estate	\$ 74,805,080	\$ 75,205,080	\$ 78,326,227	\$ 3,121,147
Personal property	25,000,000	14,449,019	13,714,887	(734,132)
Public service corporations	1,478,000	1,478,000	1,959,446	481,446
Mobile homes	-	-	103,672	103,672
Machinery and tools	-	-	1,498,365	1,498,365
Penalties	750,000	750,000	900,463	150,463
Interest	-	-	292,623	292,623
Total general property taxes	<u>\$ 102,033,080</u>	<u>\$ 91,882,099</u>	<u>\$ 96,795,683</u>	<u>\$ 4,913,584</u>
Other local taxes:				
Sales and use	\$ 7,645,000	\$ 7,645,000	\$ 7,579,882	\$ (65,118)
Utility tax	3,570,000	3,570,000	4,190,304	620,304
Communication taxes	3,000,000	3,000,000	3,682,126	682,126
Business and occupational licenses	5,800,000	5,800,000	5,806,810	6,810
Motor vehicle license	1,450,000	1,450,000	1,650,732	200,732
Bank stock	330,000	330,000	288,973	(41,027)
Recordation	1,708,000	1,708,000	1,563,745	(144,255)
Tobacco	1,170,000	1,170,000	1,415,123	245,123
Lodging	720,000	720,000	832,049	112,049
Meals	5,200,000	5,200,000	5,632,980	432,980
Public facility taxes	-	-	106,549	106,549
Admission	350,000	350,000	354,950	4,950
Total other local taxes	<u>\$ 30,943,000</u>	<u>\$ 30,943,000</u>	<u>\$ 33,104,223</u>	<u>\$ 2,161,223</u>
Permits, fees and licenses:				
	-			
Animal license	\$ 19,000	\$ 19,000	\$ 25,039	\$ 6,039
Permits and other licenses	1,265,000	1,265,000	1,272,192	7,192
Total permits, fees, and licenses	<u>\$ 1,284,000</u>	<u>\$ 1,284,000</u>	<u>\$ 1,297,231</u>	<u>\$ 13,231</u>
Fines and forfeitures	<u>\$ 380,000</u>	<u>\$ 380,000</u>	<u>\$ 475,350</u>	<u>\$ 95,350</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 2,200,000	\$ 2,200,000	\$ 2,466,587	\$ 266,587
Revenue from use of property	481,470	496,564	960,633	464,069
Total use of money and property	<u>\$ 2,681,470</u>	<u>\$ 2,696,564</u>	<u>\$ 3,427,220</u>	<u>\$ 730,656</u>
Charges for services:				
Excess fees - Circuit Court Clerk	\$ 524,787	\$ 524,787	\$ 384,991	\$ (139,796)
Police and traffic control	22,000	22,000	38,091	16,091
Charges for other protection	20,000	20,000	58,937	38,937
Charges for parks and recreation	330,000	330,000	428,211	98,211
Charges for library	5,000	5,000	7,387	2,387
Charges for planning and community development	5,000	29,898	46,658	16,760
Charges for other services	1,144,000	1,144,000	1,369,411	225,411
Airport sales	1,080,000	1,080,000	812,978	(267,022)
Total charges for services	<u>\$ 3,130,787</u>	<u>\$ 3,155,685</u>	<u>\$ 3,146,664</u>	<u>\$ (9,021)</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2008

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 1,398,800	\$ 1,487,944	\$ 1,151,302	\$ (336,642)
Total revenue from local sources	\$ 141,851,137	\$ 131,829,292	\$ 139,397,673	\$ 7,568,381
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC Profits	\$ 35,000	\$ 35,000	\$ -	\$ (35,000)
Wine Tax	37,000	37,000	-	(37,000)
Tax on Deeds	380,000	380,000	684,734	304,734
Railroad rolling stock tax	85,000	85,000	102,505	17,505
House Bill 599 Funds	3,461,245	3,461,245	3,287,145	(174,100)
PPTRA	-	10,550,981	10,169,730	(381,251)
Mobile home titling tax	-	-	15,705	15,705
Vehicle rental tax	-	-	167,570	167,570
Total noncategorical aid	\$ 3,998,245	\$ 14,549,226	\$ 14,427,389	\$ (121,837)
Categorical aid:				
Commonwealth's Attorney	\$ 1,003,000	\$ 1,003,000	\$ 986,533	\$ (16,467)
Commissioner of Revenue	180,000	180,000	184,783	4,783
Treasurer	250,000	250,000	256,325	6,325
Sheriff	900,000	900,000	926,996	26,996
Circuit Court Clerk	440,000	606,115	610,149	4,034
Registrar	55,000	55,000	89,080	34,080
Total categorical aid	\$ 2,828,000	\$ 2,994,115	\$ 3,053,866	\$ 59,751
Other categorical aid:				
Public assistance and welfare administration	\$ 3,285,052	\$ 3,285,052	\$ 3,440,774	\$ 155,722
Other categorical aid	482,800	2,261,587	792,385	(1,469,202)
Total other categorical aid	\$ 3,767,852	\$ 5,546,639	\$ 4,233,159	\$ (1,313,480)
Total categorical aid	\$ 6,595,852	\$ 8,540,754	\$ 7,287,025	\$ (1,253,729)
Total revenue from the Commonwealth	\$ 10,594,097	\$ 23,089,980	\$ 21,714,414	\$ (1,375,566)
Revenue from the Federal Government:				
Categorical aid:				
Public assistance and welfare administration	\$ 5,881,500	\$ 5,881,500	\$ 4,938,070	\$ (943,430)
Emergency Services	11,000	11,000	11,032	32
Parks, recreation and cultural	40,000	104,808	99,445	(5,363)
Property seizure	-	-	11,023	11,023
Other federal grants	207,200	231,208	256,731	25,523
Total revenue from the federal government	\$ 6,139,700	\$ 6,228,516	\$ 5,316,301	\$ (912,215)
Total revenues	\$ 158,584,934	\$ 161,147,788	\$ 166,428,388	\$ 5,280,600

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2008

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures:				
General government administration:				
Legislative:				
City Council	\$ 384,432	\$ 407,432	\$ 362,584	\$ 44,848
General and financial administration:				
City Manager	535,596	577,715	577,715	-
Assistant City Managers	720,183	728,526	728,526	-
City Attorney	860,450	886,450	797,612	88,838
Human resources	949,791	1,011,754	938,605	73,149
Commissioner of the Revenue	773,948	782,631	769,538	13,093
City Assessor	1,172,118	1,232,118	1,052,115	180,003
City Treasurer	1,178,434	1,215,225	1,215,225	-
Finance	1,088,868	1,126,943	919,788	207,155
Purchasing	347,890	309,815	303,420	6,395
Capital projects management	232,217	232,217	226,824	5,393
Board of elections:				
Registrar	261,129	285,233	280,847	4,386
Total general government administration	<u>\$ 8,505,056</u>	<u>\$ 8,796,059</u>	<u>\$ 8,172,799</u>	<u>\$ 623,260</u>
Judicial administration:				
Courts:				
Circuit Court	\$ 150,231	\$ 150,231	\$ 149,536	\$ 695
District Court	55,500	67,355	67,355	-
Magistrate	14,186	14,186	13,692	494
Juvenile and Domestic Relations Court	20,350	21,761	21,761	-
Juvenile and Domestic Relations Court Service Unit	645,105	839,349	839,349	-
Circuit Court Clerk	1,007,635	1,231,000	1,134,599	96,401
Sheriff	1,809,768	1,859,880	1,815,247	44,633
Commonwealth's Attorney	2,501,119	2,590,485	2,469,903	120,582
Total judicial administration	<u>\$ 6,203,894</u>	<u>\$ 6,774,247</u>	<u>\$ 6,511,441</u>	<u>\$ 262,805</u>
Public safety:				
Police	\$ 14,529,809	\$ 15,651,282	\$ 14,180,836	\$ 1,470,446
Communications	1,333,452	1,343,919	1,328,959	14,960
Fire	14,630,199	15,406,440	14,425,752	980,688
Western Tidewater Regional Jail	-	138,000	138,000	-
Animal shelter and management	500,465	539,965	441,048	98,917
Neighborhood development services	2,047,744	2,072,744	1,948,576	124,168
Emergency services	16,437	691,437	626,395	65,042
Total public safety	<u>\$ 33,058,106</u>	<u>\$ 35,843,787</u>	<u>\$ 33,089,566</u>	<u>\$ 2,754,221</u>
Public works:				
Administration	\$ 803,700	\$ 863,202	\$ 624,174	\$ 239,028
Refuse collection	3,719,694	3,939,248	3,399,110	540,138
Maintenance building and grounds	2,752,122	2,928,922	2,566,982	361,940
Aviation facilities	1,180,012	1,189,760	986,243	203,517
Total public works	<u>\$ 8,455,528</u>	<u>\$ 8,921,132</u>	<u>\$ 7,576,509</u>	<u>\$ 1,344,623</u>
Health and welfare:				
Social services	\$ 12,680,133	\$ 13,163,424	\$ 11,020,754	\$ 2,142,670
Total health and welfare	<u>\$ 12,680,133</u>	<u>\$ 13,163,424</u>	<u>\$ 11,020,754</u>	<u>\$ 2,142,670</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2008

Fund, Function, Activity, Element	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (Continued)				
Education:				
Contribution to Component Unit School Board	\$ 46,125,235	\$ 45,644,000	\$ 45,518,655	\$ 125,345
Lease rent of building	-	481,235	480,767	468
Total education	<u>\$ 46,125,235</u>	<u>\$ 46,125,235</u>	<u>\$ 45,999,422</u>	<u>\$ 125,813</u>
Parks, recreation and cultural:				
Parks and recreation	\$ 3,897,901	\$ 4,074,189	\$ 3,848,421	\$ 225,768
Public libraries	2,165,359	2,373,798	2,070,818	302,980
Total parks, recreation and cultural	<u>\$ 6,063,260</u>	<u>\$ 6,447,987</u>	<u>\$ 5,919,239</u>	<u>\$ 528,748</u>
Community development:				
Planning	\$ 1,221,907	\$ 1,259,817	\$ 1,060,733	\$ 199,084
Geographic information system	346,704	346,704	252,227	94,477
Economic development	1,756,019	4,252,837	1,242,130	3,010,707
Communications	453,113	453,113	433,665	19,448
Tourism	477,132	510,554	458,906	51,648
Local and regional organizations	2,026,283	2,071,283	2,066,675	4,608
Cooperative extension services	81,992	86,192	65,281	20,911
Total community development	<u>\$ 6,363,150</u>	<u>\$ 8,980,500</u>	<u>\$ 5,579,617</u>	<u>\$ 3,400,883</u>
Nondepartmental:				
Fringe benefits and insurance	\$ 9,026,140	\$ 8,558,219	\$ 7,622,634	\$ 935,585
Total nondepartmental	<u>\$ 9,026,140</u>	<u>\$ 8,558,219</u>	<u>\$ 7,622,634</u>	<u>\$ 935,585</u>
Total expenditures	<u>\$ 136,480,502</u>	<u>\$ 143,610,590</u>	<u>\$ 131,491,981</u>	<u>\$ 12,118,609</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 22,104,432</u>	<u>\$ 17,537,198</u>	<u>\$ 34,936,407</u>	<u>\$ 17,399,209</u>
Other financing sources (uses):				
Transfers in	\$ 1,704,485	\$ 1,704,485	\$ 2,844,099	\$ 1,139,614
Transfers (out)	(23,808,917)	(23,904,917)	(23,502,813)	402,104
Total other financing (uses)	<u>\$ (22,104,432)</u>	<u>\$ (22,200,432)</u>	<u>\$ (20,658,714)</u>	<u>\$ 1,541,718</u>
Net changes in fund balance	\$ -	\$ (4,663,234)	\$ 14,277,693	\$ 18,940,927
Fund balance at beginning of year	-	4,663,234	33,811,978	29,148,744
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,089,671</u>	<u>\$ 48,089,671</u>

Schedule of Funding Progress for the Virginia Retirement System

Last Three Fiscal Years

City

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2007	\$ 127,487,501	\$ 151,283,005	\$ 23,795,504	84.27%	\$ 47,940,645	49.64%
6/30/2006	110,472,189	131,405,148	20,932,959	84.07%	42,243,197	49.55%
6/30/2005	102,163,123	124,654,137	22,491,014	81.96%	38,699,760	58.12%

Discretely Presented Component Unit School Board - Non-Professional

6/30/2007	\$ 13,749,278	\$ 15,354,981	\$ 1,605,703	89.54%	\$ 6,831,960	23.50%
6/30/2006	11,982,366	13,939,590	1,957,224	85.96%	6,207,715	31.53%
6/30/2005	10,938,308	13,146,774	2,208,466	83.20%	6,013,434	36.73%

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OTHER SUPPLEMENTARY INFORMATION

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual -
 Debt Service Fund
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Use of money and property	\$	-	9,874	9,874
Total revenues	\$ -	\$ -	\$ 9,874	\$ 9,874
Expenditures:				
Debt service:				
Principal	\$ 12,776,137	\$ 12,835,760	\$ 13,361,741	\$ (525,981)
Interest and other fiscal charges	9,888,432	9,828,809	8,531,876	1,296,933
Bond issuance costs	-	-	190,205	(190,205)
Total expenditures	\$ 22,664,569	\$ 22,664,569	\$ 22,083,822	\$ 580,747
Excess (deficiency) of revenues over expenditures	\$ (22,664,569)	\$ (22,664,569)	\$ (22,073,948)	\$ 590,621
Other financing sources (uses):				
Transfers in	\$ 22,690,569	\$ 22,690,569	\$ 22,457,210	\$ (233,359)
Transfers (out)	(26,000)	(26,000)	(456,864)	(430,864)
Premiums on debt	-	-	200,970	200,970
Total other financing sources (uses)	\$ 22,664,569	\$ 22,664,569	\$ 22,201,316	\$ (463,253)
Net changes in fund balance	\$ -	\$ -	\$ 127,368	\$ 127,368
Fund balance at beginning of the year	-	-	734,340	734,340
Fund balance at end of the year	\$ -	\$ -	\$ 861,708	\$ 861,708

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OTHER SUPPLEMENTARY INFORMATION

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund types).

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Capital Projects Fund
 Schedule of Current Capital Projects
 Year Ended June 30, 2008

Project Name	Total Project Authorization	Portion Completed at June 30, 2008	Construction in Progress at June 30, 2008	Committed	Total Expended and Committed
Airport Development	\$ 300,000	\$ 297,022	\$ -	\$ -	\$ 297,022
Airport Drainage Study	299,950	-	-	-	-
Airport Pilot Lounge	22,000	22,000	-	-	22,000
Airport Security Improvements	100,000	-	22,622	-	22,622
Airport Water/Sewer Lines	314,000	-	276,914	-	276,914
Ambulance Purchase	310,000	150,000	-	158,339	308,339
Animal Shelter Kennel Floor	130,000	27,921	-	-	27,921
Bennett's Creek Dredging	260,000	260,000	-	-	260,000
Bennett's Creek Park & Recreation Center	450,000	450,000	-	-	450,000
Benton Road Improvements	400,000	-	-	-	-
Burbage Grant Sidewalk Project	38,542	36,224	-	-	36,224
Business Improvement Matching Incentive	100,000	100,000	-	-	100,000
Center Avenue Construction	81,483	81,483	-	-	81,483
Center for Hope & New Beginnings	25,000	25,000	-	-	25,000
Chuckatuck Village Plan	500,000	206,787	107,258	18,828	332,872
Citywide Emergency Home Repair	175,000	-	-	-	-
CMAQ-Main Street Pedestrian Improvements	726,983	-	76,798	-	76,798
CMAQ-Signal Coordination Downtown Suffolk	97,800	97,800	-	-	97,800
Comprehensive Plan Update	255,000	-	-	-	-
Constance Wharf Development	7,858,363	5,675,577	-	-	5,675,577
Corridor Plans Implementation	525,000	289,562	16,272	-	305,834
Creekside Elementary	19,506,724	19,506,724	-	-	19,506,724
Cypress Park Improvements	960,043	957,974	-	-	957,974
Demolition Inspection Building/Municipal Parking Improvements	50,000	-	4,120	-	4,120
Demolition of Birdsong Recreation Center	152,675	-	-	-	-
Demolition of Jefferson School	47,732	-	-	-	-
Demolition Of Old Jail/Parking Construction	240,000	239,999	-	-	239,999
Demo-School Administration Building	112,242	-	-	-	-
Downtown Connector Road Improvements	3,724,000	1,229,996	540,415	172,220	1,942,631
Downtown Plan	213,326	-	174,173	-	174,173
Driver Park Sports Complex	450,000	-	371,255	-	371,255
Driver Village Plan	350,000	-	127,767	-	127,767
East Suffolk Complex	7,797,667	-	3,890,453	2,184,846	6,075,299
East Washington St Plan	200,000	-	81,184	4,492	85,676
East Washington Street/Hall Place Neighborhood	939,957	404,662	509,065	-	913,727
East Washington Streetscape	11,860,139	3,509,212	5,851,516	171,109	9,531,837
Eclipse/Crittenden Plan	350,000	-	2,603	43,707	46,310
EPA Phase II Stormwater	1,359,740	-	-	71,380	71,380
Festival Site	25,000	-	-	-	-
FG/JFK/JY MS Limited Renovations	3,495,000	3,474,551	-	-	3,474,551
Finney Avenue Extension	1,985,259	1,981,011	-	-	1,981,011
Fire Engine	1,300,000	1,096,554	-	-	1,096,554
Fire Station #1 Roof Replacement	250,000	225,297	-	-	225,297
Former Suffolk High School Renovation	6,525,925	-	-	-	-
Gateway Signage	101,978	-	-	-	-
Genevieve Shelter For The Homeless	45,034	-	-	-	-
Geographic Information System	5,146,366	410,214	3,304,376	48,253	3,762,843

Capital Projects Fund
 Schedule of Current Capital Projects
 Year Ended June 30, 2008

Project Name	Total Project Authorization	Portion Completed at June 30, 2008	Construction in Progress at June 30, 2008	Committed	Total Expended and Committed
Great Dismal Swamp Interpretive Center	\$ 2,379,115	\$ -	\$ -	\$ -	-
Greenways, Blueways, & Trails	1,099,250	-	534,747	3,565	538,312
Hampton Roads Technology Park	1,443,405	-	-	-	-
Hangar Taxiway Construction/Site Preparation	1,114,517	1,083,992	-	-	1,083,992
Hazardous Materials Management	200,000	189,816	-	-	189,816
Health & Human Services Building	1,000,000	-	-	-	-
Hillpoint Elementary School	20,578,968	-	16,809,442	-	16,809,442
Holland Village Plan	500,000	408,408	33,441	3,560	445,409
HR Building Roof Replacement	60,000	59,999	-	-	59,999
Huntersville Community Plan	200,000	11,200	-	-	11,200
JFK Recreational Complex	1,014,605	1,014,604	-	-	1,014,604
Kings Fork High School	41,070,041	41,070,000	-	-	41,070,000
Kings Fork Safety Center	700,000	-	246,597	310,741	557,339
Land Easement Acquisition Runway 4/22	459,685	-	176,153	25,124	201,278
Lone Star Lake	421,000	-	415,202	-	415,202
Lone Star Lakes Golf Course Demolition	100,000	-	-	-	-
Main Street to Commerce Street Connection	500,000	-	354,102	17,507	371,609
Maintenance Building Roof Replacement	130,000	77,900	-	-	77,900
Maintenance Facility Building	2,100,000	868,474	46,040	52,993	967,508
Mullican Drive Rural Addition Roadway	152,000	-	9,631	1,377	11,008
Municipal Center Renovation	593,122	576,155	-	-	576,155
Municipal Channel Upgrade	943,218	297,621	-	-	297,621
Nansemond Parkway Civic League	50,000	-	-	-	-
Nansemond Parkway Elementary Second Roadway	670,000	313,010	-	-	313,010
Nansemond Parkway Recreation Facility	53,000	-	-	-	-
Nansemond Parkway/Shoulders Hill Road	15,900,000	-	108,074	56,250	164,324
Nansemond River High School Sewer Pump Station	250,000	-	10,185	-	10,185
Neighborhood Curb, Gutter, & Sidewalk Improvements	630,645	580,645	-	4,200	584,845
Neighborhood Initiatives Plan	100,000	-	-	-	-
Neighborhood Plan Implementation	49,475	-	-	-	-
Neighborhood Plans (Olde Towne)	300,000	168,690	27,308	-	195,997
New Main Library	100,999	-	-	-	-
North Main Street Fifth Lane Project	44,000	-	-	-	-
North Main Street Landscaping	50,000	-	-	-	-
North Suffolk Library	6,253,010	4,686,117	74,026	22,431	4,782,574
North Suffolk Public Safety Center	184,214	180,000	-	-	180,000
Northgate Industrial Park	6,053,920	-	-	-	-
Oakland Elementary Second Roadway Entrance	531,000	-	303,676	-	303,676
Obici House Stabilization	500,000	-	-	-	-
Old Courthouse Renovation/Jail Demolition	844,000	-	425,635	-	425,635
Old East Washington Street Improvements	250,000	219,891	-	23,989	243,880
Old Main St. Commercial Development	2,174,412	2,088,932	-	-	2,088,932
Orlando Street Improvements	1,176,145	1,176,145	-	-	1,176,145
Parks Capital Maintenance	2,581,502	1,107,530	908,827	5,294	2,021,651
Phoenix Bank	1,032,287	-	354,078	-	354,078
Pierce Park	48,855	-	40,374	-	40,374
Pike Street Rural Addition Roadway	85,159	85,159	-	-	85,159

Capital Projects Fund
 Schedule of Current Capital Projects
 Year Ended June 30, 2008

Project Name	Total Project Authorization	Portion Completed at June 30, 2008	Construction in Progress at June 30, 2008	Committed	Total Expended and Committed
Planters Club Improvements	\$ 25,000	\$ -	\$ -	\$ -	-
Police Administration Building	5,400,000	-	1,637,683	3,431,204	5,068,887
Police Headquarters Renovation	200,000	128,455	-	-	128,455
Program Administration	207,530	-	-	-	-
Property Acquisition - Obici Hospital	5,071,404	224,567	404	-	224,971
Property Acquisition - Neighborhoods	-	-	-	-	-
Public Buildings Capital Maintenance	2,722,535	609,271	1,574,564	-	2,183,835
Raleigh Avenue	50,000	-	27,615	-	27,615
Recreation Buildings Capital Maintenance	1,579,386	831,660	-	13,364	845,024
Riddick's Folly Structural Repair	180,000	-	41,257	3,000	44,257
Rt. 17 Improvements (Special Taxing District)	11,167	-	-	11,167	11,167
Runway 4-22 Safety Area Expansion	4,106,431	-	217,011	-	217,011
Saratoga Neighborhoods	50,000	50,000	-	-	50,000
Saratoga Phase II Neighborhood Rehabilitation	868,747	527,948	272,593	-	800,541
Small Community Plans	25,000	-	-	-	-
Storm Drainage Improvements	1,296,085	1,286,906	-	-	1,286,906
Street Landscape	835,001	262,727	-	-	262,727
Suffolk Compr Housing Study	20,000	-	-	-	-
Suffolk Industrial Park	3,812,280	2,871,372	-	-	2,871,372
Suffolk Shelter For The Homeless	65,000	-	-	-	-
T-Hangar Floor Overlay	50,000	-	4,960	-	4,960
Transportation Improvements- Rt. 17 (Townpoint Rd)	4,800,000	-	1,138,065	226,243	1,364,308
Urban Roadway Construction	2,448,000	-	-	-	-
Village Plans	250,000	-	-	-	-
Whaleyville Village Plan	501,000	199,773	58,888	16,735	275,396
White Marsh/Lake Kennedy Access Improvements	650,000	649,656	-	-	649,656
Totals	\$ 232,054,043	\$ 104,662,193	\$ 41,207,373	\$ 7,101,916	\$ 152,971,479

Utility Fund
 Schedule of Current Capital Projects
 Year Ended June 30, 2008

Project Name	Total Project Authorization	Portion Completed at June 30, 2008	Construction in Progress at June 30, 2008	Committed	Total Expended and Committed
1676 Holland Road	\$ 5,875	\$ 6,026	\$ -	\$ -	\$ 6,026
2782 Nansemond Parkway Sewer Extension	28,500	28,500	-	-	28,500
Airport Sanitary Sewer	2,401,394	-	2,416,265	115,932	2,532,197
Airport Water Distribution System Improvements	64,961	-	64,961	6,335	71,296
Bennett's Harbor Neighborhood Water	961,352	14,850	-	-	14,850
Bennett's Harbor Sanitary Sewer	3,137,435	220	-	-	220
Bennett's Pasture Water Main	2,015,366	-	223,446	-	223,446
Berwyn Water System Acquisition	20,000	-	-	-	-
Berwyn Water System Interconnection	5,175	-	-	-	-
Byrd Street Water Main	189,307	-	-	-	-
Cedar Point Phase I Sewer Extension	2,170,123	-	-	-	-
Cedar Point Sanitary Sewer	4,809,773	-	3,849,507	624,225	4,473,732
Chuckatuck Water System Upgrades	189,513	-	-	-	-
City Farm Water Tank	119,112	-	-	-	-
City Well Systems - Central Treatment	498,304	-	97,389	-	97,389
Community Well Sites Abandonment	3,074,675	-	1,408,444	13,129	1,421,573
Constance Rd Sanitary Sewer Rehab	633,472	-	397,251	155,601	552,852
Constance Wharf Site Work	59,578	-	-	-	-
Constance Wharf Water Site Work	177,251	-	-	-	-
Constant's Wharf Utility Relocation	865,599	-	(13,332)	-	(13,332)
Constant's Wharf Wastewater Pump Station	1,050,358	-	39,025	700	39,725
Crittenden Rd./Rt. 17 Water Transmission Phase II	752,207	-	17,593	-	17,593
Crittenden Rd./Rt. 17 Water Transmission Phase V	1,202,903	-	-	-	-
Crittenden Well Trans Main Pipeline	3,869,076	-	2,113,696	1,755,380	3,869,076
Crittenden/Eclipse Sewer	3,394,051	-	3,051,631	92,999	3,144,630
Crittenden/Eclipse Water	1,551,252	-	1,538,813	-	1,538,813
Eastover Sanitary Sewer Extension	336	-	336	-	336
EDR/Ionics	5,160,384	-	-	-	-
Expansion of Treatment Plant	1,850,563	-	-	-	-
Expansion of Treatment Plant	-	-	3,331	-	3,331
Fairgrounds Portsmouth main Relocation	60,970	-	32,464	27,217	59,681
Fairgrounds Sewer Upgrades	14,033	-	13,833	4,957	18,790
Fairgrounds Water Upgrades	12,432	-	12,264	4,956	17,220
Faulk road Water Main Extension	390,300	-	372,091	1,187	373,278
Finney Avenue Extension	597,541	398,928	-	-	398,928
Finney Avenue Project	243,994	154,719	-	-	154,719
Fire Hydrant Upgrades	125,000	-	70,023	-	70,023
Fire Station 4 Grinder Pump Force	4,976	-	-	-	-
Force Main Upgrades	77,688	-	41,119	34,971	76,090
Hampton Roads Youth Center	8,027	7,167	-	-	7,167
High Service Pump Station	79,822	-	-	-	-
Hobson Water System Improvements	980	-	-	-	-
Holland Consent Wells	1,524,186	-	734,334	165,151	899,485
Holland Emergency Wells	1,527,237	-	1,056,536	490,738	1,547,274
Holland Sewage Treatment Study	170,215	-	-	10,695	10,695

Utility Fund
 Schedule of Current Capital Projects
 Year Ended June 30, 2008

Project Name	Total Project Authorization	Portion Completed at June 30, 2008	Construction in Progress at June 30, 2008	Committed	Total Expended and Committed
Idlewood Radio Read Project	\$ 8,117	\$ -	\$ -	\$ -	\$ -
Kilby Shores Water Main Project	3,799	-	-	-	-
Kings Highway Water Extension	5,795	-	-	-	-
Kings Hwy Sanitary Force Maint Ext	19,702	19,702	-	-	19,702
Lake Kennedy Manhole Casting Replacements	250,000	-	162,750	-	162,750
Lake Kennedy Sewer	104,944	(291)	-	-	(291)
Lake Prince Meadows Water Trans Main	1,155,566	1,263,163	-	142,048	1,405,211
Lake Prince Meadows Water Transmission Dis Main	1,492,226	-	239,930	-	239,930
Lake Speight Neighborhood Sewer Extension	139,356	-	41,628	-	41,628
Lakeside Area Sewer	2,068,678	15,943	-	-	15,943
Lakeside Area Water Upgrade	800,981	585	-	-	585
Lead Service Line Replacement	25,000	-	1,075	-	1,075
Lone Star/Crumps Mill Dam Repair	6,345	-	-	-	-
Maple Hills/Forest Glen Water	-	-	619,882	84,474	704,356
Maple Hills/Forest Glenn Sewer	2,118,455	-	2,199,662	-	2,199,662
Maple Hills/Forest Glenn Sewer	705,380	-	-	-	-
Master Plan Revision	141,150	-	-	-	-
Master Sanitary Sewer Plan Update	1,070,943	-	290,894	201,732	492,626
Meadow Country Road Water Extension	780,025	-	884,788	223,762	1,108,549
MH,D, BH,LF,SLH & LM Interconnect	189,078	-	-	-	-
Miscellaneous other	-	-	-	-	-
Miscellaneous Pump Station Upgrades	924,112	-	201,103	83,898	285,000
N.E. Water Source & Transmission	867,119	-	18,655	-	18,655
Nansemond Auto Body	7,867	-	7,561	-	7,561
Nansemond Gardens/Wilroy Acres Sewer	17,617	-	16,217	-	16,217
Nansemond Gardens/Wilroy Acres Water	967,229	-	31,328	-	31,328
Nansemond Parkway NE Water	784,149	-	784,814	22,688	807,502
Nansemond Parkway Northeast Sewer Extension	2,845,261	-	2,932,721	1,460	2,934,181
Nansemond Parkway Sewer Force Main	165,207	-	-	-	-
Nansemond Shores/Holiday Point Sewer	3,893,393	-	-	-	-
Nansemond Shores/Holiday Point Water	2,177,339	-	-	-	-
Neighborhood Sewer Projects	6,917,871	-	-	-	-
Non-Residential Sewer Extension	1,923,156	-	763,585	-	763,585
North Main Street Sewer	15,680	-	-	-	-
North Main Street Sewer	224,535	-	-	-	-
North Main Street Water	15,679	-	-	-	-
North Main Street Water	297,924	-	-	-	-
Oakland Water System Interconnection	15,464	-	-	-	-
Operations & Maintenance Facility	200,000	-	175,447	52,993	228,440
Operations & Maintenance Facility FY01	4,847,800	-	1,358,654	-	1,358,654
Pine Valley Point Sewer Upgrade	2,350	-	-	-	-
Pitchkettle Farms Sanitary Sewer Extension	114,750	-	-	3,478	3,478
Pitchkettle Farms Water Transmission Main	28,895	(660)	-	-	(660)
Prentis Street Project	253,596	-	-	-	-
Pruden Blvd Force Main Failure	60,658	97,459	-	-	97,459

Utility Fund
 Schedule of Current Capital Projects
 Year Ended June 30, 2008

Project Name	Total Project Authorization	Portion Completed at June 30, 2008	Construction in Progress at June 30, 2008	Committed	Total Expended and Committed
Pump Station #3,30,64,22,25,5	\$ 97,486	\$ 90,446	\$ -	\$ 7,040	\$ 97,486
Pump Station Generator Replacements	36,360	-	32,895	-	32,895
Respass Beach/Holly Acres Sewer	1,780,064	16,197	-	8,304	24,501
Respass Beach/Holly Acres Water	685,759	1,365	-	-	1,365
Rosewood Water System Acquisition	2,380	-	-	-	-
Rt 58 Water Tank & Pump Station	774,750	-	532,649	487,105	1,019,754
Rt. 460 Water Transmission	2,252,807	(6,731)	-	-	(6,731)
Rt. 460/Main Street VDOT Roadway Betterment	220,002	-	-	-	-
Sanitary Sewer Evaluation Study	6,407,760	3,734,903	9,595	1,915,259	5,659,757
Sanitary Sewer Facilities Manual	99,800	43,682	42,960	41,328	127,970
Sewage PS Upgrades (10, 11, 12, 13, 43)	133,506	-	98,012	458	98,470
Sewer Manhole Casting	100,000	-	-	-	-
Sewer Pump Station #14 Upgrades	304,012	-	292,924	550	293,474
Sewer Pumping Station Access Driveway	178,269	-	98,836	81,613	180,449
Sewer System Upgrades	5,174,774	-	23,685	-	23,685
Sleepy Hole Golf Course Wastewater	12,848	-	12,028	820	12,848
South Main St Sewer Rehab	36,958	-	-	-	-
Suffolk Center For Cultural Arts Rehab	25,000	40,639	-	-	40,639
Suffolk/Isle of Wight Interconnect	331,208	-	544	-	544
Tabernacle Church Water Upgrade	20,000	-	-	-	-
Turlington Park Sewer Extension	275,267	-	180,509	45,676	226,185
Turlington Rd. Trans & Force Main Extension	800,468	-	847,056	-	847,056
Turlington Road Transmission Force Main	2,551,246	-	-	-	-
Waste Water Rate Study	427,045	68,801	2,090	-	70,891
Water & Sewer Facility Generator Connect	397,533	-	375,960	54,117	430,076
Water Disinfection, Holland & Whaleyville	60,000	-	-	1,850	1,850
Water Distribution & Transmission System Expansion	3,443,940	-	23,299	-	23,299
Water Distribution System Upgrades	7,257,584	-	-	-	-
Water Facilities Manual	60,000	-	61,018	18,463	79,481
Water Layer GIS	283,043	-	425,205	179,612	604,817
Water Main & Structural Crossing	264,574	-	-	-	-
Water Master Plan Update	344,520	-	-	-	-
Water Meter Upgrades	259,283	-	24,902	-	24,902
Water Plant Basin/Filter Upgrade	4,068,356	-	-	-	-
Water Source Development	8,284,850	-	-	-	-
Water Storage Tank	59,614	-	313	-	313
Water System Emergency Response Plan	441,545	-	10,692	11,605	22,297
Water Treatment Plant Phase II	48,508,763	-	41,699,913	5,269,520	46,969,432
Water Valve Replacement	25,000	-	1,159	-	1,159
Weaver Property Acquisition	162,793	-	-	-	-
Whaleyville Water Distribution System	4,673,038	-	3,635,480	961,483	4,596,963
Whaleyville Water Source	819,078	-	773,349	45,729	819,078
White Marsh Lake Kennedy	4,412	-	-	-	-
Total	\$ 185,894,177	\$ 5,995,615	\$ 77,476,786	\$ 13,451,235	\$ 96,923,633



OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

CITY OF SUFFOLK, VIRGINIA

Combining Balance Sheet -
 Nonmajor Governmental Funds
 At June 30, 2008

	Special Revenue Funds			
	Suffolk Taxing District	Downtown Business Overlay District	Road Maintenance	Consolidated Grants
Assets				
Cash and cash equivalents	\$ 319,715	\$ 15,682	\$ 7,010,896	\$ 175,478
Restricted cash	-	-	1,722,433	19,757
Receivables (Net of allowances for uncollectibles):				
Taxes receivable	1,182	7,615	-	-
Accounts receivable	-	-	736	-
Due from other governments	-	-	-	218,874
Total assets	\$ 320,897	\$ 23,297	\$ 8,734,065	\$ 414,109
Liabilities				
Vouchers and Accounts payable	\$ 8,250	\$ -	\$ 1,531,218	\$ 39,760
Due to other funds	-	-	-	218,874
Unearned revenue	-	-	2,775,222	12,975
Deferred revenue	3,104	1,229	-	-
Total liabilities	\$ 11,354	\$ 1,229	\$ 4,306,440	\$ 271,609
Fund Balances				
Fund balances:				
Reserved for encumbrances	\$ -	\$ -	\$ 1,004,465	\$ 77,103
Reserved for cemetery perpetual care	-	-	-	-
Reserved for grant compliance	-	-	-	6,128
Designated:				
Specific projects	200,076	-	1,722,433	-
Undesignated:				
Special revenue	109,467	22,068	1,700,727	59,269
Total fund balances	\$ 309,543	\$ 22,068	\$ 4,427,625	\$ 142,500
Total liabilities and fund balances	\$ 320,897	\$ 23,297	\$ 8,734,065	\$ 414,109

<u>Transit System</u>	<u>Law Library</u>	<u>Route 17 Taxing District</u>	<u>Mosquito Taxing District</u>	<u>Permanent Fund Cemetery</u>	<u>Total Non-Major Governmental Funds</u>
\$ 10,159	\$ 183,499	\$ 1,831,952	\$ 799,306	\$ -	\$ 10,346,687
-	-	-	-	963,508	2,705,698
-	-	17,763	3,855	-	30,415
-	5,030	-	-	-	5,766
-	-	-	-	-	218,874
<u>\$ 10,159</u>	<u>\$ 188,529</u>	<u>\$ 1,849,715</u>	<u>\$ 803,161</u>	<u>\$ 963,508</u>	<u>\$ 13,307,440</u>
\$ 10,159	\$ 2,902	\$ -	\$ -	\$ 4,204	\$ 1,596,493
-	-	-	-	-	218,874
-	-	-	-	-	2,788,197
-	-	13,154	4,094	-	21,581
<u>\$ 10,159</u>	<u>\$ 2,902</u>	<u>\$ 13,154</u>	<u>\$ 4,094</u>	<u>\$ 4,204</u>	<u>\$ 4,625,145</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,081,568
-	-	-	-	959,304	959,304
-	-	-	-	-	6,128
-	-	-	-	-	1,922,509
-	185,627	1,836,561	799,067	-	4,712,786
<u>\$ -</u>	<u>\$ 185,627</u>	<u>\$ 1,836,561</u>	<u>\$ 799,067</u>	<u>\$ 959,304</u>	<u>\$ 8,682,295</u>
<u>\$ 10,159</u>	<u>\$ 188,529</u>	<u>\$ 1,849,715</u>	<u>\$ 803,161</u>	<u>\$ 963,508</u>	<u>\$ 13,307,440</u>

CITY OF SUFFOLK, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2008

	Special Revenue Funds			
	Suffolk Taxing District	Downtown Business Overlay District	Road Maintenance	Consolidated Grants
Revenues:				
Real estate taxes	\$ 3,588	\$ 185,332	\$ -	\$ -
Permits, privilege fees and regulatory licenses	-	-	78,277	-
Fines and forfeitures	-	-	-	-
Revenue from use of money and property	9,893	125	136,747	-
Charges for services	-	-	1,203,328	29,341
Miscellaneous	-	-	50,016	20,033
Intergovernmental:				
Revenue from the Commonwealth	-	-	17,064,454	310,672
Revenue from the Federal Government	-	-	-	779,631
Total revenues	\$ 13,481	\$ 185,457	\$ 18,532,822	\$ 1,139,677
Expenditures				
Current:				
Judicial administration	\$ -	\$ -	\$ -	\$ 191,770
Public safety	-	-	-	474,264
Public works	18,150	169,999	15,876,492	16,806
Health and welfare	-	-	-	20,066
Parks, recreation, and cultural	-	-	-	65,053
Community development	-	-	-	529,488
Total expenditures	\$ 18,150	\$ 169,999	\$ 15,876,492	\$ 1,297,447
Excess (deficiency) of revenues over expenditures	\$ (4,669)	\$ 15,458	\$ 2,656,330	\$ (157,770)
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ -	\$ 43,963
Transfers (out)	-	-	(600,000)	-
Total other financing sources (uses)	\$ -	\$ -	\$ (600,000)	\$ 43,963
Net changes in fund balances	\$ (4,669)	\$ 15,458	\$ 2,056,330	\$ (113,807)
Fund balances at beginning of year	314,212	6,610	2,371,295	256,307
Fund balances at end of year	<u>\$ 309,543</u>	<u>\$ 22,068</u>	<u>\$ 4,427,625</u>	<u>\$ 142,500</u>

<u>Transit System</u>	<u>Law Library</u>	<u>Route 17 Taxing District</u>	<u>Mosquito Taxing District</u>	<u>Law Enforcement Block Grant</u>	<u>Wireless E-911</u>	<u>Permanent Fund Cemetery</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 1,039,169	\$ 13,750	\$ -	\$ -	\$ -	\$ 1,241,839
-	-	-	-	-	-	-	78,277
-	-	-	-	-	-	-	-
-	29,178	43,078	24,670	-	-	48,879	292,570
84,243	57,338	-	-	-	-	16,267	1,390,517
-	685	-	-	-	-	-	70,734
-	-	-	-	-	-	-	17,375,126
-	-	-	-	-	-	-	779,631
<u>\$ 84,243</u>	<u>\$ 87,201</u>	<u>\$ 1,082,247</u>	<u>\$ 38,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,146</u>	<u>\$ 21,228,694</u>
\$ -	\$ 67,108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258,878
-	-	-	-	-	-	-	474,264
722,028	-	-	-	-	-	-	16,803,475
-	-	-	-	-	-	-	20,066
-	-	-	-	-	-	-	65,053
-	-	-	-	-	-	83,040	612,528
<u>\$ 722,028</u>	<u>\$ 67,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,040</u>	<u>\$ 18,234,264</u>
<u>\$ (637,785)</u>	<u>\$ 20,093</u>	<u>\$ 1,082,247</u>	<u>\$ 38,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,894)</u>	<u>\$ 2,994,430</u>
\$ 637,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 681,748
-	-	(451,030)	-	(1,135)	(14,137)	(48,879)	(1,115,181)
<u>\$ 637,785</u>	<u>\$ -</u>	<u>\$ (451,030)</u>	<u>\$ -</u>	<u>\$ (1,135)</u>	<u>\$ (14,137)</u>	<u>\$ (48,879)</u>	<u>\$ (433,433)</u>
\$ -	\$ 20,093	\$ 631,217	\$ 38,420	\$ (1,135)	\$ (14,137)	\$ (66,773)	\$ 2,560,997
-	165,534	1,205,344	760,647	1,135	14,137	1,026,077	6,121,298
<u>\$ -</u>	<u>\$ 185,627</u>	<u>\$ 1,836,561</u>	<u>\$ 799,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 959,304</u>	<u>\$ 8,682,295</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Budget and Actual
Year Ended June 30, 2008

Special Revenue Funds

	Suffolk Taxing District				Downtown Business Overlay District			
	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:								
Real estate taxes	\$ -	\$ -	\$ 3,588	\$ 3,588	\$ 175,000	\$ 175,000	\$ 185,332	\$ 10,332
Permits, privilege fees and regulatory licenses	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Revenue from use of money and property	-	-	9,893	9,893	-	-	125	125
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Intergovernmental:								
Revenue from the Commonwealth	-	-	-	-	-	-	-	-
Revenue from the Federal Government	-	-	-	-	-	-	-	-
Total revenues	\$ -	\$ -	\$ 13,481	\$ 13,481	\$ 175,000	\$ 175,000	\$ 185,457	\$ 10,457
Expenditures								
Current:								
Judicial administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-	-
Public works	-	218,226	18,150	200,076	175,000	175,000	169,999	5,001
Health and welfare	-	-	-	-	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	\$ -	\$ 218,226	\$ 18,150	\$ 200,076	\$ 175,000	\$ 175,000	\$ 169,999	\$ 5,001
Excess (deficiency) of revenues over expenditures	\$ -	\$ (218,226)	\$ (4,669)	\$ 213,557	\$ -	\$ -	\$ 15,458	\$ 15,458
Other financing sources (uses):								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers (out)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net changes in fund balances	\$ -	\$ (218,226)	\$ (4,669)	\$ 213,557	\$ -	\$ -	\$ 15,458	\$ 15,458
Fund balances at beginning of year	-	218,226	314,212	95,986	-	-	6,610	6,610
Fund balances at end of year	\$ -	\$ -	\$ 309,543	\$ 309,543	\$ -	\$ -	\$ 22,068	\$ 22,068

Road Maintenance				Transit			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25,000	25,000	78,277	53,277	-	-	-	-
-	-	-	-	-	-	-	-
-	-	136,747	136,747	-	-	-	-
1,015,000	1,265,000	1,203,328	(61,672)	76,641	76,641	84,243	7,602
-	22,100	50,016	27,916	-	-	-	-
-	-	-	-	-	-	-	-
16,630,926	17,064,455	17,064,454	(1)	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 17,670,926</u>	<u>\$ 18,376,555</u>	<u>\$ 18,532,822</u>	<u>\$ 156,267</u>	<u>\$ 76,641</u>	<u>\$ 76,641</u>	<u>\$ 84,243</u>	<u>\$ 7,602</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17,070,926	18,438,612	15,876,492	2,562,120	647,959	678,959	722,028	(43,069)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 17,070,926</u>	<u>\$ 18,438,612</u>	<u>\$ 15,876,492</u>	<u>\$ 2,562,120</u>	<u>\$ 647,959</u>	<u>\$ 678,959</u>	<u>\$ 722,028</u>	<u>\$ (43,069)</u>
\$ 600,000	\$ (62,057)	\$ 2,656,330	\$ 2,718,387	\$ (571,318)	\$ (602,318)	\$ (637,785)	\$ (35,467)
\$ -	\$ -	\$ -	\$ -	\$ 571,318	\$ 602,318	\$ 637,785	\$ 35,467
(600,000)	(600,000)	(600,000)	-	-	-	-	-
<u>\$ (600,000)</u>	<u>\$ (600,000)</u>	<u>\$ (600,000)</u>	<u>\$ -</u>	<u>\$ 571,318</u>	<u>\$ 602,318</u>	<u>\$ 637,785</u>	<u>\$ 35,467</u>
\$ -	\$ (662,057)	\$ 2,056,330	\$ 2,718,387	\$ -	\$ -	\$ -	\$ -
-	662,057	2,371,295	1,709,238	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,427,625</u>	<u>\$ 4,427,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Budget and Actual
Year Ended June 30, 2008 (Continued)

Special Revenue Funds								
	Law Library				Route 17 Taxing District			
	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:								
Real estate taxes	\$ -	\$ -	\$ -	\$ -	\$ 990,000	\$ 990,000	\$ 1,039,169	\$ 49,169
Permits, privilege fees and regulatory licenses	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Revenue from use of money and property	-	-	29,178	29,178	-	-	43,078	43,078
Charges for services	54,000	54,000	57,338	3,338	-	-	-	-
Miscellaneous	-	-	685	685	-	-	-	-
Intergovernmental:								
Revenue from the Commonwealth	-	-	-	-	-	-	-	-
Revenue from the Federal Government	-	-	-	-	-	-	-	-
Total revenues	\$ 54,000	\$ 54,000	\$ 87,201	\$ 33,201	\$ 990,000	\$ 990,000	\$ 1,082,247	\$ 92,247
Expenditures								
Current:								
Judicial administration	\$ 78,030	\$ 78,030	\$ 67,108	\$ 10,922	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	\$ 78,030	\$ 78,030	\$ 67,108	\$ 10,922	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	\$ (24,030)	\$ (24,030)	\$ 20,093	\$ 44,123	\$ 990,000	\$ 990,000	\$ 1,082,247	\$ 92,247
Other financing sources (uses):								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers (out)	-	-	-	-	(990,000)	(990,000)	(451,030)	538,970
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ (990,000)	\$ (990,000)	\$ (451,030)	\$ 538,970
Net changes in fund balances	\$ (24,030)	\$ (24,030)	\$ 20,093	\$ 44,123	\$ -	\$ -	\$ 631,217	\$ 631,217
Fund balances at beginning of year	24,030	24,030	165,534	141,504	-	-	1,205,344	1,205,344
Fund balances at end of year	\$ -	\$ -	\$ 185,627	\$ 185,627	\$ -	\$ -	\$ 1,836,561	\$ 1,836,561



OTHER SUPPLEMENTARY INFORMATION

Nonmajor Proprietary Funds

Combining Statement of Net Assets - Nonmajor Proprietary Funds
At June 30, 2008

	Business-type Activities - Enterprise Funds		
	Golf Course Fund	Stormwater Fund	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	\$ -	\$ 2,091,317	\$ 2,091,317
Restricted cash	54,751	-	54,751
Receivables (net of allowance for uncollectibles)	58,334	125,326	183,660
Total Current Assets	\$ 113,085	\$ 2,216,643	\$ 2,329,728
Noncurrent Assets			
Deferred charges	\$ 67,015	\$ -	\$ 67,015
Capital assets:			-
Land	\$ 1,390,791	\$ -	\$ 1,390,791
Buildings	213,826	-	213,826
Improvements other than buildings	2,917,815	-	2,917,815
Machinery and equipment	42,982	-	42,982
Less: Accumulated depreciation	(744,876)	-	(744,876)
Total Capital Assets (net)	\$ 3,820,538	\$ -	\$ 3,820,538
Total Noncurrent Assets	\$ 3,887,553	\$ -	\$ 3,887,553
Total Assets	\$ 4,000,638	\$ 2,216,643	\$ 6,217,281
LIABILITIES			
Current Liabilities			
Vouchers and accounts payable	\$ 7,293	\$ 23,344	\$ 30,637
Unearned revenue	-	64,941	64,941
Accrued interest	78,549	-	78,549
Due to other funds	1,314,339	-	1,314,339
Current portion of compensated absences	-	253	253
Bonds, notes payable and capital lease obligations - current	95,216	-	95,216
Total Current Liabilities	\$ 1,495,397	\$ 88,538	\$ 1,583,935
Noncurrent Liabilities			
Noncurrent portion of compensated absences	\$ -	\$ 46,683	\$ 46,683
Net premium on bonds	1,313	-	1,313
Bonds, notes payable and capital lease obligations - net of current	3,974,784	-	3,974,784
Total Noncurrent Liabilities	\$ 3,976,097	\$ 46,683	\$ 4,022,780
Total Liabilities	\$ 5,471,494	\$ 135,221	\$ 5,606,715
NET ASSETS			
Invested in capital assets, net of related debt	\$ (249,462)	\$ -	\$ (249,462)
Unrestricted (deficit) assets	(1,221,394)	2,081,422	860,028
Total Net Assets	\$ (1,470,856)	\$ 2,081,422	\$ 610,566
Total Liabilities and Net Assets	\$ 4,000,638	\$ 2,216,643	\$ 6,217,281

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets -
 Nonmajor Proprietary Funds
 Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds		
	Golf Course Fund	Stormwater Fund	Totals
Operating revenues:			
Charges for services	\$ 1,275,447	\$ 3,823,758	\$ 5,099,205
Use of money and property	121,450	-	121,450
Total operating revenues	\$ 1,396,897	\$ 3,823,758	\$ 5,220,655
Operating expenses:			
Personnel services	\$ -	\$ 1,530,356	\$ 1,530,356
Purchased services	1,278,246	102,667	1,380,913
Contractual services	11,612	327,634	339,246
Supplies	147	-	147
Depreciation and amortization	156,032	-	156,032
Leased property	142,750	-	142,750
Other charges	24	630,717	630,741
Total operating expenses	\$ 1,588,811	\$ 2,591,374	\$ 4,180,185
Net income from operations	\$ (191,914)	\$ 1,232,384	\$ 1,040,470
Nonoperating revenues (expenses):			
Interest income	\$ 20,258	\$ 45,598	\$ 65,856
Interest and other fiscal expenses	(191,814)	-	(191,814)
Total nonoperating revenues (expenses)	\$ (171,556)	\$ 45,598	\$ (125,958)
Net income before contributions and transfers	\$ (363,470)	\$ 1,277,982	\$ 914,512
Transfers in	225,395	-	225,395
Transfers (out)	-	(105,000)	(105,000)
Change in net assets	\$ (138,075)	\$ 1,172,982	\$ 1,034,907
Net assets, beginning of year	(1,332,781)	908,440	(424,341)
Net assets, end of year	\$ (1,470,856)	\$ 2,081,422	\$ 610,566

Combining Statement of Cash Flows - Nonmajor Proprietary Funds
 Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds		
	Golf Course Fund	Stormwater Fund	Totals
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,401,874	\$ 3,762,248	\$ 5,164,122
Payments to employees (including fringe benefits)	-	(1,516,540)	(1,516,540)
Payments for operating activities	(1,430,487)	(1,045,572)	(2,476,059)
Net cash provided by (used in) operating activities	\$ (28,613)	\$ 1,200,136	\$ 1,171,523
Cash flows from non-capital financing activities:			
Transfers in (out)	\$ 302,491	\$ (105,000)	\$ 197,491
Net cash provided by (used in) non-capital financing activities	\$ 302,491	\$ (105,000)	\$ 197,491
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	\$ (9,725)	\$ -	\$ (9,725)
Principal paid on bonds and notes	(90,000)	-	(90,000)
Interest paid on debt	(194,411)	-	(194,411)
Net cash (used in) capital and related financing activities	\$ (294,136)	\$ -	\$ (294,136)
Cash flows from investing activities:			
Interest earned	\$ 20,258	\$ 45,598	\$ 65,856
Net increase in cash and cash equivalents	\$ -	\$ 1,140,734	\$ 1,140,734
Cash and cash equivalents at beginning of year	54,751	950,583	1,005,334
Cash and cash equivalents at end of year	\$ 54,751	\$ 2,091,317	\$ 2,146,068
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Cash flows from operations:			
Income (loss) from operations	\$ (191,914)	\$ 1,232,384	\$ 1,040,470
Adjustment to reconcile net income (loss) to net cash provided by (used in) operations:			
Depreciation and amortization	156,032	-	156,032
Changes in operating accounts:			
(Increase) decrease in:			
Accounts receivable	4,977	(30,098)	(25,121)
Increase (decrease) in:			
Accounts payable	2,292	15,446	17,738
Deferred revenue	-	(31,412)	(31,412)
Compensated absences	-	13,816	13,816
Net cash provided by (used in) operating activities	\$ (28,613)	\$ 1,200,136	\$ 1,171,523



OTHER SUPPLEMENTARY INFORMATION

Internal Service Funds

Combining Statement of Net Assets - Internal Service Funds
At June 30, 2008

	Information Technology Fund	Fleet Management Fund	Risk Management Fund	Totals
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 503,139	\$ -	\$ 5,104,976	\$ 5,608,115
Restricted cash	-	-	2,040,000	2,040,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	-	29	6,370	6,399
Inventories	17,635	338,964	-	356,599
Prepays	-	103,441	264,003	367,444
Total Current Assets	<u>\$ 520,774</u>	<u>\$ 442,434</u>	<u>\$ 7,415,349</u>	<u>\$ 8,378,557</u>
Capital assets:				
Land	\$ -	\$ 298,000	\$ -	\$ 298,000
Buildings and improvements	-	1,221,050	-	1,221,050
Improvements other than buildings	-	35,157	-	35,157
Machinery and equipment	3,656,428	36,143,813	-	39,800,241
Less: Accumulated depreciation	(3,090,532)	(20,795,752)	-	(23,886,284)
Total Capital Assets (net)	<u>\$ 565,896</u>	<u>\$ 16,902,268</u>	<u>\$ -</u>	<u>\$ 17,468,164</u>
Total Assets	<u><u>\$ 1,086,670</u></u>	<u><u>\$ 17,344,702</u></u>	<u><u>\$ 7,415,349</u></u>	<u><u>\$ 25,846,721</u></u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 102,086	\$ 287,535	\$ 92,851	\$ 482,472
Claims payable - current portion	-	-	1,383,853	1,383,853
Accrued interest	-	73,946	-	73,946
Due to other funds	-	1,088,040	-	1,088,040
Current portion of compensated absences	6,469	3,908	861	11,238
Current portion of capital leases	-	2,485,455	-	2,485,455
Total Current Liabilities	<u>\$ 108,555</u>	<u>\$ 3,938,884</u>	<u>\$ 1,477,565</u>	<u>\$ 5,525,004</u>
Noncurrent Liabilities:				
Noncurrent portion of compensated absences	\$ 71,718	\$ 66,933	\$ 11,184	\$ 149,835
Claims payable - net of current	-	-	641,119	641,119
Noncurrent portion of capital leases	-	3,869,328	-	3,869,328
Total Noncurrent liabilities	<u>\$ 71,718</u>	<u>\$ 3,936,261</u>	<u>\$ 652,303</u>	<u>\$ 4,660,282</u>
Total Liabilities	<u>\$ 180,273</u>	<u>\$ 7,875,145</u>	<u>\$ 2,129,868</u>	<u>\$ 10,185,286</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 565,896	\$ 10,547,485	\$ -	\$ 11,113,381
Unrestricted assets (deficit)	340,501	(1,077,928)	5,285,481	4,548,054
Total Net Assets	<u>\$ 906,397</u>	<u>\$ 9,469,557</u>	<u>\$ 5,285,481</u>	<u>\$ 15,661,435</u>
Total Liabilities and Net Assets	<u><u>\$ 1,086,670</u></u>	<u><u>\$ 17,344,702</u></u>	<u><u>\$ 7,415,349</u></u>	<u><u>\$ 25,846,721</u></u>

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets -
Internal Service Funds
Year Ended June 30, 2008

	Information Technology Fund	Fleet Management Fund	Risk Management Fund	Totals
Operating revenues:				
Charges for services	\$ 2,471,659	\$ 9,383,849	\$ 12,896,140	\$ 24,751,648
Other operating revenues	278	19,188	237,287	256,753
Total operating revenues	<u>\$ 2,471,937</u>	<u>\$ 9,403,037</u>	<u>\$ 13,133,427</u>	<u>\$ 25,008,401</u>
Operating expenses:				
Personnel services	\$ 866,225	\$ 1,136,056	\$ 143,113	\$ 2,145,394
Insurance claims and expenses	-	-	8,029,922	8,029,922
Purchased services	324,161	137,298	69,840	531,299
Contractual services	77,295	532,685	5,719	615,699
Supplies	206,238	4,314,738	4,226	4,525,202
Utilities	25,652	44,763	1,158	71,573
Insurance and bonds	-	-	1,182,500	1,182,500
OPEB	-	-	2,400,000	2,400,000
Depreciation and amortization	327,223	3,585,329	-	3,912,552
Building and equipment rental	21,984	459,507	-	481,491
Other charges	305,754	12,255	32,119	350,128
Total operating expenses	<u>\$ 2,154,532</u>	<u>\$ 10,222,631</u>	<u>\$ 11,868,597</u>	<u>\$ 24,245,760</u>
Net income (loss) from operations	<u>\$ 317,405</u>	<u>\$ (819,594)</u>	<u>\$ 1,264,830</u>	<u>\$ 762,641</u>
Nonoperating revenues (expenses):				
Interest income	\$ 2,505	\$ 18,455	\$ 160,540	\$ 181,500
Interest expense	-	(330,174)	-	(330,174)
Gain on disposal of capital assets	-	71,884	-	71,884
Total nonoperating revenues (expenses)	<u>\$ 2,505</u>	<u>\$ (239,835)</u>	<u>\$ 160,540</u>	<u>\$ (76,790)</u>
Net income (loss) before contributions and transfers	<u>\$ 319,910</u>	<u>\$ (1,059,429)</u>	<u>\$ 1,425,370</u>	<u>\$ 685,851</u>
Capital contributions	-	1,345,456	-	1,345,456
Transfers (out)	(79,800)	(133,665)	(40,020)	(253,485)
Changes in net assets	<u>\$ 240,110</u>	<u>\$ 152,362</u>	<u>\$ 1,385,350</u>	<u>\$ 1,777,822</u>
Net assets, beginning of year	<u>666,287</u>	<u>9,317,195</u>	<u>3,900,131</u>	<u>13,883,613</u>
Net assets, end of year	<u><u>\$ 906,397</u></u>	<u><u>\$ 9,469,557</u></u>	<u><u>\$ 5,285,481</u></u>	<u><u>\$ 15,661,435</u></u>

Combining Statement of Cash Flows - Internal Service Funds
Year Ended June 30, 2008

	Information Technology Fund	Fleet Management Fund	Risk Management Fund	Totals
Cash flows from operating activities:				
Receipts from customers and users	\$ 2,471,937	\$ 9,403,037	\$ 13,230,145	\$ 25,105,119
Payments to employees (including fringe benefits)	(858,065)	(1,129,378)	(143,232)	(2,130,675)
Payments for operating activities	(855,082)	(5,791,706)	(11,819,881)	(18,466,669)
Net cash provided by operating activities	<u>\$ 758,790</u>	<u>\$ 2,481,953</u>	<u>\$ 1,267,032</u>	<u>\$ 4,507,775</u>
Cash flows from non-capital financing activities:				
Transfers in	\$ -	\$ 954,375	\$ -	\$ 954,375
Transfers (out)	(79,800)	-	(40,020)	(119,820)
Net cash provided by (used in) non-capital financing activities	<u>\$ (79,800)</u>	<u>\$ 954,375</u>	<u>\$ (40,020)</u>	<u>\$ 834,555</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	\$ (178,356)	\$ (3,326,590)	\$ -	\$ (3,504,946)
Principal paid on capital lease obligations	-	(2,412,436)	-	(2,412,436)
Capital contributions	-	1,345,456	-	1,345,456
Proceeds from sale of capital assets	-	348,393	-	348,393
Interest paid on debt	-	(289,255)	-	(289,255)
Net cash (used in) capital and related financing activities	<u>\$ (178,356)</u>	<u>\$ (4,334,432)</u>	<u>\$ -</u>	<u>\$ (4,512,788)</u>
Cash flows from investing activities:				
Interest earned	\$ 2,505	\$ 18,455	\$ 160,540	\$ 181,500
Net increase (decrease) in cash and cash equivalents	\$ 503,139	\$ (879,649)	\$ 1,387,552	\$ 1,011,042
Cash and cash equivalents at beginning of year	-	879,649	5,757,424	6,637,073
Cash and cash equivalents at end of year	<u>\$ 503,139</u>	<u>\$ -</u>	<u>\$ 7,144,976</u>	<u>\$ 7,648,115</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Cash flows from operations:				
Income (loss) from operations	\$ 317,405	\$ (819,594)	\$ 1,264,830	\$ 762,641
Adjustment to reconcile net income (loss) to net cash provided by operations:				
Depreciation and amortization	327,223	3,585,329	-	3,912,552
Changes in operating accounts:				
(Increase) decrease in:				
Accounts receivable and due from other governments	-	-	96,718	96,718
Inventories	61,965	(4,589)	-	57,376
Prepays	-	(103,441)	3,928	(99,513)
Increase (decrease) in:				
Accounts payable	44,037	(182,430)	18,156	(120,237)
Compensated absences	8,160	6,678	(119)	14,719
Claims payable	-	-	(116,481)	(116,481)
Net cash provided by operating activities	<u>\$ 758,790</u>	<u>\$ 2,481,953</u>	<u>\$ 1,267,032</u>	<u>\$ 4,507,775</u>



OTHER SUPPLEMENTARY INFORMATION

Agency Funds

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Combining Statement of Fiduciary Net Assets -
Agency Funds
At June 30, 2008

	<u>Special Welfare Fund</u>	<u>Commonwealth of Virginia Fund</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	\$ 20,810	\$ 2,678	\$ 23,488
Total assets	\$ <u>20,810</u>	\$ <u>2,678</u>	\$ <u>23,488</u>
Liabilities			
Amounts held for others	\$ 20,810	\$ 2,678	\$ 23,488
Total liabilities	\$ <u>20,810</u>	\$ <u>2,678</u>	\$ <u>23,488</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Year Ended June 30, 2008

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash	\$ 13,372	\$ 112,482	\$ 105,044	\$ 20,810
Liabilities:				
Amounts held for others	\$ 13,372	\$ 112,482	\$ 105,044	\$ 20,810
Commonwealth of Virginia Fund:				
Assets:				
Cash	\$ 4,646	\$ 149,026	\$ 150,994	\$ 2,678
Liabilities:				
Amounts held for others	\$ 4,646	\$ 149,026	\$ 150,994	\$ 2,678
Totals -- All agency funds				
Assets:				
Cash	\$ 18,018	\$ 261,508	\$ 256,038	\$ 23,488
Total assets	\$ 18,018	\$ 261,508	\$ 256,038	\$ 23,488
Liabilities:				
Amounts held for others	\$ 18,018	\$ 261,508	\$ 256,038	\$ 23,488
Total liabilities	\$ 18,018	\$ 261,508	\$ 256,038	\$ 23,488



OTHER SUPPLEMENTARY INFORMATION

Discretely Presented Component Unit School Board

Combining Balance Sheet - Governmental Funds - Discretely Presented Component Unit School Board
At June 30, 2008

	School Operating Fund	School Food Service Fund	School Grants Fund	Subtotal Excluding Component Unit	Component Unit The Pruden Center for Industry & Technology	Total School Board
ASSETS						
Cash and investments:						
Unrestricted	\$ 16,882,727	\$ 1,150,377	\$ -	\$ 18,033,104	\$ 137,683	\$ 18,170,787
Receivables (net of allowance for uncollectibles):						
Accounts receivable	384,929	20,709	-	405,638	74,330	479,968
Due from other funds	283,563	-	-	283,563	-	283,563
Due from other governments	1,463,155	434,233	1,298,865	3,196,253	-	3,196,253
Inventories	159,778	303,331	-	463,109	-	463,109
Prepays	35,000	-	-	35,000	-	35,000
Total assets	\$ 19,209,152	\$ 1,908,650	\$ 1,298,865	\$ 22,416,667	\$ 212,013	\$ 22,628,680
LIABILITIES						
Accounts payable	\$ 1,887,938	\$ 58,719	\$ 53,299	\$ 1,999,956	\$ -	\$ 1,999,956
Accrued liabilities	341,177	-	-	341,177	137,683	478,860
Workers' compensation claims	-	-	-	-	-	-
Accrued payroll	9,372,228	151,846	682,194	10,206,268	-	10,206,268
Amounts held for others	23,998	-	-	23,998	-	23,998
Due to primary government	125,345	-	-	125,345	-	125,345
Due to other governments	-	-	-	-	74,330	74,330
Due to other funds	-	-	283,563	283,563	-	283,563
Total liabilities	\$ 11,750,686	\$ 210,565	\$ 1,019,056	\$ 12,980,307	\$ 212,013	\$ 13,192,320
FUND BALANCES						
Reserved for:						
Encumbrances	\$ 6,370,366	\$ 5,107	\$ 94,515	\$ 6,469,988	\$ -	\$ 6,469,988
Inventories	159,778	303,331	-	463,109	-	463,109
Workers compensation claims	548,200	-	-	548,200	-	548,200
Health insurance claims	380,122	-	-	380,122	-	380,122
State funds	-	-	204,573	204,573	-	204,573
Unreserved:						
Undesignated (deficit)	-	1,389,647	(19,279)	1,370,368	-	1,370,368
Total fund balances	\$ 7,458,466	\$ 1,698,085	\$ 279,809	\$ 9,436,360	\$ -	\$ 9,436,360
Total liabilities and fund balances	\$ 19,209,152	\$ 1,908,650	\$ 1,298,865	\$ 22,416,667	\$ 212,013	\$ 22,628,680
Reconciliation of Fund Balances to Net Assets						
Fund balances						\$ 9,436,360
Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds						38,694,391
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds						(1,844,678)
Total net assets						\$ 46,286,073

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds - Discretely Presented Component Unit School Board
 Year Ended June 30, 2008

	School Operating Fund	School Food Service Fund	School Grants Fund	Subtotal Excluding Component Unit	Component Unit The Pruden Center for Industry & Technology	Total School Board
Revenues:						
Revenue from use of money and property	\$ 68,472	\$ 18,954	\$ -	\$ 87,426	\$ -	\$ 87,426
Charges for services	190,684	2,475,337	-	2,666,021	125,059	2,791,080
Miscellaneous	798,866	23,706	-	822,572	-	822,572
Intergovernmental:						
City contribution to School Board	45,518,655	-	-	45,518,655	-	45,518,655
Revenue from the Commonwealth	78,021,478	97,038	888,443	79,006,959	46,000	79,052,959
Revenue from the Federal Government	1,320,709	3,128,625	6,691,819	11,141,153	-	11,141,153
School Board contribution to Pruden Center	-	-	-	-	1,709,079	1,709,079
Isle of Wight contribution to Pruden Center	-	-	-	-	883,336	883,336
Total revenues	\$ 125,918,864	\$ 5,743,660	\$ 7,580,262	\$ 139,242,786	\$ 2,763,474	\$ 142,006,260
Expenditures:						
Current:						
Education	\$ 123,920,369	\$ 5,612,918	\$ 7,836,784	\$ 137,370,071	\$ 2,763,474	\$ 140,133,545
Contribution to primary government	1,394,038	-	-	1,394,038	-	1,394,038
Total expenditures	\$ 125,314,407	\$ 5,612,918	\$ 7,836,784	\$ 138,764,109	\$ 2,763,474	\$ 141,527,583
Excess (deficiency) of revenues over expenditures	\$ 604,457	\$ 130,742	\$ (256,522)	\$ 478,677	\$ -	\$ 478,677
Other financing sources (uses):						
Transfers in	\$ -	\$ -	\$ 183,469	\$ 183,469	\$ -	\$ 183,469
Transfers (out)	(183,469)	-	-	(183,469)	-	(183,469)
Total other financing sources (uses)	\$ (183,469)	\$ -	\$ 183,469	\$ -	\$ -	\$ -
Net changes in fund balances	\$ 420,988	\$ 130,742	\$ (73,053)	\$ 478,677	\$ -	\$ 478,677
Fund balances at beginning of year	7,037,478	1,567,343	352,862	8,957,683	-	8,957,683
Fund balances at end of year	\$ 7,458,466	\$ 1,698,085	\$ 279,809	\$ 9,436,360	\$ -	\$ 9,436,360
Reconciliation of Changes in Fund Balances to Changes in Net Assets:						
Net changes in fund balances					\$ 478,677	\$ 478,677
Change in capital assets					(7,139,905)	(7,139,905)
Changes in compensated absences					(23,843)	(23,843)
Changes in net assets					\$ (6,685,071)	\$ (6,685,071)

CITY OF SUFFOLK, VIRGINIA

Budgetary Reconciliation Schedule

Governmental Funds - Discretely Presented Component Unit School Board

Year Ended June 30, 2008

	School Operating Fund		
	Total Exhibit 31	Encumbrances	Total Exhibit 29
Total revenues	\$ 125,918,864	\$ -	\$ 125,918,864
Total other financing sources	-	-	-
Total revenues and other financing sources	\$ 125,918,864	\$ -	\$ 125,918,864
Total expenditures	\$ 131,684,774	\$ (6,370,367)	\$ 125,314,407
Total other financing (uses)	183,469	-	183,469
Total expenditures and other financing (uses)	\$ 131,868,243	\$ (6,370,367)	\$ 125,497,876
Net changes in fund balances	\$ (5,949,379)	\$ 6,370,367	\$ 420,988

School Food Service Fund			School Grants Fund		
Total Exhibit 31	Encumbrances	Total Exhibit 29	Total Exhibit 31	Encumbrances	Total Exhibit 29
\$ 5,743,660	\$ -	\$ 5,743,660	\$ 7,580,262	\$ -	\$ 7,580,262
-	-	-	183,469	-	183,469
\$ 5,743,660	\$ -	\$ 5,743,660	\$ 7,763,731	\$ -	\$ 7,763,731
\$ 5,618,025	\$ (5,107)	\$ 5,612,918	\$ 7,931,299	\$ (94,515)	\$ 7,836,784
-	-	-	-	-	-
\$ 5,618,025	\$ (5,107)	\$ 5,612,918	\$ 7,931,299	\$ (94,515)	\$ 7,836,784
\$ 125,635	\$ 5,107	\$ 130,742	\$ (167,568)	\$ 94,515	\$ (73,053)

CITY OF SUFFOLK, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Governmental Funds - Discretely Presented Component Unit School Board
 Year Ended June 30, 2008

	School Operating Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Budgetary Basis	
Revenues:				
Revenue from use of money and property	\$ 80,000	\$ 80,000	\$ 68,472	\$ (11,528)
Charges for services	100,000	100,000	190,684	90,684
Miscellaneous	685,000	785,000	798,866	13,866
Intergovernmental:				
Contribution from the City of Suffolk	45,644,000	45,644,000	45,518,655	(125,345)
Revenue from the Commonwealth	79,840,000	79,800,000	78,021,478	(1,778,522)
Revenue from the Federal Government	800,000	740,000	1,320,709	580,709
Total revenues	\$ 127,149,000	\$ 127,149,000	\$ 125,918,864	\$ (1,230,136)
Expenditures:				
Education	\$ 125,571,316	\$ 131,507,345	\$ 130,290,736	\$ 1,216,609
Food services	-	-	-	-
Grant expenditures	-	-	-	-
Total education	\$ 125,571,316	\$ 131,507,345	\$ 130,290,736	\$ 1,216,609
Contribution to primary government	1,394,215	1,394,215	1,394,038	177
Total expenditures	\$ 126,965,531	\$ 132,901,560	\$ 131,684,774	\$ 1,216,786
Excess (deficiency) of revenues over expenditures	\$ 183,469	\$ (5,752,560)	\$ (5,765,910)	\$ (13,350)
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers (out)	(183,469)	(183,469)	(183,469)	-
Total other financing sources (uses)	\$ (183,469)	\$ (183,469)	\$ (183,469)	\$ -
Net changes in fund balances	\$ -	\$ (5,936,029)	\$ (5,949,379)	\$ (13,350)

School Food Service Fund				School Grants Fund			
Original Budget	Final Budget	Actual Budgetary Basis	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance From Final Budget Positive (Negative)
\$ 30,000	\$ 30,000	\$ 18,954	\$ (11,046)	\$ -	\$ -	\$ -	\$ -
2,637,000	2,637,000	2,475,337	(161,663)	-	-	-	-
30,000	30,000	23,706	(6,294)	-	-	-	-
-	-	-	-	-	-	-	-
73,000	73,000	97,038	24,038	774,817	774,817	888,443	113,626
3,020,000	3,020,000	3,128,625	108,625	9,841,714	9,841,714	6,691,819	(3,149,895)
<u>\$ 5,790,000</u>	<u>\$ 5,790,000</u>	<u>\$ 5,743,660</u>	<u>\$ (46,340)</u>	<u>\$ 10,616,531</u>	<u>\$ 10,616,531</u>	<u>\$ 7,580,262</u>	<u>\$ (3,036,269)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,090,000	6,130,855	5,618,025	512,830	-	-	-	-
-	-	-	-	10,800,000	10,800,000	7,931,299	2,868,701
<u>\$ 6,090,000</u>	<u>\$ 6,130,855</u>	<u>\$ 5,618,025</u>	<u>\$ 512,830</u>	<u>\$ 10,800,000</u>	<u>\$ 10,800,000</u>	<u>\$ 7,931,299</u>	<u>\$ 2,868,701</u>
-	-	-	-	-	-	-	-
<u>\$ 6,090,000</u>	<u>\$ 6,130,855</u>	<u>\$ 5,618,025</u>	<u>\$ 512,830</u>	<u>\$ 10,800,000</u>	<u>\$ 10,800,000</u>	<u>\$ 7,931,299</u>	<u>\$ 2,868,701</u>
<u>\$ (300,000)</u>	<u>\$ (340,855)</u>	<u>\$ 125,635</u>	<u>\$ 466,490</u>	<u>\$ (183,469)</u>	<u>\$ (183,469)</u>	<u>\$ (351,037)</u>	<u>\$ (167,568)</u>
\$ -	\$ -	\$ -	\$ -	183,469	183,469	183,469	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,469</u>	<u>\$ 183,469</u>	<u>\$ 183,469</u>	<u>\$ -</u>
<u>\$ (300,000)</u>	<u>\$ (340,855)</u>	<u>\$ 125,635</u>	<u>\$ 466,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (167,568)</u>	<u>\$ (167,568)</u>

Statement of Changes in Assets and Liabilities - Agency Funds
 Discretely Presented Component Unit School Board
 Year Ended June 30, 2008

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
School Activity Funds:				
Cash	\$ <u>923,865</u>	\$ <u>2,859,957</u>	\$ <u>2,847,404</u>	\$ <u>936,418</u>
Liabilities:				
Amounts held for students	\$ <u>923,865</u>	\$ <u>2,859,957</u>	\$ <u>2,847,404</u>	\$ <u>936,418</u>

STATISTICAL SECTION

This part of the City of Suffolk's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Table Number</u>
Financial Trends	
These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1 to 5
Revenue Capacity	
These tables contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	6 to 10
Debt Capacity	
These tables contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.	11 to 15
Demographic and Economic Information	
These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	16 to 17
Operating Information	
These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	18 to 22

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.*

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NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008
Governmental Activities							
Invested in capital assets, net of related debt	\$ 14,455,117	\$ 17,854,254	\$ 41,339,232	\$ 22,018,105	\$ 50,694,555	\$ 128,097,710	\$ 140,789,631
Restricted:							
Capital Projects	11,273,870	8,845,303	12,565,077	2,862,010	5,222,554	-	-
Debt Service	(245,575)	(1,679,443)	-	-	-	392,169	392,169
Other Purposes	1,189,783	1,439,773	2,250,498	944,650	3,703,280	-	959,304
Special Programs	524,725	-	-	-	-	-	-
Unrestricted	28,290,778	29,082,266	9,733,131	22,631,799	12,468,387	44,337,037	57,234,531
Total Governmental Activities Net Assets	\$ 55,488,698	\$ 55,542,153	\$ 65,887,938	\$ 48,456,564	\$ 72,088,776	\$ 172,826,916	\$ 199,375,635
Business-Type Activities							
Invested in capital assets, net of related debt	\$ 27,866,304	\$ 38,652,097	\$ 56,290,404	\$ 69,299,223	\$ 170,862,396	\$ 173,084,623	\$ 172,165,375
Restricted:							
Capital Projects	21,854,006	17,214,206	1,689,149	-	-	-	-
Other Purposes	-	-	634,206	-	39,426	-	-
Unrestricted	6,869,399	7,032,281	7,773,220	1,776,739	3,058,548	445,172	1,489,816
Total Business-Type Activities Net Assets	\$ 56,589,709	\$ 62,898,584	\$ 66,386,979	\$ 71,075,962	\$ 173,960,370	\$ 173,529,795	\$ 173,655,191
Primary Government							
Invested in capital assets, net of related debt	\$ 42,321,421	\$ 56,506,351	\$ 97,629,636	\$ 91,317,328	\$ 221,556,951	\$ 301,182,333	\$ 312,955,006
Restricted:							
Capital Projects	33,127,876	26,059,509	14,254,226	2,862,010	5,222,554	-	-
Debt Service	(245,575)	(1,679,443)	-	-	-	392,169	392,169
Other Purposes	1,189,783	1,439,773	2,884,704	944,650	3,742,706	-	959,304
Special Programs	524,725	-	-	-	-	-	-
Unrestricted	35,160,177	36,114,547	17,506,351	24,408,538	15,526,935	44,782,209	58,724,347
Total Primary Government Net Assets	\$ 112,078,407	\$ 118,440,737	\$ 132,274,917	\$ 119,532,526	\$ 246,049,146	\$ 346,356,711	\$ 373,030,826
				(1)	(2)	(3)	

Information prior to 2002 is not available due to implementation of GASB Statement No. 34 in 2002.

(1) This includes a \$3,274,701 restatement in the Governmental Activities Net Assets.

(2) This includes a \$105,473,045 restatement in the Business-Type Activities Net Assets.

(3) This includes a \$12,376,267 restatement in the Governmental Activities Net Assets and \$446,251 restatement in the Business-Type Activities Net Assets.

CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental Activities:							
General Government	\$ 5,952,937	\$ 5,617,639	\$ 8,019,005	\$ 1,900,766	\$ 6,916,053	\$ 8,379,163	\$ 9,575,332
Judicial	4,771,088	4,457,170	4,428,005	4,936,491	5,535,063	6,807,141	7,157,778
Public Safety	22,521,545	21,195,772	24,623,891	26,646,128	33,410,471	33,914,535	36,275,476
Public Works	7,950,702	7,665,951	13,763,814	4,657,083	5,275,996	28,828,221	29,772,711
Health and Welfare	14,043,726	12,527,607	13,014,409	13,810,781	13,252,584	10,843,875	12,718,036
Education	26,882,975	32,979,130	26,253,784	56,260,122	38,779,835	51,958,540	42,109,639
Parks, Recreation and Cultural	4,515,517	4,130,338	4,043,316	15,364,543	8,707,837	8,783,502	8,524,477
Community Development	4,193,781	9,677,963	6,556,252	10,058,214	11,807,444	27,229,557	6,296,351
Other Public Services	2,868,171	2,375,419	3,662,585	2,949,560	3,669,173	-	-
Interest on Long-Term Debt	6,510,669	6,549,846	7,359,854	7,266,452	7,099,604	6,989,398	11,090,479
Bond Costs	94,231	27,383	13,390	27,970	22,272	-	-
Non-Departmental	3,201,419	4,292,818	7,587,424	5,481,997	-	-	-
Total Governmental Activities Expenses	\$ 103,506,761	\$ 111,497,036	\$ 119,325,729	\$ 149,360,107	\$ 134,476,332	\$ 183,733,932	\$ 163,520,279
Business-Type Activities:							
Utilities	\$ 12,672,901	\$ 13,045,332	\$ 15,593,938	\$ 17,773,204	\$ 23,296,106	\$ 30,173,237	\$ 29,147,386
Golf course	17,317	1,181,521	1,148,610	1,834,057	1,934,301	1,979,380	1,780,625
Stormwater management	-	-	-	-	-	1,911,122	2,591,374
Total Business-Type Activities Expenses	\$ 12,690,218	\$ 14,226,853	\$ 16,742,548	\$ 19,607,261	\$ 25,230,407	\$ 34,063,739	\$ 33,519,385
Total Primary Government Expenses	\$ 116,196,979	\$ 125,723,889	\$ 136,068,277	\$ 168,967,368	\$ 159,706,739	\$ 217,797,671	\$ 197,039,664
Program Revenues							
Governmental activities:							
Charges for Services:							
General Government and Administration	\$ 103,970	\$ 931,888	\$ 2,114,804	\$ 2,243,348	\$ 2,507,468	\$ -	\$ -
Judicial Administration	566,751	1,475,505	493,282	588,401	687,317	939,300	788,324
Public Safety	1,380,455	994,414	184,587	198,638	249,612	1,313,880	2,361,369
Public Works	769,700	-	1,380,740	1,386,084	1,254,981	1,746,854	1,531,857
Health and Welfare	-	-	-	-	-	15,015	15,201
Parks, Recreation and Cultural	430,920	457,370	288,075	316,658	325,748	335,642	476,376
Community Development	59,509	25,102	11,357	33,296	27,930	948,983	1,215,821
Other Public Service	547,591	499,626	575,318	602,404	812,681	-	-
Total Charges for Services	\$ 3,858,896	\$ 4,383,905	\$ 5,048,163	\$ 5,368,829	\$ 5,865,737	\$ 5,299,674	\$ 6,388,948
Operating Grants and Contributions:							
General Government and Administration	\$ 383,924	\$ 370,679	\$ 1,195,139	\$ 443,125	\$ 294,285	\$ 473,712	\$ 531,013
Judicial Administration	2,477,980	2,463,581	2,131,555	2,267,307	2,141,741	1,802,021	1,846,680
Public Safety	889,563	475,511	1,971,088	745,611	1,159,591	2,325,968	2,293,795
Public Works	706,517	754,217	6,357,646	292,492	676,331	16,350,686	17,088,074
Health and Welfare	10,513,767	10,960,814	11,295,734	11,788,079	10,199,959	8,172,786	8,398,910
Education	150,897	83,991	131,645	-	-	-	-
Parks, Recreation and Cultural	513,362	268,232	305,659	369,363	749,244	285,761	297,489
Community Development	163,529	572,857	780,466	996,938	550,749	756,429	302,122
Other Public Services	98,691	41,039	11,494	72,711	28,630	-	-
Total Operating Grants and Contributions	\$ 15,898,230	\$ 15,990,921	\$ 24,180,426	\$ 16,975,626	\$ 15,800,530	\$ 30,167,363	\$ 30,758,083
Capital Grants and Contributions:							
Public Works	\$ 1,538,340	\$ 926,906	\$ 1,151,499	\$ 1,763,201	\$ 1,979,527	\$ 105,190,141	\$ 138,253
Health and Welfare	-	78,000	-	-	-	8,383	-
Education	1,538,360	1,030,585	1,035,898	1,290,471	1,394,061	-	-
Parks, Recreation and Cultural	28,687	-	41,378	27,652	227,199	2,043	-
Community Development	1,068,879	-	26,935	86,672	628,900	1,127,019	1,088,018
Other Public Services	-	-	-	170,280	-	-	-
Nondepartmental	-	-	1,172,283	18,701	-	-	-
Total Capital Grants and Contributions	\$ 4,174,266	\$ 2,035,491	\$ 3,427,993	\$ 3,356,977	\$ 4,229,687	\$ 106,327,586	\$ 1,226,271
Total Governmental Activities Program Revenues	\$ 23,931,392	\$ 22,410,317	\$ 32,656,582	\$ 25,701,432	\$ 25,895,954	\$ 141,794,623	\$ 38,373,302

CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008
Program Revenues: (Continued)							
Business-Type Activities:							
Charges for Services:							
Utility	\$ 18,359,157	\$ 16,616,219	\$ 16,920,731	\$ 19,566,580	\$ 20,419,822	\$ 22,096,514	\$ 23,803,453
Non-major	-	686,307	438,735	1,430,093	1,510,288	4,412,172	5,220,655
Total Charges for Services	\$ 18,359,157	\$ 17,302,526	\$ 17,359,466	\$ 20,996,673	\$ 21,930,110	\$ 26,508,686	\$ 29,024,108
Operating Grants and Contributions:							
Utility	\$ -	\$ -	\$ 400,724	\$ 240,093	\$ 11,163	\$ 814,500	\$ 864,141
Total Operating Grants and Contributions	\$ -	\$ -	\$ 400,724	\$ 240,093	\$ 11,163	\$ 814,500	\$ 864,141
Capital Grants and Contributions:							
Utility	\$ -	\$ 3,935,770	\$ 2,233,515	\$ 3,284,662	\$ 383,412	\$ 6,043,266	\$ 2,658,020
Total Capital Grants and Contributions	\$ -	\$ 3,935,770	\$ 2,233,515	\$ 3,284,662	\$ 383,412	\$ 6,043,266	\$ 2,658,020
Total Business-Type Activities Program Revenues	\$ 18,359,157	\$ 21,238,296	\$ 19,993,705	\$ 24,521,428	\$ 22,324,685	\$ 33,366,452	\$ 32,546,269
Total Primary Government Program Revenues	\$ 42,290,549	\$ 43,648,613	\$ 52,650,287	\$ 50,222,860	\$ 48,220,639	\$ 175,161,075	\$ 70,919,571
Net (Expense)/Revenue							
Governmental Activities	\$ (79,575,369)	\$ (89,086,719)	\$ (86,669,147)	\$ (123,658,675)	\$ (108,580,378)	\$ (41,939,309)	\$ (125,146,977)
Business-Type Activities	5,668,939	7,011,443	3,251,157	4,914,167	(2,905,722)	(697,287)	(973,116)
Total Primary Government Net Expense	\$ (73,906,430)	\$ (82,075,276)	\$ (83,417,990)	\$ (118,744,508)	\$ (111,486,100)	\$ (42,636,596)	\$ (126,120,093)
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Taxes	\$ 75,735,139	\$ 82,192,711	\$ 91,734,955	\$ 102,418,853	\$ 106,905,524	\$ 120,034,998	\$ 131,543,030
Grants and Contributions Not Restricted to Specific Programs	2,947,490	2,954,054	3,041,024	3,239,271	14,174,921	14,535,729	14,427,389
Revenue from use of money and property	1,686,545	2,476,306	2,100,281	2,060,740	2,445,754	3,871,010	3,794,438
Gain on Disposal of Capital Assets	-	-	(30,742)	-	180,500	-	-
Transfers/Miscellaneous	1,104,708	1,517,103	169,414	1,783,138	2,659,201	4,235,712	1,930,839
Total Governmental Activities	\$ 81,473,882	\$ 89,140,174	\$ 97,014,932	\$ 109,502,002	\$ 126,365,900	\$ 142,677,449	\$ 151,695,696
Business-Type Activities:							
Reimbursements from Other Agencies	\$ 518,131	\$ 113,312	\$ -	\$ 23,000	\$ -	\$ -	\$ -
Grants and Contributions Not Restricted to Specific Programs	84,706	-	-	-	-	-	-
Investment Earnings	235,370	129,655	197,469	237,146	476,611	1,042,633	1,633,718
Gain on Disposal of Capital Assets	-	28,464	-	-	-	-	-
Transfers/Miscellaneous	(41,608)	(973,999)	39,758	(485,330)	(158,526)	(329,670)	(535,206)
Total Business-Type Activities	\$ 796,599	\$ (702,568)	\$ 237,227	\$ (225,184)	\$ 318,085	\$ 712,963	\$ 1,098,512
Total Primary Government	\$ 82,270,481	\$ 88,437,606	\$ 97,252,159	\$ 109,276,818	\$ 126,683,985	\$ 143,390,412	\$ 152,794,208
Change in Net Assets							
Governmental Activities	\$ 1,898,513	\$ 53,455	\$ 10,345,785	\$ (14,156,673)	\$ 17,785,522	\$ 100,738,140	\$ 26,548,719
Business-Type Activities	6,465,538	6,308,875	3,488,384	4,688,983	(2,587,637)	15,676	125,396
Total Primary Government	\$ 8,364,051	\$ 6,362,330	\$ 13,834,169	\$ (9,467,690)	\$ 15,197,885	\$ 100,753,816	\$ 26,674,115

(1)

Information prior to 2002 is not available due to implementation of GASB Statement No. 34 in 2002.

(1) In Fiscal Year 2007 the City adjusted grouping categories based on new fund additions, changes in operational structure and GFOA comments.

CITY OF SUFFOLK, VIRGINIA

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund					
Reserved	\$ 4,706,543	\$ 4,428,206	\$ 4,078,996	\$ 3,740,533	\$ 2,872,994
Unreserved	31,519,673	33,950,304	32,399,193	32,785,732	34,169,781
Total General Fund	<u>\$ 36,226,216</u>	<u>\$ 38,378,510</u>	<u>\$ 36,478,189</u>	<u>\$ 36,526,265</u>	<u>\$ 37,042,775</u>
All Other Governmental Funds					
Reserved	\$ 3,614,379	\$ 4,369,826	\$ 4,467,017	\$ 8,189,533	\$ 1,948,525
Unreserved, reported in:					
Capital Projects Funds	9,098,228	18,476,127	19,519,255	3,564,030	7,378,260
Debt Service Funds	-	-	-	(245,575)	(1,679,443)
Permanent	-	-	-	-	-
Special Revenue Funds	275,900	400,086	927,608	2,137,286	1,850,914
Total all other Governmental Funds	<u>\$ 12,988,507</u>	<u>\$ 23,246,039</u>	<u>\$ 24,913,880</u>	<u>\$ 13,645,274</u>	<u>\$ 9,498,256</u>
Component Unit (School Board)					
Reserved	\$ 3,654,574	\$ 3,449,832	\$ 4,236,109	\$ 4,477,136	\$ 6,353,892
Unreserved	501,147	492,696	601,041	798,427	773,035
	<u>\$ 4,155,721</u>	<u>\$ 3,942,528</u>	<u>\$ 4,837,150</u>	<u>\$ 5,275,563</u>	<u>\$ 7,126,927</u>

(1)

With the implementation of GASB Statement No. 34 in Fiscal Year 2002, the fund balance of the nonexpendable trust fund was reclassified to that of a special revenue fund.

(1) This includes a \$937,447 restatement in the General Fund.

(2) This includes a \$4,703,180 restatement in the Capital Projects Fund.

Table 3

	2004	2005	2006	2007	2008
\$	2,656,053	\$ 3,235,758	\$ 2,008,158	\$ 594,170	\$ 810,492
	28,902,323	25,079,595	28,146,402	33,217,808	46,802,626
\$	<u>31,558,376</u>	<u>28,315,353</u>	<u>30,154,560</u>	<u>33,811,978</u>	<u>47,613,118</u>
\$	4,117,671	\$ 4,768,672	\$ 5,890,801	\$ 2,419,652	\$ 8,189,612
	8,082,082	8,307,664	(7,242,148)	28,003,480	21,339,005
	(2,360,804)	(1,572,163)	(757,116)	734,340	861,708
	-	-	977,277	1,026,077	959,304
	2,224,696	2,272,683	(174,585)	4,171,904	6,635,295
\$	<u>12,063,645</u>	<u>13,776,856</u>	<u>(1,305,771)</u>	<u>36,355,453</u>	<u>37,984,924</u>
\$	8,191,095	\$ 6,611,928	\$ 5,378,752	\$ 8,174,301	\$ 8,065,992
	220,970	844,356	1,011,181	783,382	1,370,368
\$	<u>8,412,065</u>	<u>7,456,284</u>	<u>6,389,933</u>	<u>8,957,683</u>	<u>9,436,360</u>

(2)

CITY OF SUFFOLK, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	1999	2000	2001	2002
Revenues				
General Property Taxes	(1) \$ 40,308,221	\$ 43,970,282	\$ 47,924,487	\$ 53,892,139
Other Local Taxes	15,196,339	16,113,495	18,567,350	21,843,000
Licenses, Permits and Fees	1,010,150	1,122,990	1,236,861	1,405,319
Fines and Forfeitures	462,477	370,031	414,419	349,377
Use of Money and Property	3,219,184	3,914,986	4,681,210	2,420,813
Intergovernmental	66,091,428	73,366,984	76,770,071	79,370,828
Charges for Services	979,532	993,625	1,438,789	1,784,194
Sale of Commodities and Property	1,277,441	1,352,834	1,472,687	1,580,723
Miscellaneous	892,314	1,458,900	865,580	2,062,003
Total Revenues	\$ 129,437,086	\$ 142,664,127	\$ 153,371,454	\$ 164,708,396
Expenditures				
General Government	\$ 4,234,732	\$ 4,157,453	\$ 4,583,998	\$ 5,089,739
Judicial	3,116,112	3,430,025	3,670,902	4,147,075
Public Safety	12,887,950	15,109,512	16,443,143	19,529,292
Public Works	4,835,078	5,857,877	6,412,480	6,418,212
Health and Welfare	11,119,975	11,657,214	12,168,833	12,257,769
Education	64,418,271	72,545,507	78,070,900	84,091,273
Parks, Recreation and Cultural	2,479,360	2,747,630	2,943,721	3,750,968
Community Development	2,174,564	2,381,685	2,362,377	3,666,922
Other Public Services	2,136,223	2,156,018	1,452,488	2,439,054
Non-Departmental	4,629,563	5,383,726	5,798,002	2,796,469
Capital Outlay	12,772,395	14,667,020	27,567,545	18,144,092
Debt Service				
Other	162,857	87,170	191,961	94,231
Interest	4,767,178	5,145,207	5,878,200	6,365,540
Principal	4,343,238	10,234,430	11,299,424	7,819,576
Total Expenditures	\$ 134,077,496	\$ 155,560,474	\$ 178,843,974	\$ 176,610,212
Excess of Revenues Over (Under) Expenditures	\$ (4,640,410)	\$ (12,896,347)	\$ (25,472,520)	\$ (11,901,816)
Other Financing Sources (Uses)				
Proceeds of Refunding Bonds	\$ -	\$ -	\$ 5,402,123	\$ -
Proceeds of Bonds Issued	15,535,459	24,700,000	26,203,584	-
Premiums on Debt	-	-	-	-
Transfers to Component Units	-	-	-	(25,184,762)
Transfers In	22,870,581	26,192,681	32,212,726	33,920,389
Payment to Refunded Bonds Escrow Agent	-	-	(5,402,123)	-
Proceeds from Sale of Asset	-	-	-	-
Transfers Out	(22,589,690)	(25,799,701)	(31,344,201)	(8,521,719)
Total Other Financing Sources (Uses)	\$ 15,816,350	\$ 25,092,980	\$ 27,072,109	\$ 213,908
Net Change in Fund Balance	\$ 11,175,940	\$ 12,196,633	\$ 1,599,589	\$ (11,687,908)
Debt Service as a percentage of non-capital expenditures	7.51%	10.92%	11.36%	8.95%

Note A: Includes General, Capital Projects, Special Revenue, Debt Service, School Operating, School Food Service and the School Grants Fund. School Funds are reported in the component unit section of the financial statements, but are included here since they are a part of the general government function.

Note B: With the implementation of GASB Statement No. 34 in Fiscal Year 2002, the fund balance of the nonexpendable trust fund was reclassified to that of a special revenue fund.

Note C: In Fiscal Year 2007 the City adjusted grouping categories based on new fund additions, changes in operational structure and GFOA comments.

(1) Includes \$12,202,627 from the first semi-annual real estate tax collection.

(2) Education includes the City's payments to the School Board, as listed below, which were reported as transfers in prior years.

2004 – \$30,386,932 2005 - \$34,230,484 2006 - \$38,779,835 2007 - \$41,553,626

(3) Includes \$2,437,088 of funding for the IDA's Secondary Debt Service Reserve Fund to support the \$18.3 million Economic Development Revenue Bonds relating to the Hilton Garden Inn and Suffolk Conference Center.

Table 4

2003	2004	2005	2006	2007	2008
\$ 57,961,870	\$ 66,231,547	\$ 74,827,500	\$ 76,472,589	\$ 88,450,925	\$ 98,037,522
23,503,407	25,361,853	27,514,690	30,512,149	31,261,557	33,104,223
1,452,509	1,459,690	1,581,725	1,811,848	1,532,729	1,375,508
553,375	655,114	661,623	695,620	552,063	475,350
3,185,964	2,164,113	2,139,060	2,542,192	3,966,250	3,794,438
113,176,486	127,923,434	134,887,182	155,028,233 (8)	180,010,723	47,805,781
2,076,100	2,781,664	2,957,076	3,166,463	5,811,425	4,538,081
1,888,096	2,011,073	2,174,387	2,371,587	-	-
640,633	908,522	896,602	2,678,000 (7)	4,315,695	1,368,871
<u>\$ 204,438,440</u>	<u>\$ 229,497,010</u>	<u>\$ 247,639,845</u>	<u>\$ 275,278,681</u>	<u>\$ 315,901,367</u>	<u>\$ 190,499,774</u>
\$ 5,481,723	\$ 5,903,203	\$ 6,433,652	\$ 6,648,753	\$ 8,177,101	\$ 8,172,799
4,420,572	4,402,709	4,915,653	5,183,428	6,602,250	6,770,319
20,911,023	23,876,250	26,239,576	30,227,291	31,896,254	33,563,830
6,839,111	7,008,118	8,767,265	11,172,271 (8)	22,157,962	24,379,984
12,495,701	13,001,895	13,786,005	12,581,669	10,493,819	11,040,820
92,760,306	131,062,322 (2)	148,483,536 (2)	161,903,529 (2)	171,941,517	45,999,422
3,885,476	3,810,234	4,299,784	4,839,971	6,042,500	5,984,292
3,643,667	6,506,643 (3)	4,485,621	4,541,559 (5)	26,784,795	6,192,145
2,380,779	2,725,172	2,949,560	3,561,018	-	-
3,755,336	10,749,106 (4)	4,995,690	5,530,537	7,012,669	7,622,634
25,488,540	24,763,361	29,674,725	38,086,252	18,741,520	28,574,620
133,327	150,408	131,124	209,398	1,005,084	190,205
6,650,152	7,208,931	6,829,437	7,385,176	6,689,872	8,531,876
8,598,182	10,081,717	9,949,599	12,991,845	15,044,611	13,361,741
<u>\$ 197,443,895</u>	<u>\$ 251,250,069</u>	<u>\$ 271,941,227</u>	<u>\$ 304,862,697</u>	<u>\$ 332,589,954</u>	<u>\$ 200,384,687</u>
<u>\$ 6,994,545</u>	<u>\$ (21,753,059)</u>	<u>\$ (24,301,382)</u>	<u>\$ (29,584,016)</u>	<u>\$ (16,688,587)</u>	<u>\$ (9,884,913)</u>
\$ -	\$ 19,770,997	\$ -	\$ 9,978,267	\$ 28,440,000	\$ -
18,124,270	18,183,028	21,160,000	14,406,949	63,486,239	24,475,000
-	-	168,989	918,255	3,131,272	501,623
(27,434,956)	-	-	-	-	-
5,980,095	12,522,466	7,910,293	6,114,990	6,699,896	27,223,057
-	(19,770,997)	-	(10,365,390)	(29,703,423)	-
-	1,722,690	-	-	-	-
(5,443,097)	(12,308,996)	(7,423,493)	(5,778,826) (6)	(9,204,842)	(26,407,603)
<u>\$ (8,773,688)</u>	<u>\$ 20,119,188</u>	<u>\$ 21,815,789</u>	<u>\$ 15,274,245</u>	<u>\$ 62,849,142</u>	<u>\$ 25,792,077</u>
<u>\$ (1,779,143)</u>	<u>\$ (1,633,871)</u>	<u>\$ (2,485,593)</u>	<u>\$ (14,309,771)</u>	<u>\$ 46,160,555</u>	<u>\$ 15,907,164</u>
8.87%	7.63%	6.93%	7.64%	6.93%	12.74%

(4) Nondepartmental includes expenditures for Hurricane Isabel.

(5) Includes \$18,451,749 contribution to the IDA from the refunding of the Economic Development Revenue Bonds relating to the Hilton Garden Inn and Suffolk Conference Center.

(6) Includes approximately \$3,000,000 in transfers to the internal service funds to eliminate fund deficits and establish a reserve for future claims in the Risk Management Fund.

(7) Includes \$1,500,000 from the first installment payment on the sale of the Obici property.

(8) Includes revenues and expenditures for the Road Maintenance fund which had a full year of maintenance for fiscal year 2007.

CITY OF SUFFOLK, VIRGINIA

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Property Tax	\$ 40,308,221	\$ 43,970,282	\$ 47,924,487	\$ 53,892,139	\$ 57,961,870
Other Local Taxes:					
Sales and Use	3,748,696	3,952,042	4,321,930	5,033,151	5,293,294
Utility Tax	3,651,642	4,104,493	5,225,478	6,619,362	7,062,298
Communication Taxes	-	-	-	-	-
Business and Occupational License	2,412,961	2,726,170	2,990,623	3,460,903	3,618,973
Franchise	117,534	119,044	311,472	197,742	481,015
Motor Vehicle License	1,018,439	1,058,650	1,119,357	1,196,784	1,248,266
Bank Stock	298,493	247,332	242,790	204,459	166,264
Recordation	464,396	326,581	384,620	507,616	644,418
Tobacco	946,955	887,858	934,559	898,407	971,777
Lodging	155,114	173,975	173,076	201,284	224,742
Meals	1,809,757	1,866,276	2,075,966	2,530,282	2,704,256
Admission	-	-	127,041	293,405	351,413
Emergency Phone Services	572,352	651,074	660,438	699,605	736,691
Public Facility Tax Rebate	-	-	-	-	-
Total	<u>\$ 55,504,560</u>	<u>\$ 60,083,777</u>	<u>\$ 66,491,837</u>	<u>\$ 75,735,139</u>	<u>\$ 81,465,277</u>

(1) Effective January 1, 2007 the Commonwealth of Virginia moved to a Communication Tax collected by the State and remitted to the locality versus the local taxes previously charged by the jurisdiction.

Table 5

	2004	2005	2006	2007	2008	Change 1999-2008
\$	66,231,547	\$ 74,827,500	\$ 76,472,589	\$ 88,450,925	\$ 98,037,522	143%
	5,787,336	6,393,278	7,043,982	7,177,386	7,579,882	102%
	6,439,771	6,160,225	6,420,430	5,348,947	4,190,304	15%
	-	-	-	1,723,627	3,682,126 (1)	0%
	3,901,699	4,528,220	5,177,235	5,674,968	5,806,810	141%
	216,994	233,565	251,447	138,635	-	-100%
	1,330,191	1,350,308	1,359,928	1,532,277	1,650,732	62%
	242,789	283,547	362,571	350,564	288,973	-3%
	855,860	2,001,254	2,632,855	2,122,575	1,563,745	237%
	1,693,781	1,538,959	1,403,764	1,378,724	1,415,123	49%
	227,152	302,463	235,137	226,867	832,049	436%
	3,291,137	3,323,238	3,886,919	4,306,494	5,632,980	211%
	386,899	369,995	356,211	382,592	354,950	
	988,243	1,029,638	1,033,810	502,503	- (1)	
	-	-	347,860	395,398	106,549	
\$	<u>91,593,399</u>	<u>\$ 102,342,190</u>	<u>\$ 106,984,738</u>	<u>\$ 119,712,482</u>	<u>\$ 131,141,745</u>	

CITY OF SUFFOLK, VIRGINIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property				City Wide	Personal Property			
	Assessed Value			Estimated Actual Value		Assessed Value			Estimated Actual Value
	Citizens Property (1)	Public Service (2)	Total			Citizens Property (3)	Public Service (2)	Total	
1999	\$ 2,487,432,000	\$ 14,541,320	\$ 2,501,973,320	\$ 2,669,084,938	1.03	\$ 369,507,750	\$ 132,916,008	\$ 502,423,758	\$ 517,192,203
2000	2,738,220,300	14,497,039	2,752,717,339	2,930,313,339	1.03	414,544,994	138,101,347	552,646,341	567,990,935
2001	2,973,951,700	15,638,034	2,989,589,734	3,178,132,234	1.03	450,578,178	146,698,674	597,276,852	613,576,705
2002	3,197,461,000	17,455,240	3,214,916,240	3,402,129,340	1.08	487,554,205	172,908,792	660,462,997	679,675,085
2003	3,532,824,000	17,669,080	3,550,493,080	3,750,119,580	1.08	529,426,302	167,961,412	697,387,714	715,774,193
2004	4,044,414,400	18,332,444	4,062,746,844	4,280,219,144	1.08	608,825,985	166,161,886	774,987,871	793,450,303
2005	4,700,248,600	16,416,461	4,716,665,061	4,983,988,261	1.08	624,278,865	153,824,486	778,103,351	795,194,961
2006	5,767,166,200	18,411,941	5,785,578,141	6,215,420,841	1.06	699,151,891	175,007,613	874,159,504	893,604,794
2007	7,615,318,305	16,841,670	7,632,159,975	8,207,595,470	0.94	760,041,770	154,722,996	914,764,766	931,956,210
2008	8,471,944,000	20,753,336	8,492,697,336	9,466,652,720	0.94	766,350,990	207,604,394	973,955,384	650,872,800

(1) Real property is assessed at 100% of estimated actual value except land use property which approximates 30%. Source: City Assessor's Office

(2) Determined by the State Corporation Commission of Virginia.

(3) Vehicles are assessed at 100% of average loan value: recreation vehicles are assessed at 100% of lowest NADA value; and machinery and tools are assessed at 20% of original cost for the first five years and 10% thereafter. Source: City Commissioner of the Revenue's Office

Table 6

	Personal Property (3)	Total		Ratio of Total Assessed to Total Estimated Actual Value
		Assessed Value	Estimated Actual Value	
\$	4.25	\$ 3,004,397,078	\$ 3,186,277,141	94.29%
	4.25	3,305,363,680	3,498,304,274	94.48%
	4.25	3,586,866,586	3,791,708,939	94.60%
	4.25	3,875,379,237	4,081,804,425	94.94%
	4.25	4,247,880,794	4,465,893,773	95.12%
	4.25	4,837,734,715	5,073,669,447	95.35%
	4.25	5,494,768,412	5,779,183,222	95.08%
	4.25	6,659,737,645	7,109,025,635	93.68%
	4.25	8,546,924,741	9,139,551,680	93.52%
	4.25	9,466,652,720	10,117,525,520	93.57%

DIRECT PROPERTY TAX RATES (PER HUNDRED) (1)
LAST TEN FISCAL YEARS

Fiscal Year	Real Property (2)					Downtown Business Overlay District	Personal Property (3)	Machinery and Tools (4)	Minimum Total Direct Rate (5)
	Suffolk Taxing District	City Wide	Route 17 Taxing District	Mosquito Control District					
1999	\$ 1.21	\$ 1.03	1.29	\$ 1.065	\$ -	\$ 4.25	\$ 3.15	5.28	
2000	1.19	1.03	1.29	1.065	-	4.25	3.15	5.28	
2001	1.19	1.03	1.29	1.065	-	4.25	3.15	5.28	
2002	1.24	1.08	1.34	1.115	-	4.25	3.15	5.33	
2003	1.24	1.08	1.34	1.115	-	4.25	3.15	5.33	
2004	1.24	1.08	1.34	1.115	-	4.25	3.15	5.33	
2005	1.24	1.08	1.34	1.115	-	4.25	3.15	5.33	
2006	1.22	1.06	1.32	1.095	-	4.25	3.15	5.31	
2007	0.975	0.94	1.20	0.975	1.065	4.25	3.15	5.19	
2008	-	0.94	1.20	-	1.065	4.25	3.15	5.19	

- (1) The City is not a component of any overlapping governments; therefore, it does not share any overlapping tax rates nor debt.
- (2) Real property is assessed at 100% of estimated actual value, except land use property which approximates 30%.
- (3) Vehicles are assessed at 100% of average loan value.
- (4) Assessed at 20% of original cost during the first five years of life; 10% thereafter.
- (5) The district tax rates include the City-wide rate. Additionally, districts overlap some properties, resulting in those properties being taxed at the City rate plus the additional rate for each applicable district. Therefore, only the City-wide rate is used with the personal property rate to calculate the Minimum Total Direct Rate.
- (6) In Fiscal Year 2008, the Suffolk Taxing District and Mosquito Control District supplemental taxes were not assessed because the

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

		Real Property			
		2008		1999	
Taxpayer	Type of Business	Taxable Assessed Value	Percentage of Total City	Taxable Assessed Value	Percentage of Total City
			Taxable Assessed Value (1)		Taxable Assessed Value (1)
Target Corporation	Distribution Warehouse	\$ 53,917,700	0.64%	\$ -	-
Rubicon - NGP	Joint Military Training Facility	39,757,900	0.47%	-	-
CVN Distribution	Distribution Warehouse	42,040,800	0.50%	29,644,200	1.19%
Alpine Realty of Suffolk	Real Estate Development	-	-	28,807,700	1.16%
Sysco Food Services of Hampton Roads	Food Services	28,687,800	0.34%	-	-
Lake View Development Group	Lessor to GSA (Office)	22,969,900	0.27%	-	-
Harborview Partners	Real Estate Development	-	-	23,925,800	0.96%
Lockheed Martin	Technology Company	22,498,100	0.27%	-	-
The Pergola Group	Apartment Complex	28,308,900	0.33%	-	-
Ciba Specialty Chemicals	Chemical Plant	-	-	21,430,700	0.86%
City of Norfolk	Municipal Water System	-	-	22,698,400	0.91%
Union Camp Corporation	Wood Products	-	-	13,866,800	0.56%
Bon Secours Hampton Rds Health Sys	Health Systems	21,969,300	0.26%	-	-
Planters/Kraft Foods	Peanut Products	24,369,900	0.29%	16,872,200	0.68%
Inland America Suffolk LV LLC	Lessor to GSA (Office)	20,184,500	0.24%	-	-
Hills Brothers Coffee, Inc.	Coffee Products	-	-	9,245,500	0.37%
Walmart	Retail Merchandise	-	-	11,097,900	0.45%
City of Portsmouth	Municipal Water System	-	-	10,485,000	0.42%
		\$ 304,704,800	5.28%	\$ 188,074,200	7.56%

(1) Total assessed valuation of real estate for fiscal year 2007-2008 - \$8,471,944,000
1998-1999 - \$2,487,432,000 does not include public service corporations

Source: City of Suffolk Assessor's Office

Personal Property

		Personal Property			
		2008		1999	
Taxpayer	Type of Business	Taxable Assessed Value	Percentage of Total City	Taxable Assessed Value	Percentage of Total City
			Taxable Assessed Value (2)		Taxable Assessed Value (2)
Sara Lee International	Beverage Company	\$ 8,365,540	1.09%	\$ -	-
Ciba Specialty Chemicals	Chemical Plant	8,018,390	1.05%	7,569,510	2.05%
QVC of Suffolk Inc	Distribution Warehouse	5,423,810	0.71%	-	-
Planters/Kraft Foods	Peanut Products	6,837,930	0.89%	6,859,260	1.86%
Unilever Bestfoods/Lipton Tea	Beverage Company	6,701,700	0.87%	-	-
Thomas J. Lipton Co.	Beverage Company	-	-	5,528,163	1.50%
CVN Distribution	Distribution Warehouse	-	-	1,941,290	0.53%
Massimo Zanetti Beverage USA	Beverage Company	4,947,780	0.65%	-	-
Lockheed Martin Corporation	Technology Company	3,345,990	0.44%	-	-
Target Corporation	Distribution Warehouse	2,595,380	0.34%	-	-
Vitex Packaging	Packaging Warehouse	-	-	940,460	0.25%
Charter Communications	Cable Products	2,466,380	0.32%	-	-
Sysco Food Services of Hampton Roads	Food Services	1,773,160	0.23%	-	-
Nestle Beverage Company	Beverage Company	-	-	6,399,730	1.73%
Lakeview Medical Center	Medical Services	-	-	1,005,200	0.27%
Prillaman Chemical Corp	Chemical Processing	-	-	1,021,760	0.28%
Sonoco Products Company	Fuel Services	-	-	990,510	0.27%
Falcon Cable Media/ Suffolk	Cable Products	-	-	963,300	0.26%
		\$ 50,476,060	7.22%	\$ 33,219,183	8.99%

(2) Total assessed valuation of real estate for fiscal year 2007-2008 - \$766,350,990
1998-1999 - \$369,507,750 Does not include Public Service Corporations

Source: City of Suffolk, Commissioner of Revenue's office

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Tax Collections		Outstanding Delinquent Taxes				
				Delinquent	Total	At End of Fiscal Year (2)	As Percent of Current Levy	As Percent of Applicable Levies		
				Amount	As Percent of Current Levy	Amount (2)	As Percent of Current Levy	As Percent of Applicable Levies		
1999	(3) \$ 39,983,151	\$ 39,075,654	97.73%	\$ 691,573	45.92%	\$ 39,767,227	99.46%	\$ 1,506,111	3.77%	1.34%
2000	44,173,971	43,161,381	97.71%	565,926	33.92%	43,727,307	98.99%	1,668,317	3.78%	1.37%
2001	47,995,899	46,948,148	97.82%	689,913	39.64%	47,638,061	99.25%	1,740,460	3.63%	1.32%
2002	53,553,363	52,796,334	98.59%	840,621	48.02%	53,636,955	100.16%	1,750,679	3.27%	1.20%
2003	58,175,390	57,393,884	98.66%	835,992	44.17%	58,229,876	100.09%	1,892,505	3.25%	1.18%
2004	66,303,851	65,447,182	98.71%	777,317	40.50%	66,224,499	99.88%	1,919,065	2.89%	1.08%
2005	74,108,747	73,148,580	98.70%	745,533	36.69%	73,894,113	99.71%	2,032,137	2.74%	1.02%
2006	87,028,625	85,921,671	98.73%	968,148	46.59%	86,889,819	99.84%	2,077,972	2.39%	0.91%
2007	98,604,779	97,146,638	98.52%	951,030	40.71%	98,097,668	99.49%	2,336,057	2.37%	0.90%
2008	107,353,414	105,361,772	98.14%	1,595,773	56.08%	106,957,545	99.63%	2,845,461	2.65%	0.97%

Note A: For delinquent real property taxes not collected within three years, a lien is recorded on the property for the collection thereof. Collections in subsequent years represents delinquent accounts collected during the course of that fiscal year for all prior fiscal years.

(1) Beginning in the year ended June 30, 2000, the total tax levy includes the Commonwealth's reimbursement.

(2) Adjusted for collections through August 15.

(3) Amounts exclude semi-annual real estate tax collection for comparability.

SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Ration of Collections to Amount Due</u>	<u>Total Outstanding Assessments</u>
1999	\$ -	\$ -	\$ -	\$ 361
2000	-	-	-	-
2001	-	-	-	-
2002	-	-	-	-
2003	-	-	-	-
2004	-	-	-	-
2005	-	-	-	-
2006	-	-	-	-
2007	-	-	-	-
2008	-	-	-	-

Note A: Special assessments were made on properties in the Downtown Service District beginning fiscal year 1988 and ending in fiscal year 1996 for the purpose of economic revitalization of the Central Business District.

Note B: Total Outstanding Assessments represent balances outstanding at June 30th for each respective year.

CITY OF SUFFOLK, VIRGINIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities						Internal Service Fund Capital Leases
	General Obligation Bonds	VPSA Bonds	Literary Fund Loan	Bond Anticipation Notes	Section 108 Loan Payable	Notes Payable	
1999	\$ 89,632,583	\$ 2,769,542	-	\$ 10,000,000	-	\$ 8,325	31,081
2000	102,887,401	2,573,619	5,000,000	5,000,000	-	1,415,000	472,938
2001	118,492,672	2,372,276	9,750,000	-	-	1,415,000	2,285,189
2002	111,374,910	2,170,462	9,250,000	-	-	1,415,000	1,951,375
2003	121,679,066	1,963,124	8,750,000	-	-	1,415,000	1,738,928
2004	130,576,861	1,745,204	8,250,000	-	-	-	2,686,055
2005	139,505,817	1,526,650	7,750,000	-	-	3,000,000	3,168,162
2006	140,962,269	1,297,419	7,250,000	-	-	4,196,949	8,370,710
2007	188,919,526	1,062,465	6,750,000	-	3,845,000	1,588,475	8,767,219
2008	202,079,985	816,739	6,250,000	-	3,652,000	480,000	6,354,783

Note A: Personal Income and population data is shown on the Demographic and Economic Statistics, Table 16

*Data not available

Table 11

Business-Type Activities					
Revenue Bonds	General Obligation Bonds	Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 13,500,000	\$ 12,526,860	\$ 36,600	\$ 128,504,991	8.74%	\$ 2,008
27,710,000	11,515,747	25,841	156,600,546	9.63%	2,459
27,395,000	10,590,470	13,684	172,314,291	9.74%	2,675
45,270,000	9,542,706	2,200,000	183,174,453	9.82%	2,711
44,460,000	12,267,021	2,200,000	194,473,139	9.67%	2,774
55,345,000	11,658,139	3,334,000	213,595,259	9.78%	2,938
54,600,000	11,354,183	-	220,904,812	*	2,926
67,410,000	10,362,731	-	239,850,078	*	3,111
103,200,000	9,385,474	-	323,518,159	*	4,196
141,385,000	8,615,016	-	369,633,523	*	4,552

CITY OF SUFFOLK, VIRGINIA

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

General Bonded Debt Outstanding							
Fiscal Year	General Obligation Bonds	VPSA Bonds	Literary Fund Loan	Bond Anticipation Notes	Notes Payable	Section 108 Loan Payable	Total
1999	\$ 89,632,583	\$ 2,769,542	\$ -	\$ 10,000,000	\$ 8,325	\$ -	\$ 102,410,450
2000	102,887,401	2,573,619	5,000,000	5,000,000	1,415,000	-	116,876,020
2001	118,492,672	2,372,276	9,750,000	-	1,415,000	-	132,029,948
2002	111,374,910	2,170,462	9,250,000	-	1,415,000	-	124,210,372
2003	121,679,066	1,963,124	8,750,000	-	1,415,000	-	133,807,190
2004	130,576,861	1,745,204	8,250,000	-	-	-	140,572,065
2005	139,505,817	1,526,650	7,750,000	-	3,000,000	-	151,782,467
2006	140,962,269	1,297,419	7,250,000	-	4,196,949	-	153,706,637
2007	188,919,526	1,062,465	6,750,000	-	1,588,475	3,845,000	202,165,466
2008	202,079,985	816,739	6,250,000	-	480,000	3,652,000	213,278,724

Note A: Population data is shown on the Demographic and Economic Statistics, Table 16
Estimated Actual Value is shown on the Assessed Value and Estimated Actual Value Statistics, Table 6

Note B: Estimated Actual Value used includes all taxable property (real estate, personal property and public service corporation property).

Note C: Includes bonds and notes payable only - no capital lease obligations of the internal service funds.

Table 12

Debt Service Monies Available	Net General Debt	Percentage of Net General Debt to Estimated Actual Value	Per Capita
\$ 340,467	\$ 102,069,983	3.40%	\$ 1,595
798,819	116,077,201	3.51%	1,823
2,017,096	130,012,852	3.62%	2,018
6,680	124,203,692	3.20%	1,838
-	133,807,190	3.15%	1,909
-	140,572,065	2.91%	1,934
-	151,782,467	2.76%	2,010
-	153,706,637	2.16%	1,994
734,340	201,431,126	2.20%	2,613
861,708	212,417,016	2.10%	2,616

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DIRECT GOVERNMENTAL ACTIVITIES DEBT

Debt Issue	Outstanding Balance FY 2008
1990 VPSA Bond	\$ 705,000
1991 VPSA Bond	111,739
1997 General Obligation and Refunding Bond	3,015,000
1999 General Obligation Bond	2,160,000
1999 Literary Fund Loan	3,000,000
2000 General Obligation Bond	2,835,000
2001 Literary Fund Loan	3,250,000
2001 General Obligation Bond	7,635,000
2001 Refunding Bond	3,262,536
2002 General Obligation Bond	14,070,000
2003 General Obligation Bond	14,440,000
2003 Refunding Bond	7,453,628
2004 General Obligation Bond	15,900,000
Planters Club Note	480,000
2005 General Obligation Bond	10,530,000
2005 Refunding Bond	9,270,164
2007 Refunding and new funds	87,033,657
Section 108 Loan Payable	3,652,000
2007 General Obligation Bond	24,475,000
Subtotal General Government Activities	\$ <u>213,278,724</u>
Motorola Smartnet System Upgrade Capital Lease	\$ 531,041
Refuse Trucks Capital Lease	250,079
Refuse Trucks Capital Lease	659,674
Roadway Maintenance Capital Lease	3,147,900
Refuse Trucks Capital Lease	165,537
Roadway Maintenance Capital Lease	1,600,552
Subtotal General Governmental Activities Internal Svc Funds	\$ <u>6,354,783</u>
Total Direct Governmental Activities Debt	\$ <u><u>219,633,507</u></u>

CITY OF SUFFOLK, VIRGINIA

LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2008

	<u>City's Legal Debt Margin</u>	<u>Commonwealth's Legal Debt Margin</u>
Assessed value (as of July 1, 2008) - taxable real property, including public service corporations	\$ 8,492,697,336	\$ 8,492,697,336
Legal debt limits:		
7% of assessed value (authorized limit imposed by City Charter)	594,488,814	
10% of assessed value (authorized by the Commonwealth for all cities)		849,269,734
Deduct amount of debt applicable to debt limit:		
Gross general debt (includes bonds and note payable)	<u>221,893,739</u>	<u>221,893,739</u>
Totals	<u>\$ 372,595,075</u>	<u>\$ 627,375,995</u>

City's Legal Debt Margin

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Debt Limit	\$ 175,138,132	\$ 192,690,214	\$ 209,271,281	\$ 225,044,137
Total Net Debt applicable to Limit	<u>114,973,910</u>	<u>128,417,608</u>	<u>142,634,102</u>	<u>135,953,078</u>
Legal Debt Margin	<u>\$ 60,164,222</u>	<u>\$ 64,272,606</u>	<u>\$ 66,637,179</u>	<u>\$ 89,091,059</u>
Total Net Debt Applicable to Limit as a percentage of debt limit	65.65%	66.64%	68.16%	60.41%

Commonwealth's Legal Debt Margin

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Debt Limit	\$ 250,197,332	\$ 275,271,734	\$ 298,958,973	\$ 321,491,624
Total Net Debt applicable to Limit	<u>114,973,910</u>	<u>128,417,608</u>	<u>142,634,102</u>	<u>135,953,078</u>
Legal Debt Margin	<u>\$ 135,223,422</u>	<u>\$ 146,854,126</u>	<u>\$ 156,324,871</u>	<u>\$ 185,538,546</u>
Total Net Debt Applicable to Limit as a percentage of debt limit	45.95%	46.65%	47.71%	42.29%

Note A: During a refunding in Fiscal Year 2004 it was determined that the 1993 VRA Bonds were general obligation bonds purchased by the VRA and should be included in this calculation. Prior fiscal years have been restated in order to accommodate this determination.

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$	248,534,516	\$ 284,392,279	\$ 330,166,554	\$ 404,990,470	\$ 534,251,198	\$ 594,488,814
	<u>151,476,712</u>	<u>155,564,204</u>	<u>163,136,650</u>	<u>164,069,368</u>	<u>211,550,939</u>	<u>221,893,739</u>
\$	<u><u>97,057,804</u></u>	<u><u>128,828,075</u></u>	<u><u>167,029,904</u></u>	<u><u>240,921,102</u></u>	<u><u>322,700,259</u></u>	<u><u>372,595,075</u></u>
	60.95%	54.70%	49.41%	40.51%	39.60%	37.33%
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$	355,049,308	\$ 406,274,684	\$ 471,666,506	\$ 578,557,814	\$ 763,215,997	\$ 849,269,734
	<u>151,476,712</u>	<u>155,564,204</u>	<u>163,136,650</u>	<u>164,069,368</u>	<u>211,550,939</u>	<u>221,893,739</u>
\$	<u><u>203,572,596</u></u>	<u><u>250,710,480</u></u>	<u><u>308,529,856</u></u>	<u><u>414,488,446</u></u>	<u><u>551,665,058</u></u>	<u><u>627,375,995</u></u>
	42.66%	38.29%	34.59%	28.36%	27.72%	26.13%

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UTILITY FUND BOND COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue (2)	Direct Operating Expenses (1)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1999	\$ 13,498,885	\$ 7,172,733	\$ 6,326,152	\$ 120,000	\$ 751,560	\$ 871,560	7.26
2000	13,803,535	9,085,623	4,717,912	225,000	744,044	969,044	4.87
2001	15,841,289	10,255,802	5,585,487	315,000	1,611,999	1,926,999	2.90
2002	19,964,675	9,267,731	10,696,944	465,000	1,797,855	2,262,855	4.73
2003	16,819,531	9,249,002	7,570,529	810,000	2,409,152	3,219,152	2.35
2004	17,127,179	10,439,332	6,687,847	840,000	2,601,036	3,441,036	1.94
2005	19,789,237	12,583,141	7,206,096	1,060,000	2,674,468	3,734,468	1.93
2006	21,103,188	13,840,075	7,263,113	1,240,000	2,941,515	4,181,515	1.74
2007	23,309,198	15,534,147	7,775,051	2,020,000	3,123,149	5,143,149	1.51
2008	25,398,077	14,820,616	10,577,461	1,820,000	3,939,999	5,759,999	1.84

(1) Exclusive of depreciation, amortization, interest expense, debt issuance costs and loss on disposal of capital assets.

(2) Includes operating revenues, miscellaneous revenues and interest income in the Utility Fund.

Includes only Public Utility revenue debt that falls under the debt covenant requirements of the master indenture.

DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (2) In Thousands	Per Capita Income (2)*	Average Daily Membership (3)	Unemployment Rate (4)*
1999	63,985	1,470,216	23,564	11,099	3.50%
2000	63,677	1,625,939	25,319	11,387	2.60%
2001	64,415	1,768,615	26,531	11,608	3.50%
2002	67,568	1,865,282	26,561	12,003	4.50%
2003	70,100	2,011,594	26,975	12,476	4.40%
2004	72,700	2,184,938	28,550	12,966	4.00%
2005	75,500	**	29,661	13,297 *	3.70%
2006	77,100	**	**	13,452	3.70%
2007	79,524	**	**	13,490	3.20%
2008	81,209	**	**	13,513	4.70%

Sources:

(1) 1999 and 2001-2008 - City of Suffolk Planning Department
 2000-U.S. Census

(2) Bureau of Economic Analysis

(3) City of Suffolk Public Schools based on March 31st collection data for State

(4) Virginia Employment Commission - Average Annual Rate as of July 2008, not seasonally adjusted.

* Revised

** Data not available

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	Type of Business	2008	
		Employees	Percentage of Total City Employment
U.S. Joint Forces Command/ Joint Warfighting Center	Computer Modeling and Simulation (Civilian)	2,220	5.63%
Sentara/Obici Memorial Hospital	Health Care	1,200	3.05%
QVC Distribution	Home Shopping Distribution	1,100	2.79%
Wal-Mart Stores	Retail	985	2.50%
Sysco Food Services of Hampton Roads	Food Service Distribution	500	1.27%
SPSA	Refuse Collection	500	1.27%
Ciba Specialty Chemicals	Chemical Plant	400	1.02%
Unilever Bestfoods/Lipton Tea	Beverage Manufacture and Distribution	350	0.89%
Planters/Kraft Foods	Peanut Products	340	0.86%
Target Corporation	Warehouse Distribution	300	0.76%
Bon Secours Health System	Health Care	269	0.68%
Towne Bank	Banking	230	0.58%
Massimo Zanetti Beverage USA	Beverage Company	227	0.58%
Amadas Industries	Agricultural Equipment Manufacturer	200	0.51%
Birdsong Peanuts	Peanut Products	150	0.38%
Sara Lee International	Beverage Company	85	0.22%
		9,056	22.98%

Employer	Type of Business	1999	
		Employees	Percentage of Total City Employment
U.S. Joint Forces Command/ Joint Warfighting Center	Computer Modeling and Simulation (Civilian)	-	-
Sentara/Obici Memorial Hospital	Health Care	800	2.70%
QVC Distribution	Home Shopping Distribution	725	2.44%
Wal-Mart Stores	Retail	500	1.69%
Sysco Food Services of Hampton Roads	Food Service Distribution	-	-
SPSA	Refuse Collection	350	1.18%
Ciba Specialty Chemicals	Chemical Plant	275	0.93%
Unilever Bestfoods/Lipton Tea	Beverage Manufacture and Distribution	250	0.84%
Planters/Kraft Foods	Peanut Products	275	0.93%
Target Corporation	Warehouse Distribution	-	-
Bon Secours Health System	Health Care	-	-
Towne Bank	Banking	-	-
Mazzimo Zanetti Beverage USA	Beverage Company	-	-
Amadas Industries	Agricultural Equipment Manufacturer	100	0.34%
Birdsong Peanuts	Peanut Products	175	0.59%
Sara Lee International	Beverage Company	200	0.67%
		3,650	12.30%

Note: Total number of employees citywide (daytime population) for fiscal year 2007-2008 - 39,408; 1998-1999 - 29,665

Source: Economic Development Department

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS

Function/Program	2003	2004	2005	2006	2007	2008
General Fund:						
General Government:						
City Council	8	8	9	9	9	9
City Manager	2	2	2	2	5	5
Asst City Manager Operations	2	2	2	2	1	-
Asst City Manager Development	4	4	4	4	4	2
Management Services	8	9	7	7	6	6
City Attorney	6	7	7	7	9	9
Human Resources	6	6	7	7	8	8
Commissioner of Revenue	10	10	10	11	12	12
City Assessor	13	13	13	13	13	13
Treasurer	13	13	13	13	16	16
Finance - Administration and Accounting	9	9	11	12	11	11
Finance - Purchasing	3	3	4	4	5	5
Registrar	2	2	2	2	2	2
Capital Program Management	2	3	3	3	3	3
Judicial:						
Circuit Court	2	2	2	2	2	2
Circuit Court - Clerk's Office	13	13	13	13	14	14
Sheriff	21	21	21	22	25	25
Commonwealth Attorney	17	17	17	18	22	29
Public Safety:						
Police						
Administration and Officers	167	175	186	196	206	206
Emergency Communications	22	22	22	22	26	26
Animal Shelter and Management	9	9	9	9	9	9
Fire						
Fire and Rescue	174	183	187	190	197	195
Fire Prevention	3	3	3	3	3	5
Neighborhood Development	25	27	27	27	27	27
Public Works:						
Public Works						
Administration	7	7	7	7	7	6
Traffic Engineering and Maintenance	24	27	30	34	-	-
Engineering	8	9	11	12	-	-
Refuse Collection	11	12	12	14	43	46
Maintenance Building and Grounds	22	22	25	25	27	21
Mosquito Control	1	2	2	2	2	7
Aviation Facilities	3	3	3	3	3	3

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS

Function/Program	2003	2004	2005	2006	2007	2008
General Fund:						
Health and Welfare:						
Social Services	103	101	102	101	102	103
Comprehensive Services Act	1	1	1	1	1	1
Parks, Recreation and Cultural:						
Parks and Recreation						
Administration	5	8	5	5	4	4
Support Services	-	-	5	5	4	4
Parks, Gateway and Facility Maintenance	17	17	18	20	22	22
Recreation	13	11	9	9	12	12
Library	15	17	17	23	35	34
Community Development:						
Planning	14	15	16	16	18	16
Geographic Information Systems	-	-	-	-	-	3
Economic Development	6	7	7	7	7	8
Tourism	2	2	3	3	3	3
Communications	-	-	4	5	5	5
Special Revenue Fund:						
Transit	5	5	5	5	5	5
Road Maintenance						
Road Maintenance	-	-	-	-	93	94
Traffic Engineering	-	-	-	-	20	23
Enterprise Fund:						
Public Utilities						
Administration	4	4	6	6	6	8
Customer Service	7	7	17	17	18	18
Line Maintenance	29	29	26	26	26	26
Maintenance	19	17	17	20	20	20
Water Production	19	23	24	28	28	29
Engineering	11	11	11	12	16	18
Stormwater Utility						
Stormwater Utility	-	-	-	-	28	28
Internal Service Funds:						
Fleet Management	17	18	19	19	25	26
Information Technology	10	10	11	12	12	13
Risk Management	-	-	2	2	2	2
Total	<u>914</u>	<u>948</u>	<u>996</u>	<u>1,037</u>	<u>1,229</u>	<u>1,247</u>

*Information prior to fiscal year 2003 is unavailable in this format.

Source: FY 2008 Budget Document

CITY OF SUFFOLK, VIRGINIA

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	1999	2000	2001	2002
General Government:				
Building permits issued	2,026	1,584	1,980	1,296
Value of permits issued	\$ 122,013,392	\$ 149,920,156	\$ 182,001,107	\$ 184,919,291
Number of registered voters	35,285	37,570	39,268	41,253
Taxable retail sales	315,419,926	352,196,486	419,863,185	453,363,903
Parks, Recreation and Cultural:				
Library volumes in collection	129,017	135,436	160,000	160,225
Enterprise Fund:				
Public Utilities				
Number of Customers	17,650	18,427	19,171	20,351
Average daily consumption (mgd)	4.25	4.33	4.56	5.43
Treatment Capacity daily (mgd)	7.45	7.45	7.45	7.45

Sources: Various City Departments

** Data is not available as this is shown on a calendar year basis

Table 19

	2003	2004	2005	2006	2007	2008
	1,974	1,975	1,776	1,886	1,416	1,294
\$	228,190,705	\$ 195,412,910	\$ 26,507,715	\$ 288,529,812	\$ 272,760,564	\$ 179,369,064
	41,966	44,341	45,922	47,569	48,170	50,843
	488,806,697	539,290,760	530,691,269	599,391,445	**	**
	157,795	160,543	175,054	175,719	218,120	222,697
	20,566	19,885	21,515	22,533	23,435	24,370
	5.38	5.21	5.551	6.49	6.70	7.68
	7.45	7.45	7.45	11.20	11.20	11.20

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety:										
Police Stations	1	3	5	5	4	4	4	4	4	4
Fire Stations	7	7	7	7	7	8	8	8	8	8
Public Works:										
State maintained road miles	651.46	651	651	651	651	654	654	654	8.5	-
City maintained road miles	36.85	37	37	37	38	38	38	38	710.26	1,500
Streetlights	4,766	5,216	5,423	5,768	5,968	6,467	6,710	6,940	8,000	8,100
Bridges	3	3	3	3	3	3	3	3	144	144
Traffic Signals	23	23	23	23	23	23	23	23	122	125
Education:										
Elementary Schools	11	12	12	12	12	12	12	12	13	13
Middle Schools	3	3	3	4	4	4	4	4	4	4
High Schools	2	2	2	2	2	2	3	3	3	3
Alternative Schools	-	1	1	1	1	1	1	1	1	1
Enterprise Fund:										
Public Utilities										
Miles of Water Main	224.9	242.17	247	254	256	261	271	399.97	415	420
Miles of Sanitary Sewers	166.2	173.60	177	182	184	188	198	293	308	309
Miles of Storm Sewers	5.86	5.95	5.95	5.95	5.95	5.95	5.95	5.95	142.06	495
Parks, Recreation and Cultural:										
Parks and Recreation										
Number of major parks and recreation facilities	35	36	36	38	41	41	41	41	41	41
Acreage of major parks and recreation facilities	1,330	1,334	1,334	1,405	1,821	1,825	1,825	1,825	1,825	1,827
Library										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of branch libraries	1	1	3	3	3	3	3	3	3	2
Number of bookmobiles	-	-	1	1	1	1	1	1	1	1

Sources: Various City Departments

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		Bank Deposits (2) (in thousands)	Real Property Value (3)			
	Number of Permits	Value	Number of Permits	Value		Residential	Commercial	Agricultural	Nontaxable
1999	232	\$ 39,712,953	1,794	\$ 82,300,439	\$ 399,920	\$ 1,848,690,400	\$ 482,223,400	\$ 322,321,100	\$ 522,523,900
2000	160	77,495,825	1,424	77,538,340	401,000	2,053,803,800	520,146,100	341,866,400	534,782,700
2001	169	65,079,091	1,811	116,922,016	416,000	2,209,050,400	586,899,400	366,544,400	571,385,800
2002	212	63,388,257	2,024	133,069,941	427,000	2,391,608,700	631,472,700	361,592,700	631,546,300
2003	175	108,959,711	1,799	119,230,994	450,000	2,626,448,600	723,716,810	382,285,100	688,124,300
2004	184	57,183,116	1,791	138,229,794	481,000	3,086,553,300	792,445,200	382,888,200	714,195,300
2005	191	86,239,759	1,585	182,767,959	504,000	3,633,548,700	876,319,900	457,703,200	751,744,400
2006	196	59,858,597	1,690	228,671,215	598,000	4,537,277,500	1,013,362,100	646,369,300	809,532,500
2007	218	140,285,316	1,198	132,475,248	642,000	6,060,448,500	1,362,319,600	767,985,700	914,701,000
2008	193	73,914,062	1,101	105,455,002	*	6,850,010,900	1,444,643,500	845,756,000	978,058,800

(1) Neighborhood Development Services

(2) Federal Home Loan Bank of Atlanta and Federal Deposit Insurance Corporation

(3) City Assessor's Office, estimated actual value

PRINCIPAL COMMERCIAL/INDUSTRIAL WATER AND SEWER CONSUMERS
YEAR ENDED JUNE 30, 2008

<u>Water Consumers</u>	<u>Type of Business</u>	<u>Annual Consumption in Gallons</u>	<u>% of Total Annual Consumption*</u>
Western Tidewater Water Authority	Regional Water Supply	130,288,884	5.49%
Sara Lee Coffee & Tea	Beverage Company	58,583,360	2.47%
CIBA Specialty Chemicals	Chemical Plant	34,344,420	1.45%
Western Tidewater Regional Jail	Jail-Regional Facility	28,566,120	1.20%
Unilever Bestfoods	Beverage Company	24,762,540	1.04%
Sentary/Obici Hospital	Hospital	24,665,300	1.04%
Planters Co	Peanut Products	16,534,540	0.70%
Wanchese Fish Company	Seafood Processing	15,771,580	0.66%
CIBA Specialty Chemicals	Chemical Plant	10,864,700	0.46%
Univar USA	Chemical Plant	10,771,200	0.45%
		<u>355,152,644</u>	<u>14.95%</u>

*Total annual consumption for fiscal year 2007-2008 was 2,375,184,988

<u>Sewer Consumers</u>	<u>Type of Business</u>	<u>Annual Consumption in Gallons</u>	<u>% of Total Annual Consumption**</u>
Sara Lee Coffee & Tea	Beverage Company	58,583,360	3.31%
CIBA Specialty Chemicals	Chemical Plant	34,344,420	1.94%
Western Tidewater Regional Jail	Jail-Regional Facility	28,566,120	1.62%
Sentara/Obici Hospital	Hospital	24,665,300	1.39%
Wanchese Fish Company	Seafood Processing	15,771,580	0.89%
Unilever Bestfoods	Beverage Company	13,575,452	0.77%
CIBA Specialty Chemicals	Chemical Plant	10,864,700	0.61%
Univar USA	Chemical Plant	10,771,200	0.61%
30 West Pershing, LLC	Real Property Mgmt	10,769,704	0.61%
Nansemond Square, LLC	Real Property Mgmt	9,838,444	0.56%
		<u>217,750,280</u>	<u>12.31%</u>

**Total annual consumption for fiscal year 2007-2008 was 1,768,771,664

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

**To the Honorable Members of the City Council
City of Suffolk
Suffolk, 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 Suffolk, Virginia as of and for the year ended June 30, 2008, which collectively comprise the City of Suffolk, Virginia's basic financial statements and have issued our report thereon dated December 2, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

However, we noted other matters that we have reported to management in a separate letter dated December 2, 2008.

This report is intended solely for the information and use of management, the 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.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 2, 2008

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

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

Compliance

We have audited the compliance of the City of Suffolk, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City of Suffolk, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Suffolk, Virginia's management. Our responsibility is to express an opinion on the City of Suffolk, Virginia's compliance based on our audit.

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

In our opinion, the City of Suffolk, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

Internal Control Over Compliance: (Continued)

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

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 2, 2008,

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2008

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
PRIMARY GOVERNMENT:		
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Direct payments:</u>		
Summer food service program for children grant	10.559	\$ 64,808
<u>Pass through payments:</u>		
Department of Social Services:		
State administration matching grants for food stamp program	10.561	940,189
Total Department of Agriculture		\$ 1,004,997
<u>DEPARTMENT OF LABOR:</u>		
<u>Direct payments:</u>		
Workforce development center	17.261	\$ 12,036
<u>DEPARTMENT OF TRANSPORTATION:</u>		
<u>Direct payments:</u>		
Airport improvement program	20.106	\$ 88,988
Greenways Blueways and Trails	20.219	49,632
<u>Pass through payments:</u>		
	20.602	8,985
Total Department of Transportation		\$ 147,605
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>		
<u>Direct payments:</u>		
Home investment partnership program	14.239	\$ 289,497
McKinney Vento support of housing	14.235	12,625
<u>Pass through payments:</u>		
Department of Housing and Community Development:		
Community development block grant	14.218	988,016
Total Department of Housing and Urban Development		\$ 1,290,138
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Pass - through payments:</u>		
Department of Social Services:		
Promoting safe and stable families	93.556	\$ 159,521
Temporary assistance to needy families	93.558	690,524
Refugee and entrant assistance	93.566	3,899
Low-income energy assistance	93.568	20,450

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2008 (Continued)

<u>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
PRIMARY GOVERNMENT: (Continued)		
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES: (Continued)</u>		
<u>Pass - through payments: (Continued)</u>		
Department of Social Services: (Continued)		
Child care and development block grant	93.575	\$ 429,790
Child care mandatory and match funds for child care	93.596	358,854
Chafee education and training vouchers	93.599	8,828
Child welfare services	93.645	5,511
Foster care-title IV-E	93.658	471,733
Adoption assistance	93.659	94,686
Social services block grant	93.667	984,313
Chafee foster care independence program	93.674	14,722
State Children's insurance program	93.767	45,739
Medical assistance program	93.778	703,773
Special programs for the aging - Title III, part B	93.044	20,066
Cooperation for national and community service - AmeriCorps	94.006	5,538
Total Department of Health and Human Services		\$ <u>4,017,947</u>
<u>DEPARTMENT OF INTERIOR:</u>		
<u>Pass - through payments:</u>		
Dismal swamp	15.000	\$ 34,637
Rec Buildings - Cap Maintenance	15.225	4,121
Total Department of Interior		\$ <u>38,758</u>
<u>DEPARTMENT OF JUSTICE:</u>		
<u>Direct payments:</u>		
Bulletproof vest partnership program	16.607	\$ 12,096
<u>Pass through payments:</u>		
Department of Criminal Justice Services:		
Crime victim assistance	16.575	175,380
Byrne formula grant program	16.579	13,976
Gang prevention	16.580	196,630
Drug court discretionary grant	16.585	129,983
State criminal alien assistance program	16.606	1,158
Gang resistance education	16.737	5,670
Justice assistance grant	16.738	52,224
COPS Technology grant	16.710	9,525
VSTOP - violence against women	16.588	59,202
Total Department of Justice		\$ <u>655,844</u>
<u>DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Direct payments:</u>		
Assistance to firefighters	97.044	\$ 48,333
<u>Pass through payments:</u>		
Hazard mitigation grant	97.039	11,032
Total Department of Homeland Security		\$ <u>59,365</u>
Total Primary Government		\$ <u><u>7,226,690</u></u>

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2008 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
COMPONENT UNIT-SCHOOL BOARD:		
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
Department of Agriculture and Consumer Services:		
Food distribution	10.555	\$ 444,684
Department of Education:		
National school breakfast program	10.553	675,980
National school lunch program	10.555	1,989,836
Summer food service program	10.559	18,125
		<u>3,128,625</u>
Total Department of Agriculture		\$ <u>3,128,625</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Direct payments:</u>		
Medicaid assistance program	93.778	\$ <u>167,643</u>
<u>DEPARTMENT OF AIR FORCE:</u>		
<u>Direct payments:</u>		
JROTC Instruction	17.000	\$ <u>146,396</u>
<u>DEPARTMENT OF LABOR:</u>		
<u>Pass through payments:</u>		
Workforce investment act - youth activities	17.259	\$ <u>20,000</u>
<u>DEPARTMENT OF EDUCATION:</u>		
<u>Direct payments:</u>		
School assistance in federally affected areas	84.041	\$ 522,605
<u>Pass through payments:</u>		
Adult Basic Education	84.002	127,221
Education Consolidation and Improvement Act of 1981:		
Title 1:		
Financial assistance to meet special educational needs of disadvantaged children - program operated by local education agencies (2E004500, 2E004511, 3E005820)	84.010	2,718,632
Title VI-B:		
Assistance to states for education of handicapped children - preschool and school programs (1E002570, 3E001110)	84.027	2,430,481
Vocational Education:		
Basic grants to states (3E001311)	84.048	334,461
Special Projects:		
Preschool incentive	84.173	61,816
Drug-free schools and communities (2E004617)	84.186	54,048
21st century community learning centers	84.287	173,440
Innovative education	84.298	44,707
Technology challenge grant	84.318	36,725
Advance placement grant	84.330	2,385
Comprehensive school reform	84.332	65,774
Reading first	84.357	481,378
Title II-A - improving teacher quality	84.367	624,816
		<u>7,678,489</u>
Total Department of Education		\$ <u>7,678,489</u>
Total Component Unit School Board		\$ <u>11,141,153</u>
Total Expenditures of Federal Awards		\$ <u>18,367,843</u>

CITY OF SUFFOLK, VIRGINIA

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

Note 1 - General

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

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in note 1 to the City's basic financial statements.

Note 3 - Subrecipients

Of the federal expenditures presented in the schedule, the City of Suffolk, Virginia provided federal awards to subrecipients are as follows:

HOME Investment Partnership Program	CFDA #	14.239	\$	289,497
Community Development Block Grant	CFDA #	14.228		105,932

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

Governmental funds - exhibit 5	\$	7,226,690
School Board - exhibit 29		<u>11,141,153</u>

Total federal expenditures per the Schedule of Expenditures
of Federal Awards

\$ 18,367,843

CITY OF SUFFOLK, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553	National school breakfast program - Child Nutrition Cluster
10.553	National school lunch program - Child Nutrition Cluster
10.555	Food distribution - Child Nutrition Cluster
10.559	Summer food service program for children - Child Nutrition Cluster
93.575 / 93.596	Child care and development block grant
93.667	Social services block grant
84.010	Title I

Dollar threshold used to distinguish between Type A and Type B programs	\$551,035
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

CITY OF SUFFOLK, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2008

None reportable