



**CITY OF HOPEWELL, VIRGINIA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2022**

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**CITY OF HOPEWELL, VIRGINIA  
CITY COUNCIL AND CITY OFFICIALS  
JUNE 30, 2022**

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**CITY COUNCIL**

Patience A. Bennett .....Mayor  
John B. Partin, Jr. .... Vice Mayor  
Deborah B. Randolph ..... Councilor  
Arlene Holloway ..... Councilor  
Jasmine E. Gore ..... Councilor  
Janice B. Denton ..... Councilor  
Brenda S. Pelham ..... Councilor

**CONSTITUTIONAL OFFICERS**

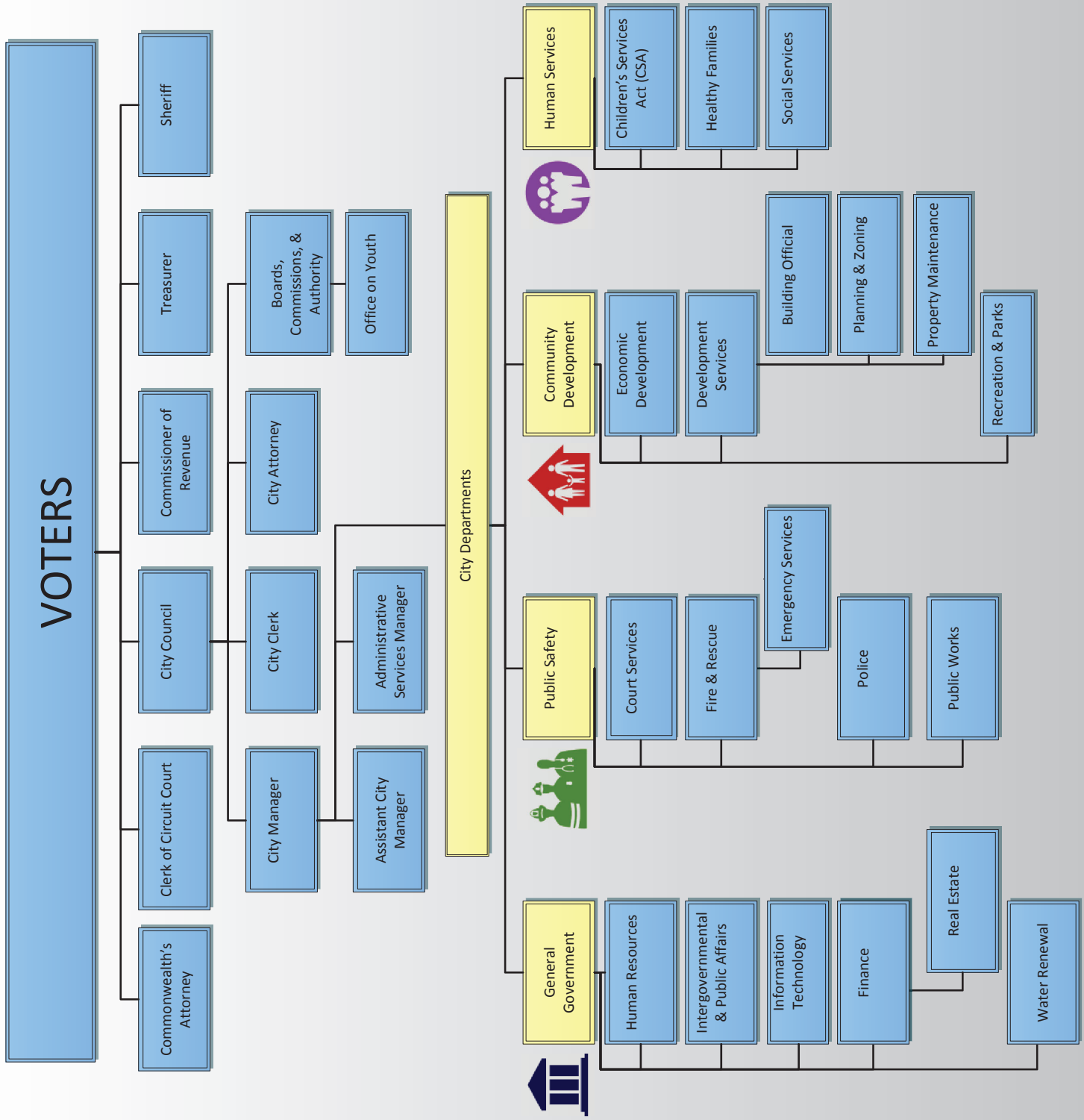
Shannon Foskey .....City Treasurer  
Debra A. Reason ..... Commissioner of Revenue  
Richard K. Newman ..... Commonwealth's Attorney  
Tamara J. Ward .....Clerk of the Circuit Court  
Travis L. Stanley .....Sheriff

**CITY ADMINISTRATION**

John M. Altman, Jr. .... City Manager  
..... Assistant City Manager  
Cynthia E. Hudson ..... Acting City Attorney  
Mollie P. Bess ..... City Clerk  
Raymond W. Spicer ..... Social Services Director  
Tabitha Martinez ..... Recreation Director  
Edward O. Watson ..... Public Works Director  
Folakemi Okeowo ..... Governmental Affairs Director  
Yaosca Smith ..... Human Resources Director  
Jerry Byerly ..... Water Renewal & Sewer System Director  
Michael Terry ..... Finance Director  
Ben Ruppert ..... Fire Department Chief  
Antonio J. Starke ..... Police Department Chief

**CITY SCHOOLS**

Dr. Melody D. Hackney ..... Schools Superintendent





ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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**Independent Auditors' Report**

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

**Report on the Audit of the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia, as of and for the year ended June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Hopewell, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Change in Accounting Principles***

As described in Note 20 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement Nos. 87, *Leases* and 92, *Omnibus*. Our opinions are not modified with respect to this matter.



## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Hopewell, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Hopewell, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Hopewell, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Hopewell, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of other auditors, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2025, on our consideration of the City of Hopewell, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of City of Hopewell, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hopewell, Virginia's internal control over financial reporting and compliance.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
August 22, 2025

## **Basic Financial Statements**

## **Government-wide Financial Statements**

## CITY OF HOPEWELL, VIRGINIA

Statement of Net Position  
June 30, 2022

|                                                    | Primary Government      |                          |                       | Component Unit         | Component Unit                |
|----------------------------------------------------|-------------------------|--------------------------|-----------------------|------------------------|-------------------------------|
|                                                    | Governmental Activities | Business-Type Activities | Total                 | School Board           | Children's Services Act Board |
| <b>Assets</b>                                      |                         |                          |                       |                        |                               |
| Cash and cash equivalents                          | \$ 29,021,056           | \$ 34,488,773            | \$ 63,509,829         | \$ 1,697,871           | \$ -                          |
| Taxes receivable                                   | 27,211,829              | -                        | 27,211,829            | -                      | -                             |
| Accounts receivable                                | 1,394,607               | 8,341,946                | 9,736,553             | 2,331                  | -                             |
| Notes receivable                                   | 134,935                 | 61,188                   | 196,123               | -                      | -                             |
| Interest receivable                                | 291                     | 639                      | 930                   | -                      | 54                            |
| Due from school board                              | 5,689,612               | -                        | 5,689,612             | -                      | -                             |
| Due from primary government                        | -                       | -                        | -                     | 6,980,370              | 651,894                       |
| Due from other governmental units                  | 1,576,331               | 1,018,886                | 2,595,217             | 6,842,988              | 465,986                       |
| Internal balances                                  | (5,008,165)             | 5,008,165                | -                     | 95,981                 | -                             |
| Inventories                                        | 99,576                  | 2,339,063                | 2,438,639             | 92,204                 | -                             |
| Prepaid expenses                                   | 66,847                  | -                        | 66,847                | -                      | -                             |
| Restricted assets:                                 |                         |                          |                       |                        |                               |
| Cash and cash equivalents (in custody of others)   | -                       | 5,447,958                | 5,447,958             | -                      | -                             |
| Note receivable, net of current portion            | 579,863                 | 2,473,059                | 3,052,922             | -                      | -                             |
| Capital assets:                                    |                         |                          |                       |                        |                               |
| Land                                               | 7,381,964               | 803,029                  | 8,184,993             | 474,629                | -                             |
| Work in progress                                   | 2,824,585               | 7,278,176                | 10,102,761            | 275,373                | -                             |
| Buildings, system improvements, and Infrastructure | 83,859,290              | 104,366,885              | 188,226,175           | 48,636,952             | -                             |
| Machinery and equipment                            | 19,736,750              | 56,442,899               | 76,179,649            | 11,622,746             | -                             |
| Leased equipment                                   | -                       | -                        | -                     | -                      | -                             |
| Sewer main improvements                            | -                       | 46,949,920               | 46,949,920            | -                      | -                             |
| Accumulated depreciation                           | (46,633,157)            | (100,899,632)            | (147,532,789)         | (29,018,915)           | -                             |
| <b>Total assets</b>                                | <b>\$ 127,936,214</b>   | <b>\$ 174,120,954</b>    | <b>\$ 302,057,168</b> | <b>\$ 47,702,530</b>   | <b>\$ 1,117,934</b>           |
| <b>Deferred outflows of resources</b>              |                         |                          |                       |                        |                               |
| Debt related                                       | \$ 628,547              | \$ 15,759                | \$ 644,306            | \$ -                   | \$ -                          |
| Pension related                                    | 4,977,301               | 1,116,345                | 6,093,646             | 9,503,565              | -                             |
| OPEB related                                       | 2,987,573               | 670,044                  | 3,657,617             | 1,753,932              | -                             |
| <b>Total deferred outflows of resources</b>        | <b>\$ 8,593,421</b>     | <b>\$ 1,802,148</b>      | <b>\$ 10,395,569</b>  | <b>\$ 11,257,497</b>   | <b>\$ -</b>                   |
| <b>Liabilities</b>                                 |                         |                          |                       |                        |                               |
| Accounts payable                                   | \$ 2,035,058            | \$ 1,469,634             | \$ 3,504,692          | \$ 5,434,008           | \$ 389,035                    |
| Reconciled overdraft                               | -                       | -                        | -                     | -                      | 1,085,506                     |
| Accrued liabilities                                | 582,332                 | 368,404                  | 950,736               | 119,462                | (1,305)                       |
| Refund credits payable                             | -                       | 963,243                  | 963,243               | -                      | -                             |
| Accrued interest payable                           | 549,398                 | 539,011                  | 1,088,409             | -                      | -                             |
| Due to primary government                          | -                       | -                        | -                     | 4,960,585              | -                             |
| Due to other funds                                 | -                       | -                        | -                     | 95,981                 | -                             |
| Due to other governmental units                    | 767,522                 | -                        | 767,522               | -                      | 1,457,221                     |
| Unearned revenues                                  | 4,450,157               | 921,652                  | 5,371,809             | 3,196,284              | -                             |
| Long-term liabilities:                             |                         |                          |                       |                        |                               |
| Due within one year                                | 4,021,154               | 1,323,114                | 5,344,268             | 255,888                | -                             |
| Due in more than one year                          | 58,097,253              | 32,104,114               | 90,201,367            | 34,002,635             | -                             |
| <b>Total liabilities</b>                           | <b>\$ 70,502,874</b>    | <b>\$ 37,689,172</b>     | <b>\$ 108,192,046</b> | <b>\$ 48,064,843</b>   | <b>\$ 2,930,457</b>           |
| <b>Deferred inflows of resources</b>               |                         |                          |                       |                        |                               |
| Deferred tax revenues                              | \$ 15,429,813           | \$ -                     | \$ 15,429,813         | \$ -                   | \$ -                          |
| Pension related                                    | 11,098,762              | 2,489,306                | 13,588,068            | 19,208,651             | -                             |
| OPEB related                                       | 6,731,426               | 1,509,700                | 8,241,126             | 3,237,307              | -                             |
| <b>Total deferred inflows of resources</b>         | <b>\$ 33,260,001</b>    | <b>\$ 3,999,006</b>      | <b>\$ 37,259,007</b>  | <b>\$ 22,445,958</b>   | <b>\$ -</b>                   |
| <b>Net position</b>                                |                         |                          |                       |                        |                               |
| Net investment in capital assets                   | \$ 27,645,045           | \$ 85,904,441            | \$ 113,549,486        | \$ 31,715,412          | \$ -                          |
| Restricted                                         | -                       | 1,990,780                | 1,990,780             | -                      | -                             |
| Unrestricted                                       | 5,121,715               | 46,339,703               | 51,461,418            | (43,266,186)           | (1,812,523)                   |
| <b>Total net position</b>                          | <b>\$ 32,766,760</b>    | <b>\$ 134,234,924</b>    | <b>\$ 167,001,684</b> | <b>\$ (11,550,774)</b> | <b>\$ (1,812,523)</b>         |

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

CITY OF HOPEWELL, VIRGINIA

Statement of Activities  
For the Year Ended June 30, 2022

| Functions/Programs                                           | Program Revenues |                      |                                    |                                  |
|--------------------------------------------------------------|------------------|----------------------|------------------------------------|----------------------------------|
|                                                              | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary Government:</b>                                   |                  |                      |                                    |                                  |
| Governmental activities:                                     |                  |                      |                                    |                                  |
| General government administration                            | \$ 6,766,780     | \$ 8,755             | \$ 305,966                         | \$ -                             |
| Judicial administration                                      | 3,232,028        | 53,666               | 1,494,493                          | -                                |
| Public safety                                                | 17,197,712       | 1,686,415            | 2,200,216                          | -                                |
| Public works                                                 | 5,209,046        | -                    | 4,204,614                          | 785,379                          |
| Health and welfare                                           | 7,293,572        | -                    | 4,594,806                          | -                                |
| Education                                                    | 15,545,506       | -                    | -                                  | -                                |
| Parks, recreation, and cultural                              | 2,481,800        | 115,531              | 57,247                             | -                                |
| Community development                                        | 1,553,591        | -                    | 135,806                            | -                                |
| Interest on long-term debt                                   | 2,340,548        | -                    | -                                  | -                                |
| Total governmental activities                                | \$ 61,620,583    | \$ 1,864,367         | \$ 12,993,148                      | \$ 785,379                       |
| Business-Type activities:                                    |                  |                      |                                    |                                  |
| Hopewell Regional Wastewater Facilities Fund                 | \$ 18,934,857    | \$ 19,651,121        | \$ -                               | \$ -                             |
| Sewer Service Fund                                           | 9,396,534        | 7,175,064            | 485,052                            | -                                |
| Solid Waste Fund                                             | 2,216,468        | 2,357,763            | -                                  | -                                |
| Storm Water Fund                                             | 817,900          | 753,821              | -                                  | -                                |
| Beacon Theatre Fund                                          | 2,043,697        | 1,506,936            | 650,443                            | -                                |
| Total Business-Type activities                               | \$ 33,409,456    | \$ 31,444,705        | \$ 1,135,495                       | \$ -                             |
| Total Primary Government                                     | \$ 95,030,039    | \$ 33,309,072        | \$ 14,128,643                      | \$ 785,379                       |
| Component units:                                             |                  |                      |                                    |                                  |
| School Board                                                 | \$ 59,222,016    | \$ 31,912            | \$ 49,491,416                      | \$ -                             |
| Children's Services Act Board                                | 3,265,412        | -                    | 1,741,076                          | -                                |
| Total component units                                        | \$ 62,487,428    | \$ 31,912            | \$ 51,232,492                      | \$ -                             |
| General revenues:                                            |                  |                      |                                    |                                  |
| General property taxes                                       |                  |                      |                                    |                                  |
| Local sales tax                                              |                  |                      |                                    |                                  |
| Business license tax                                         |                  |                      |                                    |                                  |
| Restaurant food and lodging tax                              |                  |                      |                                    |                                  |
| Communications tax                                           |                  |                      |                                    |                                  |
| Consumption and utility tax                                  |                  |                      |                                    |                                  |
| Other local taxes                                            |                  |                      |                                    |                                  |
| Unrestricted from use of money and property                  |                  |                      |                                    |                                  |
| Grants and contributions not restricted to specific programs |                  |                      |                                    |                                  |
| Miscellaneous                                                |                  |                      |                                    |                                  |
| City contributions                                           |                  |                      |                                    |                                  |
| Total general revenues                                       |                  |                      |                                    |                                  |
| Change in net position                                       |                  |                      |                                    |                                  |
| Net position - beginning                                     |                  |                      |                                    |                                  |
| Net position - ending                                        |                  |                      |                                    |                                  |

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

| Net (Expense) Revenue and<br>Changes in Net Position |                             |                        |                        |                                        |  |
|------------------------------------------------------|-----------------------------|------------------------|------------------------|----------------------------------------|--|
| Primary Government                                   |                             |                        | Component Units        |                                        |  |
| Governmental<br>Activities                           | Business-Type<br>Activities | Total                  | School Board           | Comprehensive<br>Services<br>Act Board |  |
| \$ (6,452,059)                                       | \$ -                        | \$ (6,452,059)         | \$ -                   | \$ -                                   |  |
| (1,683,869)                                          | -                           | (1,683,869)            | -                      | -                                      |  |
| (13,311,081)                                         | -                           | (13,311,081)           | -                      | -                                      |  |
| (219,053)                                            | -                           | (219,053)              | -                      | -                                      |  |
| (2,698,766)                                          | -                           | (2,698,766)            | -                      | -                                      |  |
| (15,545,506)                                         | -                           | (15,545,506)           | -                      | -                                      |  |
| (2,309,022)                                          | -                           | (2,309,022)            | -                      | -                                      |  |
| (1,417,785)                                          | -                           | (1,417,785)            | -                      | -                                      |  |
| (2,340,548)                                          | -                           | (2,340,548)            | -                      | -                                      |  |
| <u>\$ (45,977,689)</u>                               | <u>\$ -</u>                 | <u>\$ (45,977,689)</u> | <u>\$ -</u>            | <u>\$ -</u>                            |  |
|                                                      |                             |                        |                        |                                        |  |
| \$ -                                                 | \$ 716,264                  | \$ 716,264             | \$ -                   | \$ -                                   |  |
| -                                                    | (1,736,418)                 | (1,736,418)            | -                      | -                                      |  |
| -                                                    | 141,295                     | 141,295                | -                      | -                                      |  |
| -                                                    | (64,079)                    | (64,079)               | -                      | -                                      |  |
| -                                                    | 113,682                     | 113,682                | -                      | -                                      |  |
| <u>\$ -</u>                                          | <u>\$ (829,256)</u>         | <u>\$ (829,256)</u>    | <u>\$ -</u>            | <u>\$ -</u>                            |  |
| <u>\$ (45,977,689)</u>                               | <u>\$ (829,256)</u>         | <u>\$ (46,806,945)</u> | <u>\$ -</u>            | <u>\$ -</u>                            |  |
|                                                      |                             |                        |                        |                                        |  |
| \$ -                                                 | \$ -                        | \$ -                   | \$ (9,698,688)         | \$ -                                   |  |
| -                                                    | -                           | -                      | -                      | (1,524,336)                            |  |
| <u>\$ -</u>                                          | <u>\$ -</u>                 | <u>\$ -</u>            | <u>\$ (9,698,688)</u>  | <u>\$ (1,524,336)</u>                  |  |
|                                                      |                             |                        |                        |                                        |  |
| \$ 43,639,353                                        | \$ -                        | \$ 43,639,353          | \$ -                   | \$ -                                   |  |
| 2,355,029                                            | -                           | 2,355,029              | -                      | -                                      |  |
| 1,936,462                                            | -                           | 1,936,462              | -                      | -                                      |  |
| 3,463,245                                            | -                           | 3,463,245              | -                      | -                                      |  |
| 556,281                                              | -                           | 556,281                | -                      | -                                      |  |
| 920,650                                              | -                           | 920,650                | -                      | -                                      |  |
| 599,051                                              | -                           | 599,051                | -                      | -                                      |  |
| 151,818                                              | 137,619                     | 289,437                | -                      | -                                      |  |
| 1,618,122                                            | -                           | 1,618,122              | -                      | -                                      |  |
| 10,163,395                                           | -                           | 10,163,395             | 574,545                | 173,355                                |  |
| -                                                    | -                           | -                      | 15,956,520             | 833,615                                |  |
| <u>\$ 65,403,406</u>                                 | <u>\$ 137,619</u>           | <u>\$ 65,541,025</u>   | <u>\$ 16,531,065</u>   | <u>\$ 1,006,970</u>                    |  |
|                                                      |                             |                        |                        |                                        |  |
| \$ 19,425,717                                        | \$ (691,637)                | \$ 18,734,080          | \$ 6,832,377           | \$ (517,366)                           |  |
| 13,341,043                                           | 134,926,561                 | 148,267,604            | (18,383,151)           | (1,295,157)                            |  |
| <u>\$ 32,766,760</u>                                 | <u>\$ 134,234,924</u>       | <u>\$ 167,001,684</u>  | <u>\$ (11,550,774)</u> | <u>\$ (1,812,523)</u>                  |  |



## **Fund Financial Statements**

## CITY OF HOPEWELL, VIRGINIA

Balance Sheet  
Governmental Funds  
June 30, 2022

|                                                                            | General              | Virginia<br>Public<br>Assistance | Capital<br>Projects | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------------------------------------------------------|----------------------|----------------------------------|---------------------|--------------------------------|--------------------------------|
| <b>Assets</b>                                                              |                      |                                  |                     |                                |                                |
| Cash and cash equivalents                                                  | \$ 22,392,342        | \$ 25,367                        | \$ 6,275,817        | \$ 327,530                     | \$ 29,021,056                  |
| Receivables (net of allowance for uncollectibles):                         |                      |                                  |                     |                                |                                |
| Taxes receivable                                                           | 27,211,829           | -                                | -                   | -                              | 27,211,829                     |
| Accounts receivable                                                        | 1,362,881            | -                                | 8,699               | 23,027                         | 1,394,607                      |
| Interest receivable                                                        | 287                  | -                                | 4                   | -                              | 291                            |
| Due from other funds                                                       | 4,561,541            | -                                | -                   | -                              | 4,561,541                      |
| Due from School Board                                                      | 8,698,484            | -                                | -                   | -                              | 8,698,484                      |
| Note receivable-School Board                                               | -                    | -                                | 714,798             | -                              | 714,798                        |
| Due from other governments                                                 | 678,157              | 470,757                          | 427,417             | -                              | 1,576,331                      |
| Inventories                                                                | 99,576               | -                                | -                   | -                              | 99,576                         |
| Prepaid items                                                              | 66,847               | -                                | -                   | -                              | 66,847                         |
| <b>Total assets</b>                                                        | <b>\$ 65,071,944</b> | <b>\$ 496,124</b>                | <b>\$ 7,426,735</b> | <b>\$ 350,557</b>              | <b>\$ 73,345,360</b>           |
| <b>Liabilities</b>                                                         |                      |                                  |                     |                                |                                |
| Accounts payable                                                           | \$ 1,097,733         | \$ 19,850                        | \$ 859,556          | \$ 57,919                      | \$ 2,035,058                   |
| Accrued liabilities                                                        | 413,255              | 67,842                           | 1,004               | 100,231                        | 582,332                        |
| Unearned revenue                                                           | 4,450,157            | -                                | -                   | -                              | 4,450,157                      |
| Due to other funds                                                         | 6,000,000            | 377,791                          | 3,159,335           | 32,580                         | 9,569,706                      |
| Due to School Board                                                        | -                    | -                                | 3,008,872           | -                              | 3,008,872                      |
| Due to other governments                                                   | 662,158              | -                                | -                   | 105,364                        | 767,522                        |
| <b>Total liabilities</b>                                                   | <b>\$ 12,623,303</b> | <b>\$ 465,483</b>                | <b>\$ 7,028,767</b> | <b>\$ 296,094</b>              | <b>\$ 20,413,647</b>           |
| <b>Deferred inflows of resources</b>                                       |                      |                                  |                     |                                |                                |
| Unavailable tax revenues - first half                                      | \$ 11,383,959        | \$ -                             | \$ -                | \$ -                           | \$ 11,383,959                  |
| Unavailable tax revenues - second half                                     | 15,429,813           | -                                | -                   | -                              | 15,429,813                     |
| <b>Total deferred inflows of resources</b>                                 | <b>\$ 26,813,772</b> | <b>\$ -</b>                      | <b>\$ -</b>         | <b>\$ -</b>                    | <b>\$ 26,813,772</b>           |
| <b>Fund balances:</b>                                                      |                      |                                  |                     |                                |                                |
| Nonspendable:                                                              |                      |                                  |                     |                                |                                |
| Prepaid items                                                              | \$ 66,847            | \$ -                             | \$ -                | \$ -                           | \$ 66,847                      |
| Inventories                                                                | 99,576               | -                                | -                   | -                              | 99,576                         |
| Due from School Board                                                      | -                    | -                                | 714,798             | -                              | 714,798                        |
| Assigned:                                                                  |                      |                                  |                     |                                |                                |
| Fire department equipment                                                  | 160,000              | -                                | -                   | -                              | 160,000                        |
| Recreation                                                                 | -                    | -                                | -                   | 358,035                        | 358,035                        |
| Rainy day emergency                                                        | 5,261,768            | -                                | -                   | -                              | 5,261,768                      |
| Perpetual care                                                             | 1,037,346            | -                                | -                   | -                              | 1,037,346                      |
| Self-insurance                                                             | 500,000              | -                                | -                   | -                              | 500,000                        |
| VPA                                                                        | -                    | 30,641                           | -                   | -                              | 30,641                         |
| Anti-Litter                                                                | -                    | -                                | -                   | 106,351                        | 106,351                        |
| Unassigned                                                                 | 18,509,332           | -                                | (316,830)           | (409,923)                      | 17,782,579                     |
| <b>Total fund balances</b>                                                 | <b>\$ 25,634,869</b> | <b>\$ 30,641</b>                 | <b>\$ 397,968</b>   | <b>\$ 54,463</b>               | <b>\$ 26,117,941</b>           |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$ 65,071,944</b> | <b>\$ 496,124</b>                | <b>\$ 7,426,735</b> | <b>\$ 350,557</b>              | <b>\$ 73,345,360</b>           |

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

## CITY OF HOPEWELL, VIRGINIA

**Reconciliation of the Balance Sheet of the Governmental Funds to the  
Statement of Net Position  
June 30, 2022**

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Amounts reported for governmental activities in the Statement of Net Position are different because:

|                                                                                                                                              |    |                          |
|----------------------------------------------------------------------------------------------------------------------------------------------|----|--------------------------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds                                                                       | \$ | 25,598,594               |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                    |    | 67,169,432               |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned in the funds.                   |    |                          |
| Uncollected taxes receivable                                                                                                                 |    | 11,383,959               |
| Deferred items:                                                                                                                              |    |                          |
| Deferred outflows related to debt                                                                                                            | \$ | 628,547                  |
| Deferred outflows related to pension                                                                                                         |    | 4,977,301                |
| Deferred inflows related to pension                                                                                                          |    | (11,098,762)             |
| Deferred outflows related to OPEB                                                                                                            |    | 2,987,573                |
| Deferred inflows related to OPEB                                                                                                             |    | (6,731,426)              |
|                                                                                                                                              |    | <u>(9,236,767)</u>       |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. |    |                          |
| General obligation bonds payable                                                                                                             |    | (39,746,916)             |
| Capital leases                                                                                                                               |    | (406,018)                |
| Landfill closure liability                                                                                                                   |    | (628,574)                |
| Net pension liability                                                                                                                        |    | (7,540,506)              |
| Net OPEB liabilities                                                                                                                         |    | (12,449,473)             |
| Compensated absences                                                                                                                         |    | (1,346,920)              |
| Accrued interest payable                                                                                                                     |    | (549,398)                |
|                                                                                                                                              |    | <u>(62,667,805)</u>      |
| Net position of governmental activities                                                                                                      | \$ | <u><u>32,247,413</u></u> |

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

## CITY OF HOPEWELL, VIRGINIA

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

|                                                           | <u>General</u> | <u>Virginia<br/>Public<br/>Assistance</u> | <u>Capital<br/>Projects</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-----------------------------------------------------------|----------------|-------------------------------------------|-----------------------------|-----------------------------------------|-----------------------------------------|
| <b>REVENUES</b>                                           |                |                                           |                             |                                         |                                         |
| General property taxes                                    | \$ 40,032,774  | \$ -                                      | \$ -                        | \$ -                                    | \$ 40,032,774                           |
| Other local taxes                                         | 6,367,473      | -                                         | 3,463,245                   | -                                       | 9,830,718                               |
| Permits, privilege fees, and regulatory licenses          | 254,556        | -                                         | -                           | -                                       | 254,556                                 |
| Fines and forfeitures                                     | 782,880        | -                                         | -                           | -                                       | 782,880                                 |
| Revenues from use of money and property                   | 54,575         | -                                         | 69,514                      | 27,729                                  | 151,818                                 |
| Charges for services                                      | 711,400        | -                                         | -                           | 115,531                                 | 826,931                                 |
| Miscellaneous                                             | 9,569,052      | (1,897)                                   | 562,179                     | 34,062                                  | 10,163,396                              |
| Recovered costs                                           | 382,500        | -                                         | -                           | -                                       | 382,500                                 |
| Intergovernmental revenues:                               |                |                                           |                             |                                         |                                         |
| Commonwealth                                              | 9,508,143      | 1,656,001                                 | 320,396                     | 52,992                                  | 11,537,532                              |
| Federal                                                   | 312,847        | 2,938,805                                 | 464,983                     | 142,481                                 | 3,859,116                               |
| Total revenues                                            | \$ 67,976,200  | \$ 4,592,909                              | \$ 4,880,317                | \$ 372,795                              | \$ 77,822,221                           |
| <b>EXPENDITURES</b>                                       |                |                                           |                             |                                         |                                         |
| Current:                                                  |                |                                           |                             |                                         |                                         |
| General government administration                         | \$ 6,784,248   | \$ -                                      | \$ -                        | \$ -                                    | \$ 6,784,248                            |
| Judicial administration                                   | 3,231,455      | -                                         | -                           | -                                       | 3,231,455                               |
| Public safety                                             | 16,986,897     | -                                         | -                           | -                                       | 16,986,897                              |
| Public works                                              | 5,139,184      | -                                         | -                           | -                                       | 5,139,184                               |
| Health and welfare                                        | 1,315,012      | 5,806,809                                 | -                           | -                                       | 7,121,821                               |
| Education                                                 | 14,060,728     | -                                         | -                           | -                                       | 14,060,728                              |
| Parks, recreation, and cultural                           | 659,430        | -                                         | -                           | 1,796,858                               | 2,456,288                               |
| Community development                                     | 1,106,798      | -                                         | -                           | 433,111                                 | 1,539,909                               |
| Nondepartmental                                           | 1,704,265      | -                                         | -                           | -                                       | 1,704,265                               |
| Capital projects                                          | -              | -                                         | 1,235,360                   | -                                       | 1,235,360                               |
| Debt service:                                             |                |                                           |                             |                                         |                                         |
| Principal retirement                                      | -              | -                                         | 3,848,272                   | -                                       | 3,848,272                               |
| Interest and other fiscal charges                         | -              | -                                         | 2,107,965                   | -                                       | 2,107,965                               |
| Total expenditures                                        | \$ 50,988,017  | \$ 5,806,809                              | \$ 7,191,597                | \$ 2,229,969                            | \$ 66,216,392                           |
| Excess (deficiency) of revenues over (under) expenditures | \$ 16,988,183  | \$ (1,213,900)                            | \$ (2,311,280)              | \$ (1,857,174)                          | \$ 11,605,829                           |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                |                                           |                             |                                         |                                         |
| Operating transfers in                                    | \$ -           | \$ 994,754                                | \$ 1,103,320                | \$ 1,740,729                            | \$ 3,838,803                            |
| Operating transfers out                                   | (3,838,803)    | -                                         | -                           | -                                       | (3,838,803)                             |
| Total other financing sources (uses), net                 | \$ (3,838,803) | \$ 994,754                                | \$ 1,103,320                | \$ 1,740,729                            | \$ -                                    |
| Net change in fund balances                               | \$ 13,149,380  | \$ (219,146)                              | \$ (1,207,960)              | \$ (116,445)                            | \$ 11,605,829                           |
| Fund balance - beginning                                  | 12,485,489     | 249,787                                   | 1,605,928                   | 170,908                                 | 14,512,112                              |
| Fund balance - ending                                     | \$ 25,634,869  | \$ 30,641                                 | \$ 397,968                  | \$ 54,463                               | \$ 26,117,941                           |

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

## CITY OF HOPEWELL, VIRGINIA

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of the Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2022**

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

|                                                                      |    |            |
|----------------------------------------------------------------------|----|------------|
| Net change in fund balances per Exhibit 5 - total governmental funds | \$ | 11,605,829 |
|----------------------------------------------------------------------|----|------------|

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 depreciation exceeded capital outlay in the current period.

|                                 |    |                    |             |
|---------------------------------|----|--------------------|-------------|
| Capital outlay                  | \$ | 2,997,606          |             |
| Jointly-owned assets adjustment |    | (1,484,778)        |             |
| Depreciation expense            |    | <u>(2,717,520)</u> | (1,204,692) |

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

|                |  |           |
|----------------|--|-----------|
| Property taxes |  | 4,561,853 |
|----------------|--|-----------|

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

|                                              |    |           |                  |
|----------------------------------------------|----|-----------|------------------|
| Principal payments on debt                   | \$ | 3,848,272 |                  |
| Amortization of deferred amount of refunding |    | (276,083) | <u>3,572,189</u> |

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.

|                                                             |  |                  |                |
|-------------------------------------------------------------|--|------------------|----------------|
| Decrease (increase) in interest payable                     |  | 43,500           |                |
| Decrease (increase) in landfill closure liability           |  | (16,546)         |                |
| Decrease (increase) in compensated absences                 |  | (60,377)         |                |
| Decrease (increase) in net OPEB liabilities                 |  | 7,026,772        |                |
| Decrease (increase) in net pension liability                |  | 12,673,139       |                |
| Decrease (increase) in lease liability                      |  | -                |                |
| Decrease (increase) in deferred inflows related to OPEB     |  | (6,431,876)      |                |
| Decrease (increase) in deferred inflows related to pension  |  | (10,844,380)     |                |
| Increase (decrease) in deferred outflows related to OPEB    |  | (767,478)        |                |
| Increase (decrease) in deferred outflows related to pension |  | <u>(732,216)</u> | <u>890,538</u> |

|                                                   |    |                          |
|---------------------------------------------------|----|--------------------------|
| Change in Net Position of Governmental Activities | \$ | <u><u>19,425,717</u></u> |
|---------------------------------------------------|----|--------------------------|

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

## CITY OF HOPEWELL, VIRGINIA

Statement of Net Position  
Proprietary Funds  
June 30, 2022

|                                                             | Business-Type Activities - Enterprise Funds                        |                          |                        |                        |                           |                |
|-------------------------------------------------------------|--------------------------------------------------------------------|--------------------------|------------------------|------------------------|---------------------------|----------------|
|                                                             | Hopewell<br>Regional<br>Wastewater<br>Treatment<br>Facilities Fund | Sewer<br>Service<br>Fund | Solid<br>Waste<br>Fund | Storm<br>Water<br>Fund | Beacon<br>Theatre<br>Fund | Total          |
| <b>Assets</b>                                               |                                                                    |                          |                        |                        |                           |                |
| Current assets:                                             |                                                                    |                          |                        |                        |                           |                |
| Cash and cash equivalents                                   | \$ 23,095,396                                                      | \$ 9,676,954             | \$ 1,977,092           | \$ (578,302)           | \$ 317,633                | \$ 34,488,773  |
| Accounts receivable, net of allowance<br>for uncollectibles | 3,610,695                                                          | 3,756,299                | 623,303                | 227,030                | -                         | 8,217,327      |
| Due from other funds                                        | -                                                                  | 6,000,000                | -                      | -                      | -                         | 6,000,000      |
| Due from Commonwealth of Virginia                           | -                                                                  | -                        | -                      | 1,018,886              | -                         | 1,018,886      |
| Notes receivable                                            | -                                                                  | 61,188                   | -                      | -                      | -                         | 61,188         |
| Interest receivable                                         | -                                                                  | 504                      | 104                    | 31                     | -                         | 639            |
| Inventories                                                 | 2,339,063                                                          | -                        | -                      | -                      | -                         | 2,339,063      |
| Total current assets                                        | \$ 29,045,154                                                      | \$ 19,494,945            | \$ 2,600,499           | \$ 667,645             | \$ 317,633                | \$ 52,125,876  |
| Noncurrent assets:                                          |                                                                    |                          |                        |                        |                           |                |
| Restricted assets:                                          |                                                                    |                          |                        |                        |                           |                |
| Cash and cash equivalents                                   | 1,056,128                                                          | 3,741,989                | 649,841                | -                      | -                         | 5,447,958      |
| Total restricted assets                                     | \$ 1,056,128                                                       | \$ 3,741,989             | \$ 649,841             | \$ -                   | \$ -                      | \$ 5,447,958   |
| Note receivable, net of current portion                     | \$ -                                                               | \$ 2,473,059             | \$ -                   | \$ -                   | \$ -                      | \$ 2,473,059   |
| Capital assets:                                             |                                                                    |                          |                        |                        |                           |                |
| Land                                                        | 216,026                                                            | 188,820                  | -                      | 113,710                | -                         | 518,556        |
| Utility plant in service and buildings                      | 98,654,980                                                         | 501,878                  | -                      | -                      | -                         | 99,156,858     |
| Sewer main improvements                                     | -                                                                  | 42,619,225               | -                      | 4,330,695              | -                         | 46,949,920     |
| Machinery and equipment                                     | 53,958,226                                                         | 1,393,769                | 237,624                | 275,335                | -                         | 55,864,954     |
| Construction in progress                                    | 7,121,220                                                          | 156,956                  | -                      | -                      | -                         | 7,278,176      |
| Accumulated depreciation                                    | (78,799,795)                                                       | (19,539,431)             | (58,330)               | (805,543)              | -                         | (99,203,099)   |
| Total capital assets                                        | \$ 81,150,657                                                      | \$ 25,321,217            | \$ 179,294             | \$ 3,914,197           | \$ -                      | \$ 110,565,365 |
| Total noncurrent assets                                     | \$ 82,206,785                                                      | \$ 31,536,265            | \$ 829,135             | \$ 3,914,197           | \$ -                      | \$ 118,486,382 |
| Total assets                                                | \$ 111,251,939                                                     | \$ 51,031,210            | \$ 3,429,634           | \$ 4,581,842           | \$ 317,633                | \$ 170,612,258 |
| <b>Deferred outflows of resources</b>                       |                                                                    |                          |                        |                        |                           |                |
| Loss on refunding                                           | \$ 15,759                                                          | \$ -                     | \$ -                   | \$ -                   | \$ -                      | \$ 15,759      |
| Pension related                                             | 906,862                                                            | 92,192                   | 22,772                 | 94,519                 | -                         | 1,116,345      |
| OPEB related                                                | 544,329                                                            | 55,338                   | 13,643                 | 56,734                 | -                         | 670,044        |
| Total deferred outflows of resources                        | \$ 1,466,950                                                       | \$ 147,530               | \$ 36,415              | \$ 151,253             | \$ -                      | \$ 1,802,148   |
| <b>Liabilities</b>                                          |                                                                    |                          |                        |                        |                           |                |
| Current liabilities:                                        |                                                                    |                          |                        |                        |                           |                |
| Accounts payable                                            | \$ 897,604                                                         | \$ 426,962               | \$ 90,457              | \$ 54,611              | \$ -                      | \$ 1,469,634   |
| Accrued liabilities                                         | 226,228                                                            | 42,949                   | 49,267                 | 97,010                 | -                         | 415,454        |
| Refund credits payable                                      | 959,971                                                            | 3,272                    | -                      | -                      | -                         | 963,243        |
| Accrued interest payable                                    | 65,545                                                             | 473,466                  | -                      | -                      | -                         | 539,011        |
| Due to other funds                                          | 27,500                                                             | -                        | -                      | 964,335                | -                         | 991,835        |
| Compensated absences                                        | 19,413                                                             | 2,327                    | 38                     | 1,336                  | -                         | 23,114         |
| Unearned revenues                                           | -                                                                  | -                        | -                      | -                      | -                         | -              |
| Bonds payable                                               | 695,000                                                            | 605,000                  | -                      | -                      | -                         | 1,300,000      |
| Total current liabilities                                   | \$ 2,891,261                                                       | \$ 1,553,976             | \$ 139,762             | \$ 1,117,292           | \$ -                      | \$ 5,702,291   |
| Noncurrent liabilities:                                     |                                                                    |                          |                        |                        |                           |                |
| Bonds payable, net of current portion                       | \$ 6,469,603                                                       | \$ 20,924,701            | \$ -                   | \$ -                   | \$ -                      | \$ 27,394,304  |
| Net pension liability                                       | 1,373,877                                                          | 139,667                  | 34,499                 | 143,194                | -                         | 1,691,237      |
| Net OPEB liability                                          | 2,268,269                                                          | 230,592                  | 56,851                 | 236,412                | -                         | 2,792,124      |
| Compensated absences, net of current portion                | 189,299                                                            | 20,731                   | 1,391                  | 15,028                 | -                         | 226,449        |
| Total noncurrent liabilities                                | \$ 10,301,048                                                      | \$ 21,315,691            | \$ 92,741              | \$ 394,634             | \$ -                      | \$ 32,104,114  |
| Total liabilities                                           | \$ 13,192,309                                                      | \$ 22,869,667            | \$ 232,503             | \$ 1,511,926           | \$ -                      | \$ 37,806,405  |
| <b>Deferred inflows of resources</b>                        |                                                                    |                          |                        |                        |                           |                |
| Pension related                                             | \$ 2,022,190                                                       | \$ 205,574               | \$ 50,778              | \$ 210,764             | \$ -                      | \$ 2,489,306   |
| OPEB related                                                | 1,226,451                                                          | 124,683                  | 30,739                 | 127,827                | -                         | 1,509,700      |
| Unavailable revenues                                        | -                                                                  | 797,033                  | -                      | -                      | -                         | 797,033        |
| Total deferred inflows of resources                         | \$ 3,248,641                                                       | \$ 1,127,290             | \$ 81,517              | \$ 338,591             | \$ -                      | \$ 4,796,039   |
| <b>Net position</b>                                         |                                                                    |                          |                        |                        |                           |                |
| Net investment in capital assets                            | \$ 73,643,522                                                      | \$ 3,791,516             | \$ 179,294             | \$ 3,914,197           | \$ -                      | \$ 81,528,529  |
| Restricted                                                  | -                                                                  | 1,987,335                | 3,445                  | -                      | -                         | 1,990,780      |
| Unrestricted                                                | 22,634,417                                                         | 21,402,932               | 2,969,290              | (1,031,619)            | 4,626,914                 | 50,601,934     |
| Total net position                                          | \$ 96,277,939                                                      | \$ 27,181,783            | \$ 3,152,029           | \$ 2,882,578           | \$ 4,626,914              | \$ 134,121,243 |

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

## CITY OF HOPEWELL, VIRGINIA

**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

|                                             | Business-Type Activities - Enterprise Funds                        |                          |                        |                        |                           |                |
|---------------------------------------------|--------------------------------------------------------------------|--------------------------|------------------------|------------------------|---------------------------|----------------|
|                                             | Hopewell<br>Regional<br>Wastewater<br>Treatment<br>Facilities Fund | Sewer<br>Service<br>Fund | Solid<br>Waste<br>Fund | Storm<br>Water<br>Fund | Beacon<br>Theatre<br>Fund | Total          |
| <b>OPERATING REVENUES</b>                   |                                                                    |                          |                        |                        |                           |                |
| Charges for services:                       |                                                                    |                          |                        |                        |                           |                |
| Wastewater treatment revenues               | \$ 19,651,121                                                      | \$ -                     | \$ -                   | \$ -                   | \$ -                      | \$ 19,651,121  |
| Sewer revenues                              | -                                                                  | 7,175,064                | -                      | -                      | -                         | 7,175,064      |
| Refuse collection                           | -                                                                  | -                        | 2,357,763              | -                      | -                         | 2,357,763      |
| Fees                                        | -                                                                  | -                        | -                      | 753,821                | -                         | 753,821        |
| Rental income                               | -                                                                  | -                        | -                      | -                      | 1,506,936                 | 1,506,936      |
| Total operating revenues                    | \$ 19,651,121                                                      | \$ 7,175,064             | \$ 2,357,763           | \$ 753,821             | \$ 1,506,936              | \$ 31,444,705  |
| <b>OPERATING EXPENSES</b>                   |                                                                    |                          |                        |                        |                           |                |
| Personnel services                          | \$ 3,172,714                                                       | \$ 862,268               | \$ 108,292             | \$ 287,996             | \$ -                      | \$ 4,431,270   |
| Fringe benefits                             | 929,475                                                            | 118,127                  | 42,557                 | 91,754                 | -                         | 1,181,913      |
| Contractual services                        | 3,027,598                                                          | 3,105,541                | 1,536,416              | 127,567                | 1,365,008                 | 9,162,130      |
| Administrative services                     | 2,666                                                              | -                        | 1,500                  | -                      | 360                       | 4,526          |
| Materials and supplies                      | 207,034                                                            | 296,036                  | 1,660                  | 13,489                 | 121,185                   | 639,404        |
| Repairs and maintenance                     | 68,487                                                             | 725,077                  | 258                    | 8,222                  | 18,658                    | 820,702        |
| Utilities                                   | 2,500,059                                                          | 170,295                  | 14,675                 | -                      | 37,585                    | 2,722,614      |
| Fuel                                        | 29,031                                                             | 9,605                    | 1,855                  | 9,884                  | -                         | 50,375         |
| Insurance                                   | -                                                                  | -                        | -                      | -                      | 7,032                     | 7,032          |
| Chemicals                                   | 5,137,189                                                          | -                        | -                      | -                      | -                         | 5,137,189      |
| Miscellaneous                               | 488,525                                                            | 1,306,000                | 502,000                | 5,154                  | 324,839                   | 2,626,518      |
| Depreciation                                | 3,096,680                                                          | 1,788,290                | 7,255                  | 273,834                | 169,030                   | 5,335,089      |
| Total operating expenses                    | \$ 18,659,458                                                      | \$ 8,381,239             | \$ 2,216,468           | \$ 817,900             | \$ 2,043,697              | \$ 32,118,762  |
| Operating income (loss)                     | \$ 991,663                                                         | \$ (1,206,175)           | \$ 141,295             | \$ (64,079)            | \$ (536,761)              | \$ (674,057)   |
| <b>NONOPERATING REVENUES (EXPENSES)</b>     |                                                                    |                          |                        |                        |                           |                |
| Investment earnings                         | \$ -                                                               | \$ 131,654               | \$ 5,965               | \$ -                   | \$ -                      | \$ 137,619     |
| Governmental grants                         | -                                                                  | 485,052                  | -                      | -                      | -                         | 485,052        |
| Miscellaneous revenue                       | -                                                                  | -                        | -                      | -                      | -                         | -              |
| Interest expense                            | (275,399)                                                          | (1,015,295)              | -                      | -                      | -                         | (1,290,694)    |
| Total nonoperating revenues (expenses), net | \$ (275,399)                                                       | \$ (398,589)             | \$ 5,965               | \$ -                   | \$ -                      | \$ (668,023)   |
| Income (loss) before contributions          | \$ 716,264                                                         | \$ (1,604,764)           | \$ 147,260             | \$ (64,079)            | \$ (536,761)              | \$ (1,342,080) |
| Capital contributions                       | \$ -                                                               | \$ -                     | \$ -                   | \$ -                   | \$ 650,443                | \$ 650,443     |
| Total contributions                         | \$ -                                                               | \$ -                     | \$ -                   | \$ -                   | \$ 650,443                | \$ 650,443     |
| <b>Change in net position</b>               | \$ 716,264                                                         | \$ (1,604,764)           | \$ 147,260             | \$ (64,079)            | \$ 113,682                | \$ (691,637)   |
| Total net position - beginning of year      | 95,561,675                                                         | 28,786,547               | 3,004,769              | 2,946,657              | 4,626,913                 | 134,926,561    |
| Total net position - end of year            | \$ 96,277,939                                                      | \$ 27,181,783            | \$ 3,152,029           | \$ 2,882,578           | \$ 4,740,595              | \$ 134,234,924 |

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

## CITY OF HOPEWELL, VIRGINIA

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2022

|                                                                                                          | Business-Type Activities - Enterprise Funds                        |                          |                        |                        |                           |                       |
|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------|------------------------|------------------------|---------------------------|-----------------------|
|                                                                                                          | Hopewell<br>Regional<br>Wastewater<br>Treatment<br>Facilities Fund | Sewer<br>Service<br>Fund | Solid<br>Waste<br>Fund | Storm<br>Water<br>Fund | Beacon<br>Theatre<br>Fund | Total                 |
| <b>Cash flows from operating activities</b>                                                              |                                                                    |                          |                        |                        |                           |                       |
| Receipts from customers and users                                                                        | \$ 19,665,354                                                      | \$ 6,662,327             | \$ 2,201,247           | \$ 777,139             | \$ 1                      | \$ 29,306,068         |
| Payments to suppliers                                                                                    | (11,956,278)                                                       | (5,521,080)              | (2,089,323)            | (231,877)              | 37,906                    | (19,760,652)          |
| Payments to employees                                                                                    | (4,255,952)                                                        | (997,719)                | (141,888)              | (347,040)              | -                         | (5,742,599)           |
| <b>Net cash provided by (used in) operating activities</b>                                               | <u>\$ 3,453,124</u>                                                | <u>\$ 143,528</u>        | <u>\$ (29,964)</u>     | <u>\$ 198,222</u>      | <u>\$ 37,907</u>          | <u>\$ 3,802,817</u>   |
| <b>Cash flows from capital and related financing activities</b>                                          |                                                                    |                          |                        |                        |                           |                       |
| Purchase of capital assets                                                                               | \$ (750,306)                                                       | \$ (965,776)             | \$ (186,549)           | \$ (79,255)            | \$ -                      | \$ (1,981,886)        |
| Capital contributions and grants                                                                         | -                                                                  | -                        | -                      | 100                    | -                         | 100                   |
| Principal payments on bonds and refunding                                                                | (991,076)                                                          | (608,438)                | -                      | -                      | -                         | (1,599,514)           |
| Interest payments                                                                                        | (281,888)                                                          | (1,024,930)              | -                      | -                      | -                         | (1,306,818)           |
| <b>Net cash provided by (used in) capital and related financing activities</b>                           | <u>\$ (2,023,270)</u>                                              | <u>\$ (2,599,144)</u>    | <u>\$ (186,549)</u>    | <u>\$ (79,155)</u>     | <u>\$ -</u>               | <u>\$ (4,888,118)</u> |
| <b>Cash flows from investing activities</b>                                                              |                                                                    |                          |                        |                        |                           |                       |
| Interest and dividends received                                                                          | \$ (1,192,957)                                                     | \$ 131,654               | \$ 5,965               | \$ -                   | \$ -                      | \$ (1,055,338)        |
| <b>Net cash provided by investing activities</b>                                                         | <u>\$ (1,192,957)</u>                                              | <u>\$ 131,654</u>        | <u>\$ 5,965</u>        | <u>\$ -</u>            | <u>\$ -</u>               | <u>\$ (1,055,338)</u> |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                              | <u>\$ 236,897</u>                                                  | <u>\$ (2,323,962)</u>    | <u>\$ (210,548)</u>    | <u>\$ 119,067</u>      | <u>\$ 37,907</u>          | <u>\$ (2,140,639)</u> |
| <b>Cash and cash equivalents - beginning, including restricted</b>                                       | <u>\$ 24,303,966</u>                                               | <u>\$ 15,097,502</u>     | <u>\$ 2,778,471</u>    | <u>\$ (540,194)</u>    | <u>\$ 44,065</u>          | <u>\$ 41,683,810</u>  |
| <b>Cash and equivalents - ending, including restricted</b>                                               | <u>\$ 24,540,863</u>                                               | <u>\$ 12,773,540</u>     | <u>\$ 2,567,923</u>    | <u>\$ (421,127)</u>    | <u>\$ 81,972</u>          | <u>\$ 39,543,171</u>  |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>  |                                                                    |                          |                        |                        |                           |                       |
| Operating income (loss)                                                                                  | \$ 2,184,620                                                       | \$ (1,206,175)           | \$ 141,295             | \$ (64,079)            | \$ 1                      | \$ 1,055,662          |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                                                                    |                          |                        |                        |                           |                       |
| Depreciation expense                                                                                     | 3,096,680                                                          | 1,788,290                | 7,255                  | 273,834                | -                         | 5,166,059             |
| Changes in asset and liabilities                                                                         |                                                                    |                          |                        |                        |                           |                       |
| Pension and OPEB related                                                                                 | (168,348)                                                          | (17,113)                 | 7,625                  | 31,700                 | -                         | (146,136)             |
| Accounts receivable                                                                                      | 14,233                                                             | (512,737)                | (156,516)              | 23,318                 | 124,619                   | (507,083)             |
| Inventories                                                                                              | (695,170)                                                          | -                        | -                      | -                      | -                         | (695,170)             |
| Accounts payable and accrued liabilities                                                                 | (993,476)                                                          | 91,474                   | (30,959)               | (67,561)               | 37,906                    | (962,616)             |
| Compensated absences                                                                                     | 14,585                                                             | (211)                    | 1,336                  | 1,010                  | -                         | 16,720                |
| Unearned revenues                                                                                        | -                                                                  | -                        | -                      | -                      | (124,619)                 | (124,619)             |
| <b>Net cash provided by (used in) operating activities</b>                                               | <u>\$ 3,453,124</u>                                                | <u>\$ 143,528</u>        | <u>\$ (29,964)</u>     | <u>\$ 198,222</u>      | <u>\$ 37,907</u>          | <u>\$ 3,802,817</u>   |
| <b>Schedule of noncash capital and related financing activities</b>                                      |                                                                    |                          |                        |                        |                           |                       |
| Increase in AP related to construction in progress                                                       | \$ -                                                               | \$ -                     | \$ -                   | \$ -                   | \$ -                      | \$ -                  |

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



## CITY OF HOPEWELL, VIRGINIA

## Statement of Fiduciary Net Position

## Fiduciary Funds

June 30, 2022

|                           | <b>Custodial<br/>Funds</b> |
|---------------------------|----------------------------|
| <b>Assets</b>             |                            |
| Cash and cash equivalents | \$ 77,016                  |
| Total assets              | <u>\$ 77,016</u>           |
| <b>Liabilities</b>        |                            |
| Reconciled overdraft      | \$ 284,576                 |
| Accounts payable          | 891                        |
| Accrued liabilities       | 72,135                     |
| Total liabilities         | <u>\$ 357,602</u>          |
| <b>Net Position</b>       |                            |
| Restricted for:           |                            |
| Amounts held for others   | \$ (280,586)               |
| Total net position        | <u>\$ (280,586)</u>        |

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

## CITY OF HOPEWELL, VIRGINIA

**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

|                                         | <b>Custodial<br/>Funds</b> |
|-----------------------------------------|----------------------------|
| <b>Additions:</b>                       |                            |
| Private contributions                   | \$ 5,106                   |
| Governmental grants                     | 272,390                    |
| Miscellaneous revenue                   | 17,337                     |
| Total additions                         | \$ <u>294,833</u>          |
| <b>Deductions:</b>                      |                            |
| Recipient payments                      | \$ 37,852                  |
| Administrative expense                  | 398,422                    |
| Total deductions                        | \$ <u>436,274</u>          |
| <b>Change in fiduciary net position</b> | \$ (141,441)               |
| <b>Net position - beginning</b>         | <u>(139,145)</u>           |
| <b>Net position - ending</b>            | \$ <u><u>(280,586)</u></u> |

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

## CITY OF HOPEWELL, VIRGINIA

### Notes to Financial Statements As of June 30, 2022

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

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

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), 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 “Commonwealth”). The more significant of the City’s accounting policies are described below. Unless otherwise stated, the accounting policies of the School Board and Children’s Services Act Board Component Unit are similar to those of the City.

#### **A. Financial Statement Presentation**

The City’s financial report is prepared in accordance with GAAP which prescribes that the following sections be presented:

Management’s Discussion and Analysis - GAAP requires the financial statements be accompanied by a narrative introduction and analytical overview of the government’s financial activities in the form of management’s discussion and analysis (“MD&A”).

#### Government-Wide and Fund Financial Statements

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

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

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

Notes to Financial Statements  
As of June 30, 2022 (Continued)

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

**A. Financial Statement Presentation: (Continued)**

Government-Wide and Fund Financial Statements (Continued)

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

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

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

Required Supplementary Information ("RSI") - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GAAP reporting model, governments provide budgetary comparison information in their annual reports including the original budget, final budget and actual results. In addition to budgetary information, the RSI section also presents trend information related to the City and School Board's pension and other postemployment employee benefit programs.

**B. Financial Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a Primary Government's reporting entity for the basic financial statements is financial accountability wherein the entity is both fiscally dependent on the Primary Government and provides either a benefit or creates a burden on the Primary Government. These financial statements present the City (Primary Government) and its component units. Each discretely presented component unit is reported in a separate column to emphasize that these units are legally separate from the City and each represents a functionally independent operation. These component units are fiscally dependent on the City and provide services primarily to the citizens of Hopewell.

Notes to Financial Statements  
As of June 30, 2022 (Continued)

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

**C. Component Units**

Blended

During fiscal year 2012, the City formed a non-stock corporation named Beacon Theatre 2012 Manager Inc. (“Beacon”), which it owns 100%, to hold, construct, rehabilitate, manage, and operate the Beacon Theatre. Beacon Theatre 2012 Manager Inc. formed an LLC named Beacon Theatre 2012 LLC (“LLC”), which owns 99% of the LLC with the other 1% to be owned by future tax credit partner(s) when tax credits are sold. As the City appoints all members of the Beacon Theatre 2012 LLC Board of Directors, and the two entities have a financial benefit/burden relationship, the Beacon Theatre 2012 LLC is reported as a blended proprietary enterprise component unit of the City. Additionally, the City conveyed the related property to LLC for tax credit purposes during fiscal year 2013.

Discretely Presented

The School Board members, appointed by the members of the City Council, are responsible for the operations of the City’s School System within the City boundaries. The School Board is fiscally dependent on the City, which has the ability to approve its budget and any amendments.

The primary funding of the School Board is from the General Fund of the City. As the School Board does not issue a separate financial report, the financial statements of the School Board are presented discretely in their own column within the City’s government-wide financial statements.

The Children’s Services Act Board (“CSA”) is responsible for providing family and youth services to the citizens of the City in accordance with the State Children’s Services Act. The CSA consists of members appointed by the City Council. The CSA is fiscally dependent on the City (i.e., the City Council must appropriate monies for this board to carry out its legal obligations), and the CSA has no power or authority to generate any revenue for its purposes required under state law. As the CSA does not issue a separate financial report, the financial statements of the CSA are presented discretely in their own column within the City’s government-wide financial statements.

**D. Other Related Organizations**

Joint Ventures - The City is a participant with six other localities in a joint venture to operate the Riverside Regional Jail Authority (the “Authority”). The Authority is governed by a seven-member board comprised of one appointee from each locality. Each locality is obligated by contract to house its inmate population with the Authority up to its authorized slots. The City does not retain a financial interest in the Authority. The City provided funding in the amount of \$2,278,840 during fiscal year 2022.

Financial statements of the Authority can be obtained at its administrative offices at Superintendent, Riverside Regional Jail Authority, and P.O. Box 1041, Hopewell, Virginia 23860.

Notes to Financial Statements  
As of June 30, 2022 (Continued)

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

**D. Other Related Organizations: (Continued)**

The City is a participant with the County of Dinwiddie and County of Prince George in a joint venture to operate the Appomattox Regional Library (the “Library”). The Library is governed by an 11-member board comprised of five appointees from Hopewell and three each from Dinwiddie and Prince George. Each locality is obligated by contract to fund a percentage of the Library’s approved budget. In accordance with the joint venture agreement, the City remitted \$649,430 to the Library for fiscal year 2022. The City has an ongoing financial responsibility to fund the Library but does not retain a financial interest in the Library. Financial statements for the Library can be obtained at its administrative offices at 245 East Cawson Street, Hopewell, Virginia 23860.

Jointly Governed Organizations - The City participates with eight other localities in the District 19 Community Services Board. The City also participates with five other localities in Virginia’s Gateway Region, a regional economic development organization. The City provided funding of \$164,499 and \$49,518, respectively, during fiscal year 2022 to these entities.

Related Organizations - The City is also responsible for appointing members of the boards of two organizations, but the City’s accountability for these organizations does not extend beyond making these appointments. Related organizations during the year ended June 30, 2022, are Economic Development Authority and Hopewell Redevelopment and Housing Authority.

**E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accompanying financial statements are prepared in accordance with GAAP as applicable to governmental units. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year when all eligibility requirements imposed by the provider have been satisfied. Fiduciary funds financial statements are reported on the accrual basis of accounting and do not measure operations.

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

Notes to Financial Statements  
As of June 30, 2022 (Continued)

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

**E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recorded only when payment is due. However, debt service principal and interest expenditures on general long-term debt, including expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the Commonwealth or public utilities and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the Commonwealth or public utility, which is generally within two months preceding receipt by the City.

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

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

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

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

Notes to Financial Statements  
As of June 30, 2022 (Continued)

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

**E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (Continued)**

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

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

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

Enterprise Funds - Enterprise Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The City's major Enterprise Funds consist of the following: Hopewell Regional Wastewater Treatment Facilities (HRWTF), Sewer Service, Solid Waste, Storm Water and the Beacon Theatre.

3. Fiduciary Funds - (Trust and Agency Funds) - These funds account for assets held by the City unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. The City's fiduciary funds are the Special Welfare Fund, Healthy Families Fund, and Police Evidence Fund, (each agency funds), which utilize the accrual basis of accounting, and are not included in the government-wide financial statements. 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 City, these funds are not incorporated into the government-wide statements.

**F. Cash and Cash Equivalents**

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

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

**G. Investments**

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year.



**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

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

**H. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “due to/from other funds” (i.e. the current portions of the inter-fund loans).

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$35,686 at June 30, 2022, and is comprised solely of property taxes.

Real and Personal Property Tax Data - The tax calendars for real and personal property taxes are summarized below.

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

**I. Capital Assets**

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

Notes to Financial Statements  
As of June 30, 2022 (Continued)

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

**J. Deferred Outflows and Inflows of Resources**

In addition to assets, the Balance Sheet and the Statement of Net Position may report a separate section for deferred outflows of resources, which represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows and inflows of resources related to pensions, other postemployment benefits and amounts related to deferred charges on bond refundings in the government-wide and the Proprietary funds' Statement of Net Position .

In addition to liabilities, the Balance Sheet and the Statement of Net Position may report a separate section for deferred inflows of resources representing an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the City reports deferred inflows of resources related to deferred and unavailable revenues on the Balance Sheet resulting from revenue that is not recognized solely because it is not yet considered to be available and property taxes received prior to the period they are intended to finance. The Government-wide and the Proprietary Funds' Statement of Net Position report amounts related to deferred charges on bond refundings and pensions.

**K. Compensated Absences**

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

**L. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Virginia Retirement System (VRS) participation and related additions to/deductions from the City's related net fiduciary position have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when they are due and payable in accordance with the benefit terms. Investments are reported at fair value.

**M. Use of Estimates**

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

Notes to Financial Statements  
As of June 30, 2022 (Continued)

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

**N. Fund Balance**

In the governmental fund financial statements, fund balance may be composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The governmental fund types classify fund balances as follows:

- **Nonspendable Fund Balance** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (e.g., inventory) or (b) legally or contractually required to be maintained intact (e.g., long-term amount of loans/note receivable). The noncurrent portion of the Capital Projects Fund's Due from School Board is offset equally by nonspendable fund balance to indicate that the asset does not constitute an expendable available financial resource and, therefore, is not available for appropriation.
- **Restricted Fund Balance** – This classification includes amounts that are restricted to specific purposes by external parties, constitutional provisions, or imposed by creditors (e.g., bond covenants).
- **Committed Fund Balance** – This portion of fund balance can only be used for specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council, before the close of the fiscal year and by majority vote of the City Council. Any changes or removal of specific purpose requires majority action by the governing body.
- **Assigned Fund Balance** – The portion of fund balance that the City intends to use for specific purposes as expressed by the governing body itself, the budget document, or delegated official, the City Manager. Fund balances in the General Fund are assigned by resolution of the City Council. For all government funds except the General Fund, assigned fund balances represent the amount that is not committed, restricted, or nonspendable. Specifically, the Rainy Day Emergency/Stabilization Reserve was approved by Council in 2003 and was created by segregating a portion of the General Fund Unassigned Fund Balance. The purpose of this reserve is to provide an easy mechanism to tap reserves to address temporary revenue shortfalls resulting from temporary circumstances (e.g. economic cycles, weather-related emergencies, etc.). The City Council set the target at 10% of the next fiscal year's General Fund budget appropriation. The Rainy Day Emergency/Stabilization Reserve may be used in its entirety with City Council approval; however, replenishing the reserve will constitute the first priority for use of year-end fund balance in the General Fund.
- **Unassigned Fund Balance** – The portion of the fund balance available for any purpose. Includes all spendable amounts not classified as nonspendable, restricted, committed, or assigned. The General Fund is the only fund that would report a positive amount in the unassigned fund balance.

**O. Net Position**

Net position is the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets less accumulated depreciation less any outstanding debt and deferred inflows and outflows related to the acquisition, construction, or improvement of those assets.

Notes to Financial Statements  
As of June 30, 2022 (Continued)

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**Note 1–Summary of Significant Accounting Policies: (Continued)**

**P. Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**Q. 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 Position. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**R. Inventory**

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

**S. Restricted Assets**

The City reported restricted assets on the Statement of Net Position of the proprietary funds of \$5,710,152 that represent bond proceeds that have not been spent at June 30, 2022, in accordance with the terms of the bond.

**Note 2–Deposits and Investments**

**A. Deposits**

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

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

**Note 2—Deposits and Investments: (Continued)**

**B. Investments**

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

**C. Credit Risk of Debt Securities**

The City’s rated debt investments as of June 30, 2022, were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale. The City’s investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed 35% of the investment portfolio.

| Investment Type        | Total         | Fair Quality Ratings |               |               |      |
|------------------------|---------------|----------------------|---------------|---------------|------|
|                        |               | AAA                  | AAAm          | AA+           | AA-  |
| LGIP                   | \$ 16,293,533 | \$ -                 | \$ 16,293,533 | \$ -          | \$ - |
| SNAP                   | 1,413,592     | -                    | 1,413,592     | -             | -    |
| U.S. Government Issues | 13,504,223    | -                    | -             | 13,504,223    | -    |
| Total                  | \$ 31,211,348 | \$ -                 | \$ 17,707,125 | \$ 13,504,223 | \$ - |

**D. External Investment Pools**

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool (“SNAP”)) is the same as the value of the pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pools rest with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

**E. Fair Value**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2022:

- Corporate Bonds of \$0.7 million are valued using quoted market prices (Level 1 inputs)
- U.S. Government Issues of \$4.5 million are valued using a matrix pricing model (Level 2 inputs)

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2022 (Continued)

**Note 2—Deposits and Investments: (Continued)**

**F. Interest Rate Risk**

According to the City's investment policy, at no time shall securities with maturity dates in excess of six months exceed 10% of the total budget of the City for the current fiscal year.

| Investment Type        | Investment Maturities (in Years) |                  |
|------------------------|----------------------------------|------------------|
|                        | Fair Value                       | Less than 1 Year |
| LGIP                   | \$ 16,293,533                    | \$ 16,293,533    |
| SNAP                   | 1,413,592                        | 1,413,592        |
| U.S. Government Issues | 13,504,223                       | 13,504,223       |
| Total                  | \$ 31,211,348                    | \$ 31,211,348    |

**Note 3—Due from Other Governments and Component Units**

At June 30, 2022, the City had receivables from other governments as follows:

|                                         | General Fund      | VPA Fund          | Capital Projects Fund | Storm Water Fund    | Primary Government  | Component Units     |                   |
|-----------------------------------------|-------------------|-------------------|-----------------------|---------------------|---------------------|---------------------|-------------------|
|                                         |                   |                   |                       |                     |                     | School Board        | CSA Board         |
| <b>Commonwealth of Virginia:</b>        |                   |                   |                       |                     |                     |                     |                   |
| Local sales tax                         | \$ 387,302        | \$ -              | \$ -                  | \$ -                | \$ 387,302          | \$ 945,155          | \$ -              |
| Communications tax                      | 96,406            | -                 | -                     | -                   | 96,406              | -                   | -                 |
| VPA funds                               | -                 | 470,757           | -                     | -                   | 470,757             | -                   | -                 |
| Constitutional officer reimbursements   | 96,043            | -                 | -                     | -                   | 96,043              | -                   | -                 |
| Railroad rolling stock tax              | 23,848            | -                 | -                     | -                   | 23,848              | -                   | -                 |
| Other State grants                      | 74,558            | -                 | -                     | 1,018,886           | 1,093,444           | 79,116              | -                 |
| Children's Services Act Board           | -                 | -                 | -                     | -                   | -                   | -                   | 465,986           |
| <b>Federal Government</b>               |                   |                   |                       |                     |                     |                     |                   |
| School fund grants                      | -                 | -                 | -                     | -                   | -                   | 6,249,564           | -                 |
| <b>Economic Development Authority</b>   | -                 | -                 | 427,417               | -                   | 427,417             | -                   | -                 |
| <b>Total due from other governments</b> | <u>\$ 678,157</u> | <u>\$ 470,757</u> | <u>\$ 427,417</u>     | <u>\$ 1,018,886</u> | <u>\$ 2,595,217</u> | <u>\$ 7,273,835</u> | <u>\$ 465,986</u> |

**CITY OF HOPEWELL, VIRGINIA**

**Notes to Financial Statements  
As of June 30, 2022 (Continued)**

**Note 4—Interfund Obligations**

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

At June 30, 2022, the due to and from funds are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u>                     | <u>Amount</u>       |
|------------------------|-----------------------------------------|---------------------|
| General Fund           | Capital Projects Fund                   | \$ 3,159,335        |
| General Fund           | Virginia Public Assistance Fund         | 377,791             |
| General Fund           | HRWTF                                   | 27,500              |
| General Fund           | Storm Water                             | 964,335             |
| General Fund           | Other Governmental Funds - Recreational | 12,749              |
| General Fund           | Other Governmental Funds - CDBG         | 19,831              |
|                        |                                         | <u>\$ 4,561,541</u> |

Note: Represents the reclass of cash deficits in the nonmajor governmental funds to due to the General Fund and a reduction of cash in the General Fund.

**Note 5—Capital Assets**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

|                                                  | <u>Balance<br/>July 1, 2021*</u> | <u>Increase</u>       | <u>Decrease</u>       | <u>Balance<br/>June 30, 2022</u> |
|--------------------------------------------------|----------------------------------|-----------------------|-----------------------|----------------------------------|
| Government Activities:                           |                                  |                       |                       |                                  |
| Capital assets not subject to depreciation:      |                                  |                       |                       |                                  |
| Land                                             | \$ 7,381,964                     | \$ -                  | \$ -                  | \$ 7,381,964                     |
| Work in progress                                 | 2,824,585                        | -                     | -                     | 2,824,585                        |
| Total capital assets not subject to depreciation | <u>\$ 10,206,549</u>             | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ 10,206,549</u>             |
| Capital assets subject to depreciation:          |                                  |                       |                       |                                  |
| Buildings, improvements, and infrastructure      | \$ 66,315,301                    | \$ 2,382,329          | \$ -                  | \$ 68,697,630                    |
| Machinery and equipment                          | 18,501,390                       | 680,358               | 65,081                | 19,246,829                       |
| Jointly-owned assets                             | 19,698,758                       | -                     | (2,154,769)           | 17,543,989                       |
| Total capital assets being depreciated           | <u>\$ 104,515,449</u>            | <u>\$ 3,062,687</u>   | <u>\$ (2,089,688)</u> | <u>\$ 105,488,448</u>            |
| Less accumulated depreciation for:               |                                  |                       |                       |                                  |
| Buildings, improvements, and infrastructure      | \$ (27,656,567)                  | \$ (851,116)          | \$ -                  | \$ (28,507,683)                  |
| Machinery and equipment                          | (13,932,580)                     | (1,455,390)           | -                     | (15,387,970)                     |
| Jointly-owned assets                             | (5,714,001)                      | (411,014)             | 669,991               | (5,455,024)                      |
| Total accumulated depreciation                   | <u>\$ (47,303,148)</u>           | <u>\$ (2,717,520)</u> | <u>\$ 669,991</u>     | <u>\$ (49,350,677)</u>           |
| Total capital assets being depreciated, net      | <u>\$ 57,212,301</u>             | <u>\$ 345,167</u>     | <u>\$ (1,419,697)</u> | <u>\$ 56,137,771</u>             |
| Capital assets, net                              | <u>\$ 67,418,850</u>             | <u>\$ 345,167</u>     | <u>\$ (1,419,697)</u> | <u>\$ 66,344,320</u>             |

\* Beginning balances have been adjusted to reflect implementation of GASB 87

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2022 (Continued)

**Note 5—Capital Assets: (Continued)**

| Component Unit - School Board                    | Balance<br>July 1, 2021* | Increase              | Decrease            | Balance<br>June 30, 2022 |
|--------------------------------------------------|--------------------------|-----------------------|---------------------|--------------------------|
| Government Activities:                           |                          |                       |                     |                          |
| Capital assets not subject to depreciation:      |                          |                       |                     |                          |
| Land                                             | \$ 474,629               | \$ -                  | \$ -                | \$ 474,629               |
| Work in progress                                 | 139,373                  | 136,000               | -                   | 275,373                  |
| Total capital assets not subject to depreciation | <u>\$ 614,002</u>        | <u>\$ 136,000</u>     | <u>\$ -</u>         | <u>\$ 750,002</u>        |
| Capital assets subject to depreciation:          |                          |                       |                     |                          |
| Buildings and improvements                       | \$ 65,900,130            | \$ 280,811            | \$ -                | \$ 66,180,941            |
| Machinery and equipment                          | 10,676,778               | 945,968               | -                   | 11,622,746               |
| Leased equipment                                 | 436,707                  | -                     | -                   | 436,707                  |
| Jointly-owned assets                             | (19,698,758)             | -                     | 2,154,769           | (17,543,989)             |
| Total capital assets being depreciated           | <u>\$ 57,314,857</u>     | <u>\$ 1,226,779</u>   | <u>\$ 2,154,769</u> | <u>\$ 60,696,405</u>     |
| Less accumulated depreciation for:               |                          |                       |                     |                          |
| Buildings and improvements                       | \$ (25,796,995)          | \$ (1,462,238)        | \$ -                | \$ (27,259,233)          |
| Machinery and equipment                          | (6,586,567)              | (628,139)             | -                   | (7,214,706)              |
| Leased equipment                                 | -                        | (171,029)             | -                   | (171,029)                |
| Jointly-owned assets                             | 5,714,001                | 411,014               | (669,991)           | 5,455,024                |
| Total accumulated depreciation                   | <u>\$ (26,669,561)</u>   | <u>\$ (1,850,392)</u> | <u>\$ (669,991)</u> | <u>\$ (29,189,944)</u>   |
| Total capital assets being depreciated, net      | <u>\$ 30,645,296</u>     | <u>\$ (623,613)</u>   | <u>\$ 1,484,778</u> | <u>\$ 31,506,461</u>     |
| Capital assets, net                              | <u>\$ 31,259,298</u>     | <u>\$ (487,613)</u>   | <u>\$ 1,484,778</u> | <u>\$ 32,256,463</u>     |

\* Beginning balances have been adjusted to reflect implementation of GASB 87

Depreciation expense was charged to functions/programs as follows:

|                                   |                     |
|-----------------------------------|---------------------|
| Governmental Activities:          |                     |
| General government administration | \$ 653,220          |
| Judicial administration           | 354,655             |
| Public safety                     | 1,048,481           |
| Public works                      | 1,253,241           |
| Health and welfare                | 150,105             |
| Education                         | 411,014             |
| Parks, recreation, and cultural   | 118,658             |
| Total governmental activities     | <u>\$ 3,989,374</u> |
| Component Unit: School Board      | <u>\$ 1,850,392</u> |

Under Section 15 of *The Code of Virginia 1950*, as amended, local governments have a “tenancy in common” with the School Board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the City for the year ended June 30, 2022, is School-financed assets in the amount of \$12,088,965 being reported by the Primary Government for financial reporting purposes.



CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2022 (Continued)

**Note 5—Capital Assets: (Continued)**

A summary of changes in proprietary fund capital assets for the year ended June 30, 2022, follows:

| <b>HRWTF</b>                                     | <b>Balance<br/>July 1, 2021*</b> | <b>Increase</b> | <b>Decrease</b> | <b>Balance<br/>June 30, 2022</b> |
|--------------------------------------------------|----------------------------------|-----------------|-----------------|----------------------------------|
| Capital assets not subject to depreciation:      |                                  |                 |                 |                                  |
| Land                                             | \$ 216,026                       | \$ -            | \$ -            | \$ 216,026                       |
| Construction in progress                         | 5,494,284                        | 4,096,110       | (2,469,175)     | 7,121,219                        |
| Total capital assets not subject to depreciation | \$ 5,710,310                     | \$ 4,096,110    | \$ (2,469,175)  | \$ 7,337,245                     |
| Capital assets subject to depreciation:          |                                  |                 |                 |                                  |
| Utility plant in service                         | \$ 96,185,805                    | \$ 4,107,623    | \$ -            | \$ 100,293,428                   |
| Machinery and equipment                          | 54,743,869                       | -               | (888,142)       | 53,855,727                       |
| Total capital assets being depreciated           | \$ 150,929,674                   | \$ 4,107,623    | \$ (888,142)    | \$ 154,149,155                   |
| Less accumulated depreciation for:               |                                  |                 |                 |                                  |
| Utility plant in service                         | \$ (19,128,479)                  | \$ (3,693,365)  | \$ -            | \$ (22,821,844)                  |
| Machinery and equipment                          | (54,403,813)                     | (171,446)       | 768,131         | (53,807,128)                     |
| Total accumulated depreciation                   | \$ (73,532,292)                  | \$ (3,864,811)  | \$ 768,131      | \$ (76,628,972)                  |
| Total capital assets being depreciated, net      | \$ 77,397,382                    | \$ 242,812      | \$ -            | \$ 77,520,183                    |
| HRWTF Fund capital assets, net                   | \$ 83,107,692                    | \$ 4,338,922    | \$ (2,469,175)  | \$ 84,977,439                    |
|                                                  |                                  |                 |                 |                                  |
| <b>Sewer Service Fund</b>                        | <b>Balance<br/>July 1, 2021*</b> | <b>Increase</b> | <b>Decrease</b> | <b>Balance<br/>June 30, 2022</b> |
| Capital assets not subject to depreciation:      |                                  |                 |                 |                                  |
| Land                                             | \$ 188,820                       | \$ 90,900       | \$ -            | \$ 279,720                       |
| Work in progress                                 | 113,849                          | 827,963         | (784,856)       | 156,956                          |
| Total capital assets not subject to depreciation | \$ 302,669                       | \$ 918,863      | \$ (784,856)    | \$ 436,676                       |
| Capital assets subject to depreciation:          |                                  |                 |                 |                                  |
| Utility plant in service                         | \$ 501,878                       | \$ -            | \$ -            | \$ 501,878                       |
| Machinery and equipment                          | 1,165,249                        | 228,521         | -               | 1,393,770                        |
| Sewer main improvements                          | 42,015,976                       | 603,248         | -               | 42,619,224                       |
| Total capital assets being depreciated           | \$ 43,683,103                    | \$ 831,769      | \$ -            | \$ 44,514,872                    |
| Less accumulated depreciation for:               |                                  |                 |                 |                                  |
| Utility plant in service                         | \$ (501,878)                     | \$ -            | \$ -            | \$ (501,878)                     |
| Machinery and equipment                          | (892,923)                        | (75,131)        | -               | (968,054)                        |
| Sewer main improvements                          | (16,357,953)                     | (1,713,159)     | -               | (18,071,112)                     |
| Total accumulated depreciation                   | \$ (17,752,754)                  | \$ (1,788,290)  | \$ -            | \$ (19,541,044)                  |
| Total capital assets being depreciated, net      | \$ 25,930,349                    | \$ (956,521)    | \$ -            | \$ 24,973,828                    |
| Sewer Service Fund, net                          | \$ 26,233,018                    | \$ (37,658)     | \$ -            | \$ 25,410,504                    |

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2022 (Continued)

**Note 5—Capital Assets: (Continued)**

| <b>Solid Waste Fund</b>                          | <b>Balance<br/>July 1, 2021*</b> | <b>Increase</b>     | <b>Decrease</b>     | <b>Balance<br/>June 30, 2022</b> |
|--------------------------------------------------|----------------------------------|---------------------|---------------------|----------------------------------|
| Capital assets subject to depreciation:          |                                  |                     |                     |                                  |
| Machinery and equipment                          | \$ 51,075                        | \$ 186,549          | \$ -                | \$ 237,624                       |
| Less accumulated depreciation for:               |                                  |                     |                     |                                  |
| Machinery and equipment                          | (51,075)                         | (7,255)             | -                   | (58,330)                         |
| Solid Waste Fund capital assets, net             | <u>\$ -</u>                      | <u>\$ 179,294</u>   | <u>\$ -</u>         | <u>\$ 179,294</u>                |
| <b>Stormwater Fund</b>                           | <b>Balance<br/>July 1, 2021*</b> | <b>Increase</b>     | <b>Decrease</b>     | <b>Balance<br/>June 30, 2022</b> |
| Capital assets not subject to depreciation:      |                                  |                     |                     |                                  |
| Land                                             | \$ 113,710                       | \$ -                | \$ -                | \$ 113,710                       |
| Work in progress                                 | 610,266                          | -                   | (610,266)           | -                                |
| Total capital assets not subject to depreciation | <u>\$ 723,976</u>                | <u>\$ -</u>         | <u>\$ (610,266)</u> | <u>\$ 113,710</u>                |
| Capital assets subject to depreciation:          |                                  |                     |                     |                                  |
| Machinery and equipment                          | \$ 275,335                       | \$ -                | \$ -                | \$ 275,335                       |
| Stormwater improvements                          | 3,641,174                        | 689,521             | -                   | 4,330,695                        |
| Total capital assets being depreciated           | <u>\$ 3,916,509</u>              | <u>\$ 689,521</u>   | <u>\$ -</u>         | <u>\$ 4,606,030</u>              |
| Less accumulated depreciation for:               |                                  |                     |                     |                                  |
| Machinery and equipment                          | \$ (163,828)                     | \$ (41,177)         | \$ -                | \$ (205,005)                     |
| Stormwater improvements                          | (367,880)                        | (258,604)           | 25,946              | (600,538)                        |
| Total accumulated depreciation                   | <u>\$ (531,708)</u>              | <u>\$ (299,781)</u> | <u>\$ 25,946</u>    | <u>\$ (805,543)</u>              |
| Total capital assets being depreciated, net      | <u>\$ 3,384,801</u>              | <u>\$ 389,740</u>   | <u>\$ 25,946</u>    | <u>\$ 3,800,487</u>              |
| Stormwater Fund capital assets, net              | <u>\$ 4,108,777</u>              | <u>\$ 389,740</u>   | <u>\$ -</u>         | <u>\$ 3,914,197</u>              |
| <b>Beacon Theatre Fund</b>                       | <b>Balance<br/>July 1, 2021*</b> | <b>Increase</b>     | <b>Decrease</b>     | <b>Balance<br/>June 30, 2022</b> |
| Capital assets not subject to depreciation:      |                                  |                     |                     |                                  |
| Land                                             | \$ 284,473                       | \$ -                | \$ -                | \$ 284,473                       |
| Total capital assets not subject to depreciation | <u>\$ 284,473</u>                | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ 284,473</u>                |
| Capital assets subject to depreciation:          |                                  |                     |                     |                                  |
| Buildings                                        | \$ 5,210,027                     | \$ -                | \$ -                | \$ 5,210,027                     |
| Machinery and equipment                          | 599,797                          | -                   | (21,852)            | 577,945                          |
| Total capital assets being depreciated           | <u>\$ 5,809,824</u>              | <u>\$ -</u>         | <u>\$ (21,852)</u>  | <u>\$ 5,787,972</u>              |
| Less accumulated depreciation for:               |                                  |                     |                     |                                  |
| Buildings                                        | \$ (1,071,600)                   | \$ (133,590)        | \$ -                | \$ (1,205,190)                   |
| Machinery and equipment                          | (449,869)                        | (35,440)            | (6,034)             | (491,343)                        |
| Total accumulated depreciation                   | <u>\$ (1,521,469)</u>            | <u>\$ (169,030)</u> | <u>\$ -</u>         | <u>\$ (1,696,533)</u>            |
| Total capital assets being depreciated, net      | <u>\$ 4,288,355</u>              | <u>\$ (169,030)</u> | <u>\$ (21,852)</u>  | <u>\$ 4,091,439</u>              |
| Beacon Theatre Fund capital assets, net          | <u>\$ 4,572,828</u>              | <u>\$ (169,030)</u> | <u>\$ (21,852)</u>  | <u>\$ 4,375,912</u>              |

\* Beginning balances have been adjusted to reflect implementation of GASB 87

**CITY OF HOPEWELL, VIRGINIA**

**Notes to Financial Statements  
As of June 30, 2022 (Continued)**

**Note 6—Interfund Transfers**

Interfund transfer for the year ended June 30, 2022, consisted of the following:

| <u>Transfer Out</u> | <u>Transfer in</u>              | <u>Purpose</u>     | <u>Amount</u>       |
|---------------------|---------------------------------|--------------------|---------------------|
| General Fund        | Virginia Public Assistance Fund | Local Share        | \$ 994,754          |
| General Fund        | Recreation Fund                 | Budgetary Transfer | 1,740,729           |
| General Fund        | Capital Projects Fund           | Budgetary Transfer | 1,103,320           |
| Total               |                                 |                    | <u>\$ 3,838,803</u> |

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

**Note 7—Long-term Obligations**

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

| <u>Primary Government:</u>                 | <u>Balance<br/>July 1, 2021*</u> | <u>Increases</u>     | <u>Decreases</u>       | <u>Balance<br/>June 30, 2022</u> | <u>Due Within<br/>One Year</u> |
|--------------------------------------------|----------------------------------|----------------------|------------------------|----------------------------------|--------------------------------|
| Governmental Activities Obligations:       |                                  |                      |                        |                                  |                                |
| Incurred by City:                          |                                  |                      |                        |                                  |                                |
| General obligation bonds                   | \$ 29,457,424                    | \$ -                 | \$ (1,799,476)         | \$ 27,657,948                    | \$ 1,867,022                   |
| Note payable                               | 559,023                          | -                    | (153,005)              | 406,018                          | 408,018                        |
| Lease liabilities                          | -                                | -                    | -                      | -                                | -                              |
| Compensated absences                       | 1,286,543                        | 189,031              | (128,654)              | 1,346,920                        | 134,692                        |
| Landfill closure liability                 | 612,028                          | 16,546               | -                      | 628,574                          | -                              |
| Net OPEB liability                         | 19,476,245                       | 1,392,616            | (8,419,388)            | 12,449,473                       | -                              |
| Net pension liability                      | 20,213,645                       | 12,393,434           | (25,066,573)           | 7,540,506                        | -                              |
| Total incurred by City                     | <u>\$ 71,604,908</u>             | <u>\$ 13,991,627</u> | <u>\$ (35,567,096)</u> | <u>\$ 50,029,439</u>             | <u>\$ 2,409,732</u>            |
| Incurred for School Board:                 |                                  |                      |                        |                                  |                                |
| General obligation bonds payable           | \$ 13,984,759                    | \$ -                 | \$ (1,895,791)         | \$ 12,088,968                    | \$ 1,611,422                   |
| Total incurred for School Board            | <u>\$ 13,984,759</u>             | <u>\$ -</u>          | <u>\$ (1,895,791)</u>  | <u>\$ 12,088,968</u>             | <u>\$ 1,611,422</u>            |
| Total Governmental Activities Obligations  | <u>\$ 85,589,667</u>             | <u>\$ 13,991,627</u> | <u>\$ (37,462,887)</u> | <u>\$ 62,118,407</u>             | <u>\$ 4,021,154</u>            |
| Business-type Activities:                  |                                  |                      |                        |                                  |                                |
| Revenue bonds payable                      | \$ 29,795,000                    | \$ -                 | \$ (1,580,000)         | \$ 28,215,000                    | \$ 1,300,000                   |
| Issuance premium                           | 498,818                          | -                    | (25,140)               | 473,678                          | 23,178                         |
| Lease liabilities                          | -                                | -                    | -                      | -                                | -                              |
| Compensated absences                       | 231,143                          | 41,534               | (23,114)               | 249,563                          | 24,956                         |
| Net OPEB liability                         | 4,368,063                        | 312,331              | (1,888,270)            | 2,792,124                        | -                              |
| Net pension liability                      | 4,533,656                        | 2,779,685            | (5,622,104)            | 1,691,237                        | -                              |
| Total Business-type Activities Obligations | <u>\$ 39,426,680</u>             | <u>\$ 3,133,550</u>  | <u>\$ (9,138,628)</u>  | <u>\$ 33,421,602</u>             | <u>\$ 1,348,134</u>            |

\* Beginning balances have been adjusted to reflect implementation of GASB 87

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2022 (Continued)

**Note 7—Long-term Obligations: (Continued)**

The following is a summary of long-term debt transactions of the Component Unit School Board for the year ended June 30, 2022:

|                          | Balance<br>July 1, 2021* | Increases            | Decreases              | Balance<br>June 30, 2022 | Due Within<br>One Year |
|--------------------------|--------------------------|----------------------|------------------------|--------------------------|------------------------|
| Compensated absences     | \$ 1,098,444             | \$ -                 | \$ (109,844)           | \$ 988,600               | \$                     |
| Lease liabilities        | 436,707                  | -                    | (171,029)              | 265,678                  | 187,365                |
| Net OPEB liability       | 11,591,912               | 1,556,209            | (4,660,650)            | 8,487,471                | -                      |
| Net pension liability    | 46,847,346               | 9,094,448            | (32,002,508)           | 23,939,286               | -                      |
| Note payable to the City | 862,712                  | -                    | (129,390)              | 733,322                  | 134,935                |
|                          | <u>\$ 60,837,121</u>     | <u>\$ 10,650,657</u> | <u>\$ (37,073,421)</u> | <u>\$ 34,414,357</u>     | <u>\$ 322,300</u>      |

\* Beginning balances have been adjusted to reflect implementation of GASB 87

Amounts are payable from the School Operating Fund.

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

Governmental Activities Obligations:

| Year<br>Ending<br>June 30 | Incurred For City Obligations |                     |
|---------------------------|-------------------------------|---------------------|
|                           | General Obligation Bonds      |                     |
|                           | Principal                     | Interest            |
| 2023                      | \$ 1,867,022                  | \$ 853,688          |
| 2024                      | 1,946,028                     | 783,572             |
| 2025-2029                 | 11,237,797                    | 2,912,926           |
| 2030-2034                 | 9,015,237                     | 1,274,673           |
| 2035-2039                 | 3,591,864                     | 169,640             |
|                           | <u>\$ 27,657,948</u>          | <u>\$ 5,994,499</u> |

| Year<br>Ending<br>June 30 | Incurred For School Obligations |                     |
|---------------------------|---------------------------------|---------------------|
|                           | General Obligation Bonds        |                     |
|                           | Principal                       | Interest            |
| 2023                      | \$ 1,611,422                    | \$ 883,959          |
| 2024                      | 1,632,532                       | 859,974             |
| 2025-2029                 | 5,504,010                       | 2,755,712           |
| 2030-2034                 | 2,577,867                       | 413,392             |
| 2035-2039                 | 763,137                         | 38,500              |
| Total                     | <u>\$ 12,088,968</u>            | <u>\$ 4,951,537</u> |

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

**Note 7—Long-term Obligations: (Continued)**

**Primary Government Capital Leases**

During the fiscal year 2016, the City entered into a noncancellable master tax exempt lease purchase agreement for equipment. The cost of equipment purchased was \$1,257,252.

| Year<br>Ending<br>June 30 | Business-type Activities Obligations |               |
|---------------------------|--------------------------------------|---------------|
|                           | Revenue Bonds                        |               |
|                           | Principal                            | Interest      |
| 2023                      | \$ 1,300,000                         | \$ 1,274,074  |
| 2024                      | 1,345,000                            | 1,229,402     |
| 2025-2029                 | 5,590,000                            | 5,403,301     |
| 2030-2034                 | 5,555,000                            | 4,184,178     |
| 2035-2039                 | 7,060,000                            | 2,664,916     |
| 2040-2044                 | 7,060,000                            | 777,634       |
| 2045-2049                 | 305,000                              | 6,291         |
| Total                     | \$ 28,215,000                        | \$ 15,539,796 |

Annual requirements to amortize long-term debt and related interest of the Component Unit School Board are as follows:

| Year<br>Ending<br>June 30 | Note Payable |           | Lease Liabilities |          |
|---------------------------|--------------|-----------|-------------------|----------|
|                           | Principal    | Interest  | Principal         | Interest |
| 2023                      | \$ 134,935   | \$ 7,233  | \$ 187,365        | \$ 723   |
| 2024                      | 140,636      | 5,872     | 78,313            | 57       |
| 2025                      | 146,499      | 4,469     | -                 | -        |
| 2026                      | 152,527      | 3,024     | -                 | -        |
| 2027                      | 158,725      | 1,534     | -                 | -        |
| Total                     | \$ 733,322   | \$ 22,132 | \$ 265,678        | \$ 780   |

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2022 (Continued)

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**Note 7—Long-term Obligations: (Continued)**

**Primary Government:**

Details of long-term indebtedness are as follows:

**Governmental Activities Obligations:**

**Incurred for City:**

**General Obligation Bonds:**

|                                                                                                                                                                                                                 |    |                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------------------|
| \$13,730,000 general obligation public improvement bond Series 2008A, principal payable in various annual installments through July 15, 2023; interest payable semi-annual at various rates from 3.75%-5.00%.   | \$ | 1,060,000                |
| \$4,480,000 general obligation public improvement bond, Series 2008B, principal payable in various annual installments through July 15, 2034; interest payable semi-annually at various rates from 6.15 %-6.38% |    | 3,140,000                |
| \$5,000,000 general obligation payable Series 2009A, principal payable in annual installments through July 15, 2033; interest payable semi-annually at various interest rates from 4.00% to 5.00%.              |    | 487,500                  |
| \$2,265,000 general obligation payable Series 2013A, principal payable in various annual installments through July 15, 2028; interest payable semi-annually at 2.10%.                                           | \$ | 2,045,000                |
| \$895,000 general obligation payable Series 2013B, principal payable in various annual installments through July 15, 2028; interest payable semi-annually at 3.63%.                                             |    | 895,000                  |
| \$7,700,000 general obligation payable Series 2013C, principal payable in various annual installments through July 15, 2038 interest payable semi-annually at 2.50%.                                            |    | 6,700,000                |
| \$2,500,000 general obligation payable Series 2015A, principal payable in various annual installments through January 15, 2030; interest payable semi-annually at 2.275%.                                       |    | 1,429,766                |
| \$12,955,075 general obligation payable Series 2015B, principal payable in various annual installments through July 15, 2034; interest payable semi-annually at 2.87%.                                          |    | <u>11,900,682</u>        |
| Total General Obligation Bonds                                                                                                                                                                                  | \$ | 27,657,948               |
| Note payable                                                                                                                                                                                                    |    | 406,018                  |
| Landfill closure liability (payable from the General Fund)                                                                                                                                                      |    | 628,574                  |
| Compensated absences (payable from the General Fund)                                                                                                                                                            |    | 1,346,920                |
| Net OPEB liability (payable from the General Fund)                                                                                                                                                              |    | 12,449,473               |
| Net pension liability (payable from the General Fund)                                                                                                                                                           |    | <u>7,540,506</u>         |
| Total Incurred for City                                                                                                                                                                                         | \$ | <u><u>50,029,439</u></u> |

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2022 (Continued)

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**Note 7—Long-term Obligations: (Continued)**

**Primary Government: (Continued)**

**Governmental Activities Bonds: (Continued)**

**Incurred for School Board:**

Virginia Public School Authority (VPSA) Subsidy and Other Bonds:

|                                                                                                                                                                                             |    |                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|------------------------|
| \$858,896 VPSA Subsidy Bonds issued in 2005, principal due in annual installments of varying amounts through July 15, 2025; interest payable annually at varying rates 4.60% - 5.10%.       | \$ | 208,815                |
| \$2,800,000 General Obligation Qualified Zone Academy Bond issued in 2009, principal due in annual installments of \$186,667 through December 15, 2024; interest payable annually at 1.83%. |    | 560,000                |
| \$7,635,000 VPSA Subsidy Bonds issued 2010, principal due in annual installments of varying amounts through June 1, 2027; interest payable semi-annually at 0.092%.                         |    | 2,730,000              |
| \$5,000,000 general obligation payable Series 2009A, principal due in various annual installments through July 15, 2022; interest payable semi-annually at various from 4.00% to 5.00%.     |    | 487,500                |
| \$5,000,000 VPSA Subsidy Bonds issued 2011, principal due in annual installments of varying amounts through June 1, 2027; interest payable semi-annually at 4.50%.                          |    | 2,083,336              |
| \$2,700,000 General Obligation issued in 2011, principal due in annual installments of varying amounts through May 1 2036; interest payable semi-annually at 2.00% - 5.00%.                 |    | 2,570,000              |
| \$3,754,925 General Obligation payable Series 2015B split with the City, due in annual installments of varying amounts through July 15, 2034; interest payable semi-annually at 2.87%.      |    | 3,449,317              |
|                                                                                                                                                                                             |    | <hr/>                  |
| Total Virginia Public Authority School Subsidy and Other Bonds                                                                                                                              | \$ | 12,088,968             |
| Total Incurred for School Board                                                                                                                                                             | \$ | 12,088,968             |
| Total Governmental Activities Obligations                                                                                                                                                   | \$ | <hr/> <hr/> 62,118,407 |

**Business-type Activities Obligations:**

Revenue Bond Obligations:

|                                                                                                                                                                                  |    |            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|------------|
| \$5,445,000 Series 2015, revenue refunding bond. Principal payable in various annual installments through October 1, 2025; interest payable semi-annually at 1.25% - 3.37%.      | \$ | 2,340,000  |
| \$5,675,000 Series 2014, revenue bond, principal payable in various annual installments through October 1, 2044; interest payable semi-annually at 2.13% - 4.13%.                |    | 4,825,000  |
| \$18,210,000 Sewer System bond issued December 7, 2011, principal payable in various annual installments through July 15, 2042; interest payable semi-annually at 2.50% - 6.00%. |    | 17,305,000 |

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2022 (Continued)

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**Note 7—Long-term Obligations: (Continued)**

**Primary Government: (Continued)**

**Business-type Activities Obligations: (Continued)**

Revenue Bond Obligations: (Continued)

|                                                                                                                                                                                 |                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| \$3,385,000 Sewer System bond issued December 7, 2011, principal payable in various annual installments through July 15, 2022; interest payable semi-annually at 2.63% - 3.75%. | 385,000                     |
| \$4,160,000 Sewer System revenue bond issued December 2, 2010, payable in various annual installments through July 15, 2041; interest payable semi-annually at 2.50% - 5.13%.   | <u>3,360,000</u>            |
| Total Revenue Bond Obligations                                                                                                                                                  | \$ 28,215,000               |
| Issuance premium                                                                                                                                                                | 473,678                     |
| Compensated absences (Payable from the Enterprise Funds)                                                                                                                        | 249,563                     |
| Net OPEB liability (Payable from the Enterprise Funds)                                                                                                                          | 2,792,124                   |
| Net pension liability (Payable from the Enterprise Funds)                                                                                                                       | <u>1,691,237</u>            |
| Total Business-type Activities                                                                                                                                                  | <u><u>\$ 33,421,602</u></u> |

**Component Unit School Board:**

Note payable:

|                                                                                                                                                           |                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| \$2,078,973 note payable for performance contract owed to the Primary Government in various installments through June 2027 , interest payable at 0.9575%. | \$ <u>733,322</u>        |
| Total note payable                                                                                                                                        | <u><u>\$ 733,322</u></u> |

Lease liabilities:

|                                                                                          |                             |
|------------------------------------------------------------------------------------------|-----------------------------|
| Various leases of copiers payable in monthly payments of \$15,674 through December 2023. |                             |
| Discount rate at 0.44%                                                                   | \$ <u>265,678</u>           |
| Total lease liabilities                                                                  | <u><u>\$ 265,678</u></u>    |
| Compensated absences                                                                     | <u>988,600</u>              |
| Net pension liability                                                                    | <u>23,939,286</u>           |
| Net OPEB liability                                                                       | <u>8,487,471</u>            |
| Total component unit obligations                                                         | <u><u>\$ 34,414,357</u></u> |

**Note 8—Reporting Entity Transactions**

During fiscal year 2012, City Council approved a budget resolution to advance the School Board \$1,912,428 for energy conservation improvements. The School Board will repay the City over 15 years. The effective interest rate on the loan is 8.7%. At June 30, 2022, \$733,322 of the loan was still outstanding.



## CITY OF HOPEWELL, VIRGINIA

### Notes to Financial Statements As of June 30, 2022 (Continued)

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#### **Note 9—Landfill Post-Closure Costs**

In October 1993, the City discontinued accepting solid waste at its landfill. In conjunction with the closing of the landfill, an environmental engineering firm was engaged to devise a closure plan in accordance with federal and state regulations. During fiscal year 2002, the City received a closing permit; however, the time period for maintaining the site has been extended through 2022.

Total estimated costs of maintaining the site for this period is \$628,574. The total current cost of landfill post closure care is an estimate subject to change resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

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

#### **Note 10—Unearned and Unavailable Revenues**

Unearned revenues represent amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available. Unavailable revenues are resource inflows that represent amounts earned, but which are not available to liquidate liabilities of the current period. Unearned and unavailable revenues reported in governmental funds were comprised of the following:

| <u>Tax Type</u>               | <u>Unavailable<br/>Revenue</u> | <u>Deferred<br/>Revenue</u> | <u>Total</u>         |
|-------------------------------|--------------------------------|-----------------------------|----------------------|
| General Fund                  |                                |                             |                      |
| Real Estate Tax               | \$ 953,786                     | \$ 8,113,377                | \$ 9,067,163         |
| Personal Property             | 10,398,196                     | -                           | 10,398,196           |
| Personal Service Corporations | 214                            | 4,194,780                   | 4,194,994            |
| Machinery & Tools Tax         | 31,763                         | 3,121,656                   | 3,153,419            |
|                               | <u>\$ 11,383,959</u>           | <u>\$ 15,429,813</u>        | <u>\$ 26,813,772</u> |

#### **Note 11—Commitments and Contingencies**

Federal programs in which the City and all discretely presented component units participate are audited in accordance with the provisions of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, all major programs will be tested for compliance with applicable grant requirements and reported upon under separate reporting. Even if no matters of noncompliance are disclosed by audit, the Federal government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

Notes to Financial Statements  
As of June 30, 2022 (Continued)

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**Note 11–Commitments and Contingencies: (Continued)**

On December 16, 2010, the City was informed by the United States Environmental Protection Agency (“EPA”) that the Hopewell Regional Wastewater Treatment Facility (the “Facility”) was in violation of the Clean Air Act for 32 days during January and February of 2010. The Facility is potentially subject to a \$37,500 administrative penalty and a \$37,500 civil action for injunctive relief and/or civil penalties for each day in violation. On September 30, 2016, the City signed two consent agreements – one for Clean Water Act violations and one for Clean Air Act violations. The total amount of penalties paid to EPA was \$150,000, which was paid to the federal government in October 2016. The cost of the penalty was billed to each of the five other Facility Commission members. The consent agreement expired on September 30, 2017.

**Note 12–Litigation**

At June 30, 2022, there were no matters of litigation involving the City or which would materially affect the City’s financial position should any court decisions on pending matters not be favorable to such entities.

**Note 13–Pension Plan:**

***Plan Description***

All full-time, salaried permanent employees of the City and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

***Benefit Structures***

The System administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

**Note 13—Pension Plan: (Continued)**

***Benefit Structures: (Continued)***

- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Average Final Compensation and Service Retirement Multiplier***

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

***Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits***

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

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**Note 13—Pension Plan: (Continued)*****Employees Covered by Benefit Terms***

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

|                                                                      | <b>Primary<br/>Government</b> | <b>Component Unit<br/>School Board<br/>Nonprofessional</b> |
|----------------------------------------------------------------------|-------------------------------|------------------------------------------------------------|
| Inactive members or their beneficiaries currently receiving benefits | 318                           | 69                                                         |
| Inactive members:                                                    |                               |                                                            |
| Vested inactive members                                              | 50                            | 13                                                         |
| Non-vested inactive members                                          | 95                            | 34                                                         |
| Inactive members active elsewhere in VRS                             | 175                           | 17                                                         |
| Total inactive members                                               | 320                           | 64                                                         |
| Active members                                                       | 362                           | 97                                                         |
| Total covered employees                                              | 1,000                         | 230                                                        |

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The City's contractually required employer contribution rate for the year ended June 30, 2022 was 14.34% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$2,730,024 and \$2,689,050 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 was 10.01% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$229,189 and \$216,560 for the years ended June 30, 2022 and June 30, 2021, respectively.

Notes to Financial Statements  
As of June 30, 2022 (Continued)

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**Note 13–Pension Plan: (Continued)**

**Net Pension Liability**

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The City’s and Component Unit School Board’s (nonprofessional) net pension liabilities were measured as of June 30, 2021. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

**Actuarial Assumptions – General Employees**

The total pension liability for General Employees in the City’s and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

|                                       |                                                                     |
|---------------------------------------|---------------------------------------------------------------------|
| Inflation                             | 2.5%                                                                |
| Salary increases, including inflation | 3.5% – 5.35%                                                        |
| Investment rate of return             | 6.75%, net of pension plan investment expenses, including inflation |

**Mortality rates:**

All Others (Non-10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

**Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

**Post-Retirement:**

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

**Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

**Mortality Improvement:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

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**Note 13—Pension Plan: (Continued)****Actuarial Assumptions – General Employees**

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) – Non-Hazardous Duty:

|                                                                         |                                                                                                                                                        |
|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates                                                        | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age             |
| Withdrawal Rates                                                        | Adjusted rates to better fit experience at each age and service decrement through 9 years of service                                                   |
| Disability Rates                                                        | No change                                                                                                                                              |
| Salary Scale                                                            | No change                                                                                                                                              |
| Line of Duty Disability                                                 | No change                                                                                                                                              |
| Discount Rate                                                           | No change                                                                                                                                              |

**Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits**

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

|                                       |                                                                     |
|---------------------------------------|---------------------------------------------------------------------|
| Inflation                             | 2.5%                                                                |
| Salary increases, including inflation | 3.5% – 4.75%                                                        |
| Investment rate of return             | 6.75%, net of pension plan investment expenses, including inflation |

Mortality rates:

All Others (Non-10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

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**Note 13—Pension Plan: (Continued)****Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits: (Continued)**

Mortality rates: (Continued)

All Others (Non 10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related (Continued)

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) – Hazardous Duty:

|                                                                         |                                                                                                                                                                                              |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates                                                        | Adjusted rates to better fit experience and changed final retirement age from 65 to 70                                                                                                       |
| Withdrawal Rates                                                        | Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty      |
| Disability Rates                                                        | No change                                                                                                                                                                                    |
| Salary Scale                                                            | No change                                                                                                                                                                                    |
| Line of Duty Disability                                                 | No change                                                                                                                                                                                    |
| Discount Rate                                                           | No change                                                                                                                                                                                    |



**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

**Note 13—Pension Plan: (Continued)****Long-Term Expected Rate of Return**

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| <b>Asset Class (Strategy)</b>        | <b>Long-Term<br/>Target<br/>Asset<br/>Allocation</b> | <b>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</b> | <b>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return</b> |
|--------------------------------------|------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------------------|
| Public Equity                        | 34.00%                                               | 5.00%                                                           | 1.70%                                                                     |
| Fixed Income                         | 15.00%                                               | 0.57%                                                           | 0.09%                                                                     |
| Credit Strategies                    | 14.00%                                               | 4.49%                                                           | 0.63%                                                                     |
| Real Assets                          | 14.00%                                               | 4.76%                                                           | 0.67%                                                                     |
| Private Equity                       | 14.00%                                               | 9.94%                                                           | 1.39%                                                                     |
| MAPS - Multi-Asset Public Strategies | 6.00%                                                | 3.29%                                                           | 0.20%                                                                     |
| PIP - Private Investment Partnership | 3.00%                                                | 6.84%                                                           | 0.21%                                                                     |
| Total                                | 100.00%                                              |                                                                 | 4.89%                                                                     |
|                                      |                                                      | Inflation                                                       | 2.50%                                                                     |
|                                      |                                                      | * Expected arithmetic nominal return                            | 7.39%                                                                     |

\* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the City and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement



**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

**Note 13—Pension Plan: (Continued)****Discount Rate: (Continued)**

Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

|                                                       | Primary Government                   |                                          |                                          |
|-------------------------------------------------------|--------------------------------------|------------------------------------------|------------------------------------------|
|                                                       | Increase (Decrease)                  |                                          |                                          |
|                                                       | Total<br>Pension<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability<br>(a) - (b) |
| Balances at June 30, 2020                             | \$ 120,907,179                       | \$ 96,159,879                            | \$ 24,747,300                            |
| Changes for the year:                                 |                                      |                                          |                                          |
| Service cost                                          | \$ 2,396,416                         | \$ -                                     | \$ 2,396,416                             |
| Interest                                              | 7,911,371                            | -                                        | 7,911,371                                |
| Benefit changes                                       | -                                    | -                                        | -                                        |
| Differences between expected<br>and actual experience | (1,213,309)                          | -                                        | (1,213,309)                              |
| Assumption changes                                    | 4,799,076                            | -                                        | 4,799,076                                |
| Contributions - employer                              | -                                    | 2,679,076                                | (2,679,076)                              |
| Contributions - employee                              | -                                    | 922,315                                  | (922,315)                                |
| Net investment income                                 | -                                    | 25,871,551                               | (25,871,551)                             |
| Benefit payments, including refunds                   | (7,403,368)                          | (7,403,368)                              | -                                        |
| Administrative expenses                               | -                                    | (66,256)                                 | 66,256                                   |
| Other changes                                         | -                                    | 2,425                                    | (2,425)                                  |
| Net changes                                           | \$ 6,490,186                         | \$ 22,005,743                            | \$ (15,515,557)                          |
| Balances at June 30, 2021                             | \$ 127,397,365                       | \$ 118,165,622                           | \$ 9,231,743                             |

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

**Note 13—Pension Plan: (Continued)****Changes in Net Pension Liability**

|                                                       | Component School Board (nonprofessional) |                                          |                                          |
|-------------------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|
|                                                       | Increase (Decrease)                      |                                          |                                          |
|                                                       | Total<br>Pension<br>Liability<br>(a)     | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability<br>(a) - (b) |
| Balances at June 30, 2020                             | \$ 9,035,439                             | \$ 7,056,750                             | \$ 1,978,689                             |
| Changes for the year:                                 |                                          |                                          |                                          |
| Service cost                                          | \$ 205,322                               | \$ -                                     | \$ 205,322                               |
| Interest                                              | 589,576                                  | -                                        | 589,576                                  |
| Benefit changes                                       | -                                        | -                                        | -                                        |
| Differences between expected<br>and actual experience | 129,022                                  | -                                        | 129,022                                  |
| Assumption changes                                    | 300,596                                  | -                                        | 300,596                                  |
| Contributions - employer                              | -                                        | 216,560                                  | (216,560)                                |
| Contributions - employee                              | -                                        | 106,747                                  | (106,747)                                |
| Net investment income                                 | -                                        | 1,900,784                                | (1,900,784)                              |
| Benefit payments, including refunds                   | (601,953)                                | (601,953)                                | -                                        |
| Administrative expenses                               | -                                        | (4,871)                                  | 4,871                                    |
| Other changes                                         | -                                        | 178                                      | (178)                                    |
| Net changes                                           | \$ 622,563                               | \$ 1,617,445                             | \$ (994,882)                             |
| Balances at June 30, 2021                             | \$ 9,658,002                             | \$ 8,674,195                             | \$ 983,807                               |

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the City's and Component Unit School Board's (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

|                                                                        | Rate                   |                             |                        |
|------------------------------------------------------------------------|------------------------|-----------------------------|------------------------|
|                                                                        | 1% Decrease<br>(5.75%) | Current Discount<br>(6.75%) | 1% Increase<br>(7.75%) |
| City Net Pension Liability                                             | \$ 24,762,887          | \$ 9,231,743                | \$ (3,672,828)         |
| Component Unit School Board (nonprofessional)<br>Net Pension Liability | \$ 1,982,077           | \$ 983,807                  | \$ 139,286             |

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

**Note 13—Pension Plan: (Continued)**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2022, the City and Component Unit School Board (nonprofessional) recognized pension expense of \$1,377,571 and \$220,940, respectively. At June 30, 2022, the City and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                  | <b>Primary Government</b>             |                                      | <b>Component Unit School Board (nonprofessional)</b> |                                      |
|----------------------------------------------------------------------------------|---------------------------------------|--------------------------------------|------------------------------------------------------|--------------------------------------|
|                                                                                  | <b>Deferred Outflows of Resources</b> | <b>Deferred Inflows of Resources</b> | <b>Deferred Outflows of Resources</b>                | <b>Deferred Inflows of Resources</b> |
| Differences between expected and actual experience                               | \$ 169,977                            | \$ 807,646                           | \$ 81,058                                            | \$ 36,138                            |
| Change in assumptions                                                            | 3,193,641                             | -                                    | 188,850                                              | -                                    |
| Net difference between projected and actual earnings on pension plan investments | -                                     | 12,780,423                           | -                                                    | 939,120                              |
| Employer contributions subsequent to the measurement date                        | 2,730,024                             | -                                    | 229,189                                              | -                                    |
| <b>Total</b>                                                                     | <b>\$ 6,093,642</b>                   | <b>\$ 13,588,069</b>                 | <b>\$ 499,097</b>                                    | <b>\$ 975,258</b>                    |

\$2,730,024 and \$229,189 reported as deferred outflows of resources related to pensions resulting from the City's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| <b>Year Ended June 30</b> | <b>Primary Government</b> | <b>Component Unit School Board (nonprofessional)</b> |
|---------------------------|---------------------------|------------------------------------------------------|
| 2023                      | \$ (1,604,815)            | \$ (96,130)                                          |
| 2024                      | (1,741,391)               | (103,775)                                            |
| 2025                      | (2,975,999)               | (218,641)                                            |
| 2026                      | (3,902,246)               | (286,804)                                            |
|                           | <b>\$ (10,224,451)</b>    | <b>\$ (705,350)</b>                                  |

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Notes to Financial Statements  
As of June 30, 2022 (Continued)

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**Note 13—Pension Plan: (Continued)**

**Component Unit School Board (professional)**

***Plan Description***

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$4,604,173 and \$4,183,345 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2022, the school division reported a liability of \$22,955,479 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.29570% as compared to 0.30832% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$74,332. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2022 (Continued)

**Note 13—Pension Plan: (Continued)**

**Component Unit School Board (professional): (Continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)***

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                               | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience                                                            | \$ -                                      | \$ 1,955,209                             |
| Change in assumptions                                                                                         | 4,021,740                                 | -                                        |
| Net difference between projected and actual earnings on pension plan investments                              | -                                         | 14,465,929                               |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 378,555                                   | 1,812,255                                |
| Employer contributions subsequent to the measurement date                                                     | <u>4,604,173</u>                          | <u>-</u>                                 |
| Total                                                                                                         | <u>\$ 9,004,468</u>                       | <u>\$ 18,233,393</u>                     |

\$4,604,173 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| <u>Year Ended June 30</u> |                        |
|---------------------------|------------------------|
| 2023                      | \$ (3,183,805)         |
| 2024                      | (2,949,683)            |
| 2025                      | (3,280,879)            |
| 2026                      | (4,419,312)            |
| 2027                      | 581                    |
|                           | <u>\$ (13,833,098)</u> |

**Note 13–Pension Plan: (Continued)**

**Component Unit School Board (professional): (Continued)**

***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

|                                       |                                                                     |
|---------------------------------------|---------------------------------------------------------------------|
| Inflation                             | 2.5%                                                                |
| Salary increases, including inflation | 3.5% – 5.95%                                                        |
| Investment rate of return             | 6.75%, net of pension plan investment expenses, including inflation |

**Mortality rates:**

**Pre-Retirement:**

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

**Post-Retirement:**

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

**Post-Disablement:**

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

**Mortality Improvement:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

**CITY OF HOPEWELL, VIRGINIA**

**Notes to Financial Statements  
As of June 30, 2022 (Continued)**

**Note 13—Pension Plan: (Continued)**

**Component Unit School Board (professional): (Continued)**

***Actuarial Assumptions: (Continued)***

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|                                                                         |                                                                                                                                                                  |
|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates                                                        | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates                                                        | Adjusted rates to better fit experience at each age and service decrement through 9 years of service                                                             |
| Disability Rates                                                        | No change                                                                                                                                                        |
| Salary Scale                                                            | No change                                                                                                                                                        |
| Discount Rate                                                           | No change                                                                                                                                                        |

***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

|                                                                               |    | <b>Teacher Employee<br/>Retirement Plan</b> |
|-------------------------------------------------------------------------------|----|---------------------------------------------|
| Total Pension Liability                                                       | \$ | 53,381,141                                  |
| Plan Fiduciary Net Position                                                   |    | 45,617,878                                  |
| Employers' Net Pension Liability (Asset)                                      | \$ | <u>7,763,263</u>                            |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Pension Liability |    | 85.46%                                      |

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

Notes to Financial Statements  
As of June 30, 2022 (Continued)

**Note 13—Pension Plan: (Continued)****Component Unit School Board (professional): (Continued)*****Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the school division's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

|                                                                                                               | Rate                   |                             |                        |
|---------------------------------------------------------------------------------------------------------------|------------------------|-----------------------------|------------------------|
|                                                                                                               | 1% Decrease<br>(5.75%) | Current Discount<br>(6.75%) | 1% Increase<br>(7.75%) |
| School division's proportionate share of the<br>VRS Teacher Employee Retirement Plan<br>Net Pension Liability | \$ 44,302,832          | \$ 22,955,479               | \$ 5,394,431           |

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Primary Government and Component Unit School Board*****Aggregate Pension Information***

| VRS Pension Plans           | Primary Government |                  |                       |                 |
|-----------------------------|--------------------|------------------|-----------------------|-----------------|
|                             | Deferred Outflows  | Deferred Inflows | Net Pension Liability | Pension Expense |
| Primary Government          | \$ 6,093,642       | \$ 13,588,069    | \$ 9,231,743          | \$ 1,377,571    |
| Component Unit School Board |                    |                  |                       |                 |
| Nonprofessional             | \$ 499,097         | \$ 975,258       | \$ 983,807            | \$ 220,940      |
| Professional                | 9,004,468          | 18,233,393       | 22,955,479            | 74,332          |
| Totals                      | \$ 9,503,565       | \$ 19,208,651    | \$ 23,939,286         | \$ 295,272      |



**Note 14—Group Life Insurance (GLI) Plan (OPEB Plan)**

***Plan Description***

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured Plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

***Eligible Employees***

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the Plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the Plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Notes to Financial Statements  
As of June 30, 2022 (Continued)

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**Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the primary government, school board nonprofessional and school board professional were \$106,686, \$13,319 and \$156,348 and \$104,737, \$12,593 and \$141,453 for the years ended June 30, 2022 and June 30, 2021, respectively.

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB***

At June 30, 2022, the primary government, school board nonprofessional and school board professional reported a liability of \$1,093,716, \$131,563 and \$1,477,228, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the primary government, school board nonprofessional and school board professional's proportion was .09394%, 0.01130%, 0.12688% as compared to .09772%, 0.01196%, 0.13176% at June 30, 2020.

For the year ended June 30, 2022, the primary government, school board nonprofessional and school board recognized GLI OPEB expense of \$45,492, \$8,150 and \$55,812, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Notes to Financial Statements  
As of June 30, 2022 (Continued)

**Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)***

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

|                                                                                      | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| <b>Primary Government</b>                                                            |                                               |                                              |
| Differences between expected and actual experience                                   | \$ 124,742                                    | \$ 8,333                                     |
| Net difference between projected and actual earnings on GLI OPEB program investments | -                                             | 261,047                                      |
| Change in assumptions                                                                | 60,296                                        | 149,644                                      |
| Changes in proportionate share                                                       | 22,544                                        | 56,038                                       |
| Employer contributions subsequent to the measurement date                            | 106,686                                       | -                                            |
| <b>Total Primary Government</b>                                                      | <b>\$ 314,268</b>                             | <b>\$ 475,062</b>                            |
| <b>Component Unit School Board (nonprofessional)</b>                                 |                                               |                                              |
| Differences between expected and actual experience                                   | \$ 15,005                                     | \$ 1,002                                     |
| Net difference between projected and actual earnings on GLI OPEB program investments | -                                             | 31,401                                       |
| Change in assumptions                                                                | 7,253                                         | 18,001                                       |
| Changes in proportionate share                                                       | 15,491                                        | 8,126                                        |
| Employer contributions subsequent to the measurement date                            | 13,319                                        | -                                            |
| <b>Total Component Unit School Board (nonprofessional)</b>                           | <b>\$ 51,068</b>                              | <b>\$ 58,530</b>                             |
| <b>Component Unit School Board (professional)</b>                                    |                                               |                                              |
| Differences between expected and actual experience                                   | \$ 168,483                                    | \$ 11,256                                    |
| Net difference between projected and actual earnings on GLI OPEB program investments | -                                             | 352,583                                      |
| Change in assumptions                                                                | 81,439                                        | 202,116                                      |
| Changes in proportionate share                                                       | 44,807                                        | 102,639                                      |
| Employer contributions subsequent to the measurement date                            | 156,348                                       | -                                            |
| <b>Total Component Unit School Board (professional)</b>                              | <b>\$ 451,077</b>                             | <b>\$ 668,594</b>                            |

Notes to Financial Statements  
As of June 30, 2022 (Continued)

**Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB: (Continued)***

\$106,686, \$13,319 and \$156,348 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> | <u>Primary<br/>Government</u> | <u>Component Unit<br/>School Board<br/>(nonprofessional)</u> | <u>Component Unit<br/>School Board<br/>(professional)</u> |
|---------------------------|-------------------------------|--------------------------------------------------------------|-----------------------------------------------------------|
| 2023                      | \$ (53,197)                   | \$ (3,721)                                                   | \$ (77,481)                                               |
| 2024                      | (46,374)                      | (2,261)                                                      | (68,502)                                                  |
| 2025                      | (51,452)                      | (3,118)                                                      | (69,695)                                                  |
| 2026                      | (91,559)                      | (8,779)                                                      | (124,360)                                                 |
| 2027                      | (24,898)                      | (2,902)                                                      | (33,827)                                                  |

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

|                                        |                                                           |
|----------------------------------------|-----------------------------------------------------------|
| Inflation                              | 2.5%                                                      |
| Salary increases, including inflation: |                                                           |
| Teachers                               | 3.5%-5.95%                                                |
| Locality - General employees           | 3.5%-5.35%                                                |
| Locality - Hazardous Duty employees    | 3.5%-4.75%                                                |
| Investment rate of return              | 6.75%, net of investment expenses,<br>including inflation |

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

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**Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

***Actuarial Assumptions: (Continued)***

**Mortality Rates – Teachers**

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year;  
 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and  
 females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

|                                                                         |                                                                                                                                                                  |
|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates                                                        | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates                                                        | Adjusted rates to better fit experience at each age and service decrement through 9 years of service                                                             |
| Disability Rates                                                        | No change                                                                                                                                                        |
| Salary Scale                                                            | No change                                                                                                                                                        |
| Discount Rate                                                           | No change                                                                                                                                                        |

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

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**Note 14–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

***Actuarial Assumptions: (Continued)***

**Mortality Rates – Largest Ten Locality Employers – General Employees**

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|                                                                         |                                                                                  |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------|
|                                                                         |                                                                                  |
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020            |
| Retirement Rates                                                        | Increased age 50 rates and lowered rates at older ages                           |
| Withdrawal Rates                                                        | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates                                                        | Adjusted rates to better match experience                                        |
| Salary Scale                                                            | No change                                                                        |
| Line of Duty Disability                                                 | Decreased rate from 60.00% to 45.00%                                             |
| Discount Rate                                                           | Decreased rate from 7.00% to 6.75%                                               |
|                                                                         |                                                                                  |

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

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**Note 14–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

***Actuarial Assumptions: (Continued)***

**Mortality Rates – Non-Largest Ten Locality Employers – General Employees**

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|                                                                         |                                                                                                                                                                  |
|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates                                                        | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates                                                        | Adjusted rates to better fit experience at each age and service decrement through 9 years of service                                                             |
| Disability Rates                                                        | No change                                                                                                                                                        |
| Salary Scale                                                            | No change                                                                                                                                                        |
| Line of Duty Disability                                                 | No change                                                                                                                                                        |
| Discount Rate                                                           | No change                                                                                                                                                        |

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

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**Note 14–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

***Actuarial Assumptions: (Continued)***

**Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees**

**Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

**Post-Retirement:**

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

**Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

**Mortality Improvement Scale:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|                                                                         |                                                                                                                                                                                              |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates                                                        | Adjusted rates to better fit experience and changed final retirement age from 65 to 70                                                                                                       |
| Withdrawal Rates                                                        | Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty          |
| Disability Rates                                                        | No change                                                                                                                                                                                    |
| Salary Scale                                                            | No change                                                                                                                                                                                    |
| Line of Duty Disability                                                 | No change                                                                                                                                                                                    |
| Discount Rate                                                           | No change                                                                                                                                                                                    |



**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

**Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

**NET GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Plan represents the Plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

|                                                                                |    | <b>GLI OPEB<br/>Plan</b> |
|--------------------------------------------------------------------------------|----|--------------------------|
| Total GLI OPEB Liability                                                       | \$ | 3,577,346                |
| Plan Fiduciary Net Position                                                    |    | 2,413,074                |
| Employers' Net GLI OPEB Liability (Asset)                                      | \$ | 1,164,272                |
| Plan Fiduciary Net Position as a Percentage<br>of the Total GLI OPEB Liability |    | 67.45%                   |

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| <b>Asset Class (Strategy)</b>        | <b>Long-Term<br/>Target<br/>Asset<br/>Allocation</b> | <b>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</b> | <b>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return</b> |
|--------------------------------------|------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------------------|
| Public Equity                        | 34.00%                                               | 5.00%                                                           | 1.70%                                                                     |
| Fixed Income                         | 15.00%                                               | 0.57%                                                           | 0.09%                                                                     |
| Credit Strategies                    | 14.00%                                               | 4.49%                                                           | 0.63%                                                                     |
| Real Assets                          | 14.00%                                               | 4.76%                                                           | 0.67%                                                                     |
| Private Equity                       | 14.00%                                               | 9.94%                                                           | 1.39%                                                                     |
| MAPS - Multi-Asset Public Strategies | 6.00%                                                | 3.29%                                                           | 0.20%                                                                     |
| PIP - Private Investment Partnership | 3.00%                                                | 6.84%                                                           | 0.21%                                                                     |
| Total                                | 100.00%                                              |                                                                 | 4.89%                                                                     |
|                                      |                                                      | Inflation                                                       | 2.50%                                                                     |
|                                      |                                                      | *Expected arithmetic nominal return                             | 7.39%                                                                     |

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

**Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

**Long-Term Expected Rate of Return: (Continued)**

\*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

**Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate**

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

|                                                                                          | Rate                   |                             |                        |
|------------------------------------------------------------------------------------------|------------------------|-----------------------------|------------------------|
|                                                                                          | 1% Decrease<br>(5.75%) | Current Discount<br>(6.75%) | 1% Increase<br>(7.75%) |
| City's proportionate share of the GLI Program Net OPEB Liability                         | \$ 1,597,959           | \$ 1,093,716                | \$ 686,517             |
| School Board nonprofessional's proportionate share of the GLI Program Net OPEB Liability | \$ 192,218             | \$ 131,563                  | \$ 82,581              |
| School Board professional's proportionate share of the GLI Program Net OPEB Liability    | \$ 2,158,283           | \$ 1,477,228                | \$ 927,245             |

**GLI Plan Fiduciary Net Position**

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Notes to Financial Statements  
As of June 30, 2022 (Continued)

**Note 15—Medical, Dental, and Life Insurance—Pay-as-you-Go (OPEB Plan)****City and Component Unit School Board*****Plan Description***

The City and the School Board each maintain a separate single employer defined benefit plan that offers eligible retirees postretirement health benefits if they retire directly from the City or Schools and are eligible to receive an early or regular retirement benefit from the VRS. Health benefits include medical coverage only for the City and medical, dental, and vision coverage for the School Board.

***Benefits Provided*****Group**

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

| Group            | City Contribution     |                    | Notes                                                                                                                                                                                                                                                                |                  |                       |      |                |      |                 |       |                 |    |                 |
|------------------|-----------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------------|------|----------------|------|-----------------|-------|-----------------|----|-----------------|
|                  | Retiree Only          | Retiree and Spouse |                                                                                                                                                                                                                                                                      |                  |                       |      |                |      |                 |       |                 |    |                 |
| A                | \$534                 | \$948              | Frozen contribution rate; will not change in future years                                                                                                                                                                                                            |                  |                       |      |                |      |                 |       |                 |    |                 |
| B                | \$553                 | N/A                | 2016 City contribution for a single active employee; will be adjusted in future years                                                                                                                                                                                |                  |                       |      |                |      |                 |       |                 |    |                 |
| C                | Varies                | N/A                | Percentage of City contribution for a single active employee, based on years of services.<br>See following table.                                                                                                                                                    |                  |                       |      |                |      |                 |       |                 |    |                 |
|                  |                       |                    | <table><tr><th>Years of Service</th><th>Percentage of Premium</th></tr><tr><td>0-10</td><td>0%</td></tr><tr><td>11</td><td>40%</td></tr><tr><td>16-20</td><td>60%</td></tr><tr><td>21</td><td>80%</td></tr></table>                                                  | Years of Service | Percentage of Premium | 0-10 | 0%             | 11   | 40%             | 16-20 | 60%             | 21 | 80%             |
| Years of Service | Percentage of Premium |                    |                                                                                                                                                                                                                                                                      |                  |                       |      |                |      |                 |       |                 |    |                 |
| 0-10             | 0%                    |                    |                                                                                                                                                                                                                                                                      |                  |                       |      |                |      |                 |       |                 |    |                 |
| 11               | 40%                   |                    |                                                                                                                                                                                                                                                                      |                  |                       |      |                |      |                 |       |                 |    |                 |
| 16-20            | 60%                   |                    |                                                                                                                                                                                                                                                                      |                  |                       |      |                |      |                 |       |                 |    |                 |
| 21               | 80%                   |                    |                                                                                                                                                                                                                                                                      |                  |                       |      |                |      |                 |       |                 |    |                 |
| D                | Varies                | N/A                | Percentage of City contribution for a single active employee, based on years of services.<br>See following table.                                                                                                                                                    |                  |                       |      |                |      |                 |       |                 |    |                 |
|                  |                       |                    | <table><tr><th>Years of Service</th><th>Percentage of Premium</th></tr><tr><td>0-5</td><td>\$50 per month</td></tr><tr><td>6-10</td><td>\$100 per month</td></tr><tr><td>11-20</td><td>\$150 per month</td></tr><tr><td>21</td><td>\$200 per month</td></tr></table> | Years of Service | Percentage of Premium | 0-5  | \$50 per month | 6-10 | \$100 per month | 11-20 | \$150 per month | 21 | \$200 per month |
| Years of Service | Percentage of Premium |                    |                                                                                                                                                                                                                                                                      |                  |                       |      |                |      |                 |       |                 |    |                 |
| 0-5              | \$50 per month        |                    |                                                                                                                                                                                                                                                                      |                  |                       |      |                |      |                 |       |                 |    |                 |
| 6-10             | \$100 per month       |                    |                                                                                                                                                                                                                                                                      |                  |                       |      |                |      |                 |       |                 |    |                 |
| 11-20            | \$150 per month       |                    |                                                                                                                                                                                                                                                                      |                  |                       |      |                |      |                 |       |                 |    |                 |
| 21               | \$200 per month       |                    |                                                                                                                                                                                                                                                                      |                  |                       |      |                |      |                 |       |                 |    |                 |

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

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**Note 15—Medical, Dental, and Life Insurance—Pay-as-you-Go (OPEB Plan): (Continued)**

**City and Component Unit School Board: (Continued)**

***Benefits Provided (Continued)***

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

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

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

The City has 68 retirees without spouse coverage and 31 retirees with spouse coverage participating in the plan.

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

Pre-65 retirees may choose between four plans administered by Optima Health: two HMO HSA eligible plans, a PPO HSA eligible plan, and a co-pay plan. The Schools currently have 69 retirees without spouse coverage, 40 retirees with spouse coverage and 2 retirees with child coverage on their plan.

***Plan Membership***

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

|                                      | <b>Primary<br/>Government</b> | <b>Component Unit<br/>School Board</b> |
|--------------------------------------|-------------------------------|----------------------------------------|
| Total active employees with coverage | 314                           | 530                                    |
| Total retirees with coverage         | 142                           | 148                                    |
| Total                                | <u>456</u>                    | <u>678</u>                             |

***Contributions***

The City and School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis.

***Total OPEB Liability***

The City and School Board's total OPEB liability was measured as of June 30, 2022. The total OPEB liability was determined by an actuarial valuation as of July 1, 2021.

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

**Note 15—Medical, Dental, and Life Insurance—Pay-as-you-Go (OPEB Plan): (Continued)**

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Primary Government:**

|                  |                                                                   |
|------------------|-------------------------------------------------------------------|
| Inflation        | 2.50%                                                             |
| Salary Increases | 5.35% and decreasing to an ultimate rate of 3.50% after 20 years. |
| Discount Rate    | 3.54%                                                             |

**Component Unit School Board:**

|                  |                                                                   |
|------------------|-------------------------------------------------------------------|
| Inflation        | 2.50%                                                             |
| Salary Increases | 5.95% and decreasing to an ultimate rate of 3.50% after 20 years. |
| Discount Rate    | 3.54%                                                             |

Mortality rates for pre-retirement were based on a RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed service related. Mortality rates for post-retirement were based on a RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.

The date of the most recent actuarial experience study for which significant assumptions were based is July 1, 2021.

**Discount Rate**

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from a range of 20-Year Municipal Bond Indices and include the Bond Buyer 11-Bond GO Index, the S&P Municipal Bond 20-Year High Grade Rate Index, and the Fidelity 20-Year GO Municipal Bond Index. The final equivalent single discount rate used for this year's valuation is 2.16% as of the end of the fiscal year with the expectation that the City and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost from the OPEB Trust.

**Changes in Total OPEB Liability**

|                                                | <b>Primary Government<br/>Total OPEB Liability</b> | <b>Component Unit<br/>School Board<br/>Total OPEB Liability</b> |
|------------------------------------------------|----------------------------------------------------|-----------------------------------------------------------------|
| Balances at June 30, 2021                      | \$ 22,213,521                                      | \$ 4,994,560                                                    |
| Changes for the year:                          |                                                    |                                                                 |
| Service cost                                   | 898,878                                            | 282,917                                                         |
| Interest                                       | 492,557                                            | 112,668                                                         |
| Changes in assumptions                         | (5,024,934)                                        | (1,012,965)                                                     |
| Effect of economic/demographic gains or losses | (3,811,143)                                        | (1,352,296)                                                     |
| Benefit payments                               | (620,998)                                          | (123,337)                                                       |
| Net changes                                    | (8,065,640)                                        | (2,093,013)                                                     |
| Balances at June 30, 2022                      | \$ 14,147,881                                      | \$ 2,901,547                                                    |

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

**Note 15—Medical, Dental, and Life Insurance—Pay-as-you-Go (OPEB Plan): (Continued)**

**City and Component Unit School Board: (Continued)**

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following amounts present the total OPEB liability of the City and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.54%) or one percentage point higher (3.54%) than the current discount rate:

|                             | Rate                   |                                  |                        |
|-----------------------------|------------------------|----------------------------------|------------------------|
|                             | 1% Decrease<br>(2.54%) | Current Discount<br>Rate (3.54%) | 1% Increase<br>(4.54%) |
| Primary Government          | \$ 16,567,586          | \$ 14,147,881                    | \$ 12,218,966          |
| Component Unit School Board | \$ 3,194,066           | \$ 2,901,547                     | \$ 2,641,445           |

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the City and School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

|                             | Rates         |                          |               |
|-----------------------------|---------------|--------------------------|---------------|
|                             | 1% Decrease   | Healthcare Cost<br>Trend | 1% Increase   |
| Primary Government          | \$ 11,906,866 | \$ 14,147,881            | \$ 17,058,566 |
| Component Unit School Board | \$ 2,673,062  | \$ 2,901,547             | \$ 3,174,066  |

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources***

For the year ended June 30, 2022, the City and School Board recognized OPEB expense in the amount of \$893,762 and \$246,510, respectively. At June 30, 2022, the City and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                       | Primary Government                |                                  | Component Unit School Board       |                                  |
|-------------------------------------------------------|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
|                                                       | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Differences between expected<br>and actual experience | \$ 2,442,642                      | \$ 3,258,803                     | \$ 107,135                        | \$ 1,206,888                     |
| Changes in assumptions                                | 900,707                           | 4,507,261                        | 598,544                           | 969,738                          |
| Total                                                 | \$ 3,343,349                      | \$ 7,766,064                     | \$ 705,679                        | \$ 2,176,626                     |

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

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**Note 15—Medical, Dental, and Life Insurance—Pay-as-you-Go (OPEB Plan): (Continued)**

**City and Component Unit School Board: (Continued)**

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)***

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> | <u>Primary<br/>Government</u> | <u>Component Unit<br/>School Board</u> |
|---------------------------|-------------------------------|----------------------------------------|
| 2023                      | \$ (497,673)                  | \$ (149,075)                           |
| 2024                      | (497,673)                     | (149,075)                              |
| 2025                      | (488,749)                     | (149,075)                              |
| 2026                      | (514,707)                     | (149,075)                              |
| 2027                      | (1,271,382)                   | (149,494)                              |
| Thereafter                | (1,152,531)                   | (725,153)                              |
|                           | <u>\$ (4,422,715)</u>         | <u>\$ (1,470,947)</u>                  |

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

**Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):**

***Plan Description***

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is described below:

***Eligible Employees***

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.



Notes to Financial Statements  
As of June 30, 2022 (Continued)

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**Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

***Benefit Amounts***

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Plan (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

***HIC Plan Notes***

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$349,775 and \$316,770 for the years ended June 30, 2022 and June 30, 2021, respectively.

***Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB***

At June 30, 2021, the school division reported a liability of \$3,799,493 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC Plan was .2960% as compared to .3084% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$290,623. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.



**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

**Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

***Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB: (Continued)***

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

|                                                                                           | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|-------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience                                        | \$ -                                      | \$ 66,301                                |
| Net difference between projected and actual earnings on Teacher HIC OPEB plan investments | -                                         | 50,051                                   |
| Change in assumptions                                                                     | 102,707                                   | 15,270                                   |
| Change in proportionate share                                                             | 71,950                                    | 200,490                                  |
| Employer contributions subsequent to the measurement date                                 | <u>349,775</u>                            | <u>-</u>                                 |
| Total                                                                                     | <u>\$ 524,432</u>                         | <u>\$ 332,112</u>                        |

\$349,775 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

**Year Ended June 30**

|            |             |
|------------|-------------|
| 2023       | \$ (23,464) |
| 2024       | (24,032)    |
| 2025       | (27,778)    |
| 2026       | (32,886)    |
| 2027       | (21,553)    |
| Thereafter | (27,742)    |

Notes to Financial Statements  
As of June 30, 2022 (Continued)

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**Note 16–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

***Actuarial Assumptions***

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

|                                       |                                                           |
|---------------------------------------|-----------------------------------------------------------|
| Inflation                             | 2.5%                                                      |
| Salary increases, including inflation | 3.5%-5.95%                                                |
| Investment rate of return             | 6.75%, net of investment expenses,<br>including inflation |

**Mortality Rates – Teachers**

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

**Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

***Actuarial Assumptions: (Continued)***

**Mortality Rates – Teachers: (Continued)**

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|                                                                         |                                                                                                                                                                  |
|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates                                                        | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates                                                        | Adjusted rates to better fit experience at each age and service decrement through 9 years of service                                                             |
| Disability Rates                                                        | No change                                                                                                                                                        |
| Salary Scale                                                            | No change                                                                                                                                                        |
| Discount Rate                                                           | No change                                                                                                                                                        |

***Net Teacher Employee HIC OPEB Liability***

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the Plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

|                                                                                                 |    | <b>Teacher<br/>Employee HIC<br/>OPEB Plan</b> |
|-------------------------------------------------------------------------------------------------|----|-----------------------------------------------|
| Total Teacher Employee HIC OPEB Liability                                                       | \$ | 1,477,874                                     |
| Plan Fiduciary Net Position                                                                     |    | 194,305                                       |
| Teacher Employee net HIC OPEB Liability (Asset)                                                 | \$ | <u>1,283,569</u>                              |
|                                                                                                 |    |                                               |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Teacher Employee HIC OPEB Liability |    | 13.15%                                        |

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

**Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on the VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| <b>Asset Class (Strategy)</b>        | <b>Long-Term<br/>Target<br/>Asset<br/>Allocation</b> | <b>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</b> | <b>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return</b> |
|--------------------------------------|------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------------------|
| Public Equity                        | 34.00%                                               | 5.00%                                                           | 1.70%                                                                     |
| Fixed Income                         | 15.00%                                               | 0.57%                                                           | 0.09%                                                                     |
| Credit Strategies                    | 14.00%                                               | 4.49%                                                           | 0.63%                                                                     |
| Real Assets                          | 14.00%                                               | 4.76%                                                           | 0.67%                                                                     |
| Private Equity                       | 14.00%                                               | 9.94%                                                           | 1.39%                                                                     |
| MAPS - Multi-Asset Public Strategies | 6.00%                                                | 3.29%                                                           | 0.20%                                                                     |
| PIP - Private Investment Partnership | 3.00%                                                | 6.84%                                                           | 0.21%                                                                     |
| <b>Total</b>                         | <b>100.00%</b>                                       |                                                                 | <b>4.89%</b>                                                              |
|                                      |                                                      | Inflation                                                       | 2.50%                                                                     |
|                                      |                                                      | Expected arithmetic nominal return*                             | 7.39%                                                                     |

\*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

\*On October 10, 2019 VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

***Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

**Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

***Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate***

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

|                                                                                 | Rate                   |                             |                        |
|---------------------------------------------------------------------------------|------------------------|-----------------------------|------------------------|
|                                                                                 | 1% Decrease<br>(5.75%) | Current Discount<br>(6.75%) | 1% Increase<br>(7.75%) |
| School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan |                        |                             |                        |
| Net HIC OPEB Liability                                                          | \$ 4,277,176           | \$ 3,799,493                | \$ 3,395,259           |

***Teacher Employee HIC OPEB Fiduciary Net Position***

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 17—Health Insurance Credit (HIC) Plan (OPEB Plan):**

***Plan Description***

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

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**Note 17—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

***Eligible Employees***

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

***Benefit Amounts***

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

***HIC Plan Notes***

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

***Employees Covered by Benefit Terms***

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

|                                                                      | <b><u>Number</u></b> |
|----------------------------------------------------------------------|----------------------|
| Inactive members or their beneficiaries currently receiving benefits | <u>-</u>             |
| Inactive members:                                                    |                      |
| Vested inactive members                                              | -                    |
| Non-vested inactive members                                          | -                    |
| Inactive members active elsewhere in VRS                             | -                    |
| Total inactive members                                               | <u>-</u>             |
| Active members                                                       | <u>-</u>             |
| Total covered employees                                              | <u><u>-</u></u>      |

**Note 17–Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

**Contributions**

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board Nonprofessional’s contractually required employer contribution rate for the year ended June 30, 2022 was .72% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$17,742 and \$16,698 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

**Net HIC OPEB Liability**

The School Board Nonprofessional’s net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

**Actuarial Assumptions**

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

|                                        |                                                           |
|----------------------------------------|-----------------------------------------------------------|
| Inflation                              | 2.50%                                                     |
| Salary increases, including inflation: |                                                           |
| Locality - General employees           | 3.50%-5.35%                                               |
| Investment rate of return              | 6.75%, net of investment expenses,<br>including inflation |

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

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**Note 17—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

**Mortality Rates – Non-Largest Ten Locality Employers – General Employees**

**Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

**Post-Retirement:**

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

**Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

**Mortality Improvement Scale:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|                                                                         |                                                                                                                                                                  |
|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates                                                        | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates                                                        | Adjusted rates to better fit experience at each age and service decrement through 9 years of service                                                             |
| Disability Rates                                                        | No change                                                                                                                                                        |
| Salary Scale                                                            | No change                                                                                                                                                        |
| Line of Duty Disability                                                 | No change                                                                                                                                                        |
| Discount Rate                                                           | No change                                                                                                                                                        |



**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

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**Note 17—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

**Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees**

**Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

**Post-Retirement:**

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

**Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

**Mortality Improvement Scale:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|                                                                         |                                                                                  |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020            |
| Retirement Rates                                                        | Increased age 50 rates and lowered rates at older ages                           |
| Withdrawal Rates                                                        | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates                                                        | Adjusted rates to better match experience                                        |
| Salary Scale                                                            | No change                                                                        |
| Line of Duty Disability                                                 | Increased rate from 60.00% to 45.00%                                             |
| Discount Rate                                                           | Decreased rate from 7.00% to 6.75%                                               |

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

**Note 17—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| <b>Asset Class (Strategy)</b>        | <b>Long-term<br/>Target<br/>Asset<br/>Allocation</b> | <b>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</b> | <b>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return*</b> |
|--------------------------------------|------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------------------|
| Public Equity                        | 34.00%                                               | 5.00%                                                           | 1.70%                                                                      |
| Fixed Income                         | 15.00%                                               | 0.57%                                                           | 0.09%                                                                      |
| Credit Strategies                    | 14.00%                                               | 4.49%                                                           | 0.63%                                                                      |
| Real Assets                          | 14.00%                                               | 4.76%                                                           | 0.67%                                                                      |
| Private Equity                       | 14.00%                                               | 9.94%                                                           | 1.39%                                                                      |
| MAPS - Multi-Asset Public Strategies | 6.00%                                                | 3.29%                                                           | 0.20%                                                                      |
| PIP - Private Investment Partnership | 3.00%                                                | 6.84%                                                           | 0.21%                                                                      |
| Total                                | 100.00%                                              |                                                                 | 4.89%                                                                      |
|                                      |                                                      | Inflation                                                       | 2.50%                                                                      |
|                                      |                                                      | Expected arithmetic nominal return*                             | 7.39%                                                                      |

\*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

\*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

***Discount Rate***

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2022 (Continued)

**Note 17—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

**Changes in Net HIC OPEB Liability**

|                                                       | Increase (Decrease)                   |                                          |                                           |
|-------------------------------------------------------|---------------------------------------|------------------------------------------|-------------------------------------------|
|                                                       | Total<br>HIC OPEB<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>HIC OPEB<br>Liability<br>(a) - (b) |
| Balances at June 30, 2020                             | \$ 176,032                            | \$ -                                     | \$ -                                      |
| Changes for the year:                                 |                                       |                                          |                                           |
| Service cost                                          | \$ 20,598                             | \$ -                                     | \$ 20,598                                 |
| Interest                                              | -                                     | -                                        | -                                         |
| Benefit changes                                       | -                                     | -                                        | -                                         |
| Differences between expected<br>and actual experience | -                                     | -                                        | -                                         |
| Assumption changes                                    | -                                     | -                                        | -                                         |
| Contributions - employer                              | -                                     | 16,698                                   | (16,698)                                  |
| Net investment income                                 | -                                     | 2,367                                    | (2,367)                                   |
| Benefit payments                                      | -                                     | -                                        | -                                         |
| Administrative expenses                               | -                                     | (75)                                     | 75                                        |
| Other changes                                         | -                                     | -                                        | -                                         |
| Net changes                                           | \$ 20,598                             | \$ 18,990                                | \$ 1,608                                  |
| Balances at June 30, 2021                             | \$ 196,630                            | \$ 18,990                                | \$ 177,640                                |

**Sensitivity of the School Board Nonprofessional's HIC Net OPEB Liability to Changes in the Discount Rate**

The following presents the School Board Nonprofessional's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the School Board Nonprofessional's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

|                                                        | Rate                   |                             |                        |
|--------------------------------------------------------|------------------------|-----------------------------|------------------------|
|                                                        | 1% Decrease<br>(5.75%) | Current Discount<br>(6.75%) | 1% Increase<br>(7.75%) |
| School Board Nonprofessional<br>Net HIC OPEB Liability | \$ 195,906             | \$ 177,640                  | \$ 161,897             |

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

**Note 17—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

***HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB***

For the year ended June 30, 2022, the School Board recognized HIC Plan OPEB expense of \$15,817. At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board Nonprofessional's HIC Plan from the following sources:

|                                                                                   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|-----------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Net difference between projected and actual earnings on HIC OPEB plan investments | \$ -                                      | \$ 1,445                                 |
| Change in assumptions                                                             | 3,934                                     | -                                        |
| Employer contributions subsequent to the measurement date                         | <u>17,742</u>                             | <u>-</u>                                 |
| Total                                                                             | <u>\$ 21,676</u>                          | <u>\$ 1,445</u>                          |

\$17,742 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> |        |
|---------------------------|--------|
| 2023                      | \$ 677 |
| 2024                      | 677    |
| 2025                      | 677    |
| 2026                      | 458    |

***HIC Plan Data***

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2022 (Continued)

**Note 18—Summary of Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources**

|                                                        | Deferred<br>Outflows | Deferred<br>Inflows | Net/Total<br>OPEB<br>Liabilities | OPEB<br>Expense   |
|--------------------------------------------------------|----------------------|---------------------|----------------------------------|-------------------|
| <b>Primary Government</b>                              |                      |                     |                                  |                   |
| VRS OPEB Plans:                                        |                      |                     |                                  |                   |
| Group Life Insurance Plan (Note 14):                   |                      |                     |                                  |                   |
| City                                                   | \$ 314,268           | \$ 475,062          | \$ 1,093,716                     | \$ 45,492         |
| City Stand-Alone Plan (Note 15)                        | 3,343,349            | 7,766,064           | 14,147,881                       | 893,762           |
| Totals                                                 | <u>\$ 3,657,617</u>  | <u>\$ 8,241,126</u> | <u>\$ 15,241,597</u>             | <u>\$ 939,254</u> |
| <b>Component Unit School Board</b>                     |                      |                     |                                  |                   |
| VRS OPEB Plans:                                        |                      |                     |                                  |                   |
| Group Life Insurance Plan (Note 14):                   |                      |                     |                                  |                   |
| School Board Nonprofessional                           | \$ 51,068            | \$ 58,530           | \$ 131,563                       | \$ 8,150          |
| School Board Professional                              | 451,077              | 668,594             | 1,477,228                        | 55,812            |
| Teacher Health Insurance Credit Plan (Note 16)         | 524,432              | 332,112             | 3,799,493                        | 290,623           |
| Nonprofessional Health Insurance Credit Plan (Note 17) | 21,676               | 1,445               | 177,640                          | 15,817            |
| School Stand-Alone Plan (Note 15)                      | 705,679              | 2,176,626           | 2,901,547                        | 246,510           |
| Totals                                                 | <u>\$ 1,753,932</u>  | <u>\$ 3,237,307</u> | <u>\$ 8,487,471</u>              | <u>\$ 616,912</u> |

**Note 19—Surety Bonds**

The following Surety bonds are maintained by the City with Fidelity and Deposit Company of Maryland – Surety (Faithful Performance of Duty Schedule Position Bond):

|                                                                            |              |
|----------------------------------------------------------------------------|--------------|
| Tamara J. Ward, Clerk of the Circuit Court                                 | \$ 1,075,000 |
| Joan Gosier, Treasurer                                                     | \$ 500,000   |
| Debra A. Reason, Commissioner of the Revenue                               | \$ 3,000     |
| Stephen Kephart, Sheriff                                                   | \$ 30,000    |
| The above constitutional officers and subordinate employees - blanket bond | \$ 50,000    |

**Notes to Financial Statements**  
**As of June 30, 2022 (Continued)**

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**Note 20—Adoption of Accounting Principles**

The County implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* and 92, *Omnibus 2020* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the lease(s):

**Note 21—Upcoming Pronouncements**

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

**Note 22—Date of Management’s Review**

Management has evaluated subsequent events and transactions for potential recognition or disclosure through August 22, 2025, the date on which the financial statements were available to be issued. There were no subsequent events to be disclosed.

### **Required Supplementary Information**

## CITY OF HOPEWELL, VIRGINIA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2022**

|                                                  | Original<br>Budget | Final<br>Budget | Actual         | Variance with<br>Final Positive<br>(Negative) |
|--------------------------------------------------|--------------------|-----------------|----------------|-----------------------------------------------|
| <b>REVENUES</b>                                  |                    |                 |                |                                               |
| General property taxes                           | \$ 35,042,907      | \$ 35,042,907   | \$ 40,032,774  | \$ 4,989,867                                  |
| Other local taxes                                | 6,080,000          | 6,080,000       | 6,367,473      | 287,473                                       |
| Permits, privilege fees, and regulatory licenses | 345,000            | 345,000         | 254,556        | (90,444)                                      |
| Fines and forfeitures                            | 620,000            | 620,000         | 782,880        | 162,880                                       |
| Revenues from use of money and property          | 78,500             | 78,500          | 54,575         | (23,925)                                      |
| Charges for services                             | 615,100            | 615,100         | 711,400        | 96,300                                        |
| Miscellaneous                                    | 2,395,914          | 2,600,247       | 9,569,052      | 6,968,805                                     |
| Recovered costs                                  | -                  | -               | 382,500        | 382,500                                       |
| Intergovernmental revenues:                      |                    |                 |                |                                               |
| Commonwealth                                     | 7,683,361          | 7,744,278       | 9,508,143      | 1,763,865                                     |
| Federal                                          | 26,000             | 36,944          | 312,847        | 275,903                                       |
| Total revenues                                   | \$ 52,886,782      | \$ 53,162,976   | \$ 67,976,200  | \$ 14,813,224                                 |
| <b>EXPENDITURES</b>                              |                    |                 |                |                                               |
| Current:                                         |                    |                 |                |                                               |
| General government administration                | \$ 7,309,832       | \$ 7,838,133    | \$ 6,784,248   | \$ 1,053,885                                  |
| Judicial administration                          | 1,677,744          | 1,678,999       | 3,231,455      | (1,552,456)                                   |
| Public safety                                    | 18,235,564         | 19,163,297      | 16,986,897     | 2,176,400                                     |
| Public works                                     | 5,382,207          | 5,801,253       | 5,139,184      | 662,069                                       |
| Health and welfare                               | 1,315,012          | 1,315,012       | 1,315,012      | -                                             |
| Education                                        | 14,580,075         | 14,580,075      | 14,060,728     | 519,347                                       |
| Parks, recreation, and cultural                  | 1,828,241          | 1,770,139       | 659,430        | 1,110,709                                     |
| Community development                            | 1,204,355          | 1,204,755       | 1,106,798      | 97,957                                        |
| Nondepartmental                                  | 1,560,500          | 1,700,281       | 1,704,265      | (3,984)                                       |
| Total expenditures                               | \$ 53,093,530      | \$ 55,051,944   | \$ 50,988,017  | \$ 4,063,927                                  |
| Excess of revenues over expenditures             | \$ (206,748)       | \$ (1,888,968)  | \$ 16,988,183  | \$ 18,877,151                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>            |                    |                 |                |                                               |
| Operating transfers in                           | 1,991,500          | 5,256,713       | -              | (5,256,713)                                   |
| Operating transfers out                          | (1,784,752)        | (4,121,906)     | (3,838,803)    | 283,103                                       |
| Total other financing sources (uses), net        | \$ 206,748         | \$ 1,134,807    | \$ (3,838,803) | \$ (4,973,610)                                |
| Net change in fund balances                      | \$ -               | \$ (754,161)    | \$ 13,149,380  | \$ 13,903,541                                 |
| Fund balances - beginning                        | -                  | 754,161         | 12,485,489     | 11,731,328                                    |
| Fund balances - ending                           | \$ -               | \$ -            | \$ 25,634,869  | \$ 25,634,869                                 |

**Budgetary Data**

The following procedures are used by the City in establishing the budgetary data reflected in the required supplementary information:

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



## CITY OF HOPEWELL, VIRGINIA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Virginia Public Assistance Fund**  
**For the Year Ended June 30, 2022**

|                                                              | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance with<br/>Final Positive<br/>(Negative)</u> |
|--------------------------------------------------------------|----------------------------|-------------------------|----------------|--------------------------------------------------------|
| <b>REVENUES</b>                                              |                            |                         |                |                                                        |
| Intergovernmental revenues:                                  |                            |                         |                |                                                        |
| Commonwealth                                                 | \$                         | \$ -                    | \$ 1,656,001   | \$ 1,656,001                                           |
| Federal                                                      | -                          | -                       | 2,938,805      | 2,938,805                                              |
| Revenues from use of money and property                      |                            | -                       | -              | -                                                      |
| Miscellaneous                                                | -                          | -                       | (1,897)        | (1,897)                                                |
| Total revenues                                               | \$ -                       | \$ -                    | \$ 4,592,909   | \$ 4,592,909                                           |
| <b>EXPENDITURES</b>                                          |                            |                         |                |                                                        |
| Current -                                                    |                            |                         |                |                                                        |
| Health and welfare                                           |                            |                         |                |                                                        |
| Welfare and social Services:                                 |                            |                         |                |                                                        |
| Welfare administration                                       | \$                         | \$                      | \$ 971,250     | \$ (971,250)                                           |
| Public assistance                                            |                            |                         | 4,835,559      | (4,835,559)                                            |
| Total expenditures                                           | \$ -                       | \$ -                    | \$ 5,806,809   | \$ (5,806,809)                                         |
| Excess (deficiency) of revenues<br>over (under) expenditures | \$ -                       | \$ -                    | \$ (1,213,900) | \$ (1,213,900)                                         |
| <b>OTHER FINANCING SOURCES</b>                               |                            |                         |                |                                                        |
| Operating transfers in                                       |                            | -                       | 994,754        | 994,754                                                |
| Total other financing sources                                | \$ -                       | \$ -                    | \$ 994,754     | \$ 994,754                                             |
| Net change in fund balance                                   | -                          | -                       | (219,146)      | (219,146)                                              |
| Fund balances - beginning                                    | -                          |                         | 690,158        | 690,158                                                |
| Fund balances - ending                                       | \$ -                       | \$ -                    | \$ 471,012     | \$ 471,012                                             |

CITY OF HOPEWELL, VIRGINIA

Schedule of Changes in City's Net Pension Liability and Related Ratios  
For the Measurement Dates of June 30, 2014 through June 30, 2021

|                                                                        | 2021                  | 2020                  | 2019                  | 2018                  |
|------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Pension Liability</b>                                         |                       |                       |                       |                       |
| Service cost                                                           | \$ 2,396,416          | \$ 2,397,904          | \$ 2,282,108          | \$ 2,094,219          |
| Interest                                                               | 7,911,371             | 7,675,177             | 7,585,814             | 7,391,931             |
| Changes in benefit terms                                               | -                     | -                     | -                     | 915,249               |
| Change in assumption                                                   | 4,799,076             | -                     | 3,135,183             | -                     |
| Difference between expected and actual experience                      | (1,213,309)           | 565,275               | (860,658)             | (1,154,821)           |
| Benefit payments, including refunds of employee contributions          | (7,403,368)           | (6,875,012)           | (6,734,756)           | (6,218,895)           |
| Net change in total pension liability                                  | \$ 6,490,186          | \$ 3,763,344          | \$ 5,407,691          | \$ 3,027,683          |
| Plan total pension liability - beginning                               | 120,907,179           | 117,143,835           | 111,736,144           | 108,708,461           |
| Plan total pension liability - ending                                  | <u>\$ 127,397,365</u> | <u>\$ 120,907,179</u> | <u>\$ 117,143,835</u> | <u>\$ 111,736,144</u> |
| <b>Plan fiduciary net position</b>                                     |                       |                       |                       |                       |
| Contributions - employer                                               | \$ 2,679,076          | \$ 2,588,972          | \$ 2,504,882          | \$ 2,684,835          |
| Contributions - employee                                               | 922,315               | 961,524               | 936,260               | 905,529               |
| Net investment income                                                  | 25,871,551            | 1,849,181             | 6,204,915             | 6,654,358             |
| Benefit payments, including refunds of employee contributions          | (7,403,368)           | (6,875,012)           | (6,734,756)           | (6,218,895)           |
| Administrative expense                                                 | (66,256)              | (64,371)              | (63,240)              | (58,413)              |
| Other                                                                  | 2,425                 | (2,168)               | (3,900)               | (5,888)               |
| Net change in plan fiduciary net position                              | \$ 22,005,743         | \$ (1,541,874)        | \$ 2,844,161          | \$ 3,961,526          |
| Plan fiduciary net position - beginning                                | 96,159,879            | 97,701,753            | 94,857,592            | 90,896,066            |
| Plan fiduciary net position - ending                                   | <u>\$ 118,165,622</u> | <u>\$ 96,159,879</u>  | <u>\$ 97,701,753</u>  | <u>\$ 94,857,592</u>  |
| Total net pension liability - ending                                   | <u>\$ 9,231,743</u>   | <u>\$ 24,747,300</u>  | <u>\$ 19,442,082</u>  | <u>\$ 16,878,552</u>  |
| Plan fiduciary net position as a percentage of total pension liability | 93%                   | 80%                   | 83%                   | 85%                   |
| Covered payroll                                                        | \$ 19,383,115         | \$ 20,111,062         | \$ 19,319,990         | \$ 18,651,062         |
| Net pension liability as a percentage of covered employee payroll      | 48%                   | 123%                  | 101%                  | 90%                   |

Schedules are intended to show information for 10 years. Since 2015 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF HOPEWELL, VIRGINIA

Schedule of Changes in City's Net Pension Liability and Related Ratios  
For the Measurement Dates of June 30, 2014 through June 30, 2021

|                                                                        | 2017                  | 2016                  | 2015                  | 2014                  |
|------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Pension Liability</b>                                         |                       |                       |                       |                       |
| Service cost                                                           | \$ 2,036,407          | \$ 1,974,094          | \$ 1,881,386          | \$ 1,860,421          |
| Interest                                                               | 7,364,860             | 7,121,892             | 6,920,166             | 6,707,497             |
| Changes in benefit terms                                               | -                     | -                     | -                     | -                     |
| Change in assumption                                                   | (1,292)               | -                     | -                     | -                     |
| Difference between expected and actual experience                      | (2,984,084)           | 475,274               | 120,211               | -                     |
| Benefit payments, including refunds of employee contributions          | (5,839,426)           | (6,361,167)           | (5,718,746)           | (5,340,826)           |
| Net change in total pension liability                                  | \$ 576,465            | \$ 3,210,093          | \$ 3,203,017          | \$ 3,227,092          |
| Plan total pension liability - beginning                               | 108,131,996           | 104,921,903           | 101,718,886           | 98,491,794            |
| Plan total pension liability - ending                                  | <u>\$ 108,708,461</u> | <u>\$ 108,131,996</u> | <u>\$ 104,921,903</u> | <u>\$ 101,718,886</u> |
| <b>Plan fiduciary net position</b>                                     |                       |                       |                       |                       |
| Contributions - employer                                               | \$ 2,465,223          | \$ 2,060,903          | \$ 2,023,775          | \$ 1,649,427          |
| Contributions - employee                                               | 872,284               | 831,516               | 844,447               | 799,011               |
| Net investment income                                                  | 10,047,935            | 1,403,075             | 3,794,786             | 11,756,144            |
| Benefit payments, including refunds of employee contributions          | (5,839,426)           | (6,361,167)           | (5,718,746)           | (5,340,826)           |
| Administrative expense                                                 | (59,296)              | (54,474)              | (54,133)              | (65,207)              |
| Other                                                                  | (8,883)               | (613)                 | (798)                 | 620                   |
| Net change in plan fiduciary net position                              | \$ 7,477,837          | \$ (2,120,760)        | \$ 889,331            | \$ 8,799,169          |
| Plan fiduciary net position - beginning                                | 83,418,229            | 85,538,989            | 84,649,658            | 75,850,489            |
| Plan fiduciary net position - ending                                   | <u>\$ 90,896,066</u>  | <u>\$ 83,418,229</u>  | <u>\$ 85,538,989</u>  | <u>\$ 84,649,658</u>  |
| Total net pension liability - ending                                   | <u>\$ 17,812,395</u>  | <u>\$ 24,713,767</u>  | <u>\$ 19,382,914</u>  | <u>\$ 17,069,228</u>  |
| Plan fiduciary net position as a percentage of total pension liability | 84%                   | 77%                   | 82%                   | 83%                   |
| Covered payroll                                                        | \$ 17,926,258         | \$ 16,746,388         | \$ 16,746,388         | \$ 16,746,388         |
| Net pension liability as a percentage of covered employee payroll      | 99%                   | 148%                  | 116%                  | 102%                  |

Schedules are intended to show information for 10 years. Since 2015 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF HOPEWELL, VIRGINIA

Schedule of Changes in School Board's Nonprofessional Net Pension  
Liability and Related Ratios  
For the Measurement Dates of June 30, 2014 through June 30, 2021

|                                                                        | 2021                | 2020                | 2019                | 2018                |
|------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total Pension Liability</b>                                         |                     |                     |                     |                     |
| Service cost                                                           | \$ 205,322          | \$ 205,661          | \$ 182,219          | \$ 190,303          |
| Interest                                                               | 589,576             | 586,226             | 549,786             | 539,366             |
| Change in assumptions                                                  | 300,596             | -                   | 211,459             | -                   |
| Difference between expected and actual experience                      | 129,022             | (145,644)           | 465,495             | 846                 |
| Benefit payments, including refunds of employee contributions          | (601,953)           | (591,261)           | (565,187)           | (598,111)           |
| Net change in total pension liability                                  | \$ 622,563          | \$ 54,982           | \$ 843,772          | \$ 132,404          |
| Plan total pension liability - beginning                               | 9,035,439           | 8,980,457           | 8,136,685           | 8,004,281           |
| Plan total pension liability - ending                                  | <u>\$ 9,658,002</u> | <u>\$ 9,035,439</u> | <u>\$ 8,980,457</u> | <u>\$ 8,136,685</u> |
| <b>Plan fiduciary net position</b>                                     |                     |                     |                     |                     |
| Contributions - employer                                               | \$ 216,560          | \$ 240,346          | \$ 210,476          | \$ 195,270          |
| Contributions - employee                                               | 106,747             | 113,881             | 99,626              | 96,478              |
| Net investment income                                                  | 1,900,784           | 134,607             | 455,363             | 492,842             |
| Benefit payments, including refunds of employee contributions          | (601,953)           | (591,261)           | (565,187)           | (598,111)           |
| Administrative expense                                                 | (4,871)             | (4,699)             | (4,640)             | (4,425)             |
| Other                                                                  | 178                 | (171)               | (286)               | (433)               |
| Net change in plan fiduciary net position                              | \$ 1,617,445        | \$ (107,297)        | \$ 195,352          | \$ 181,621          |
| Plan fiduciary net position - beginning                                | 7,056,750           | 7,164,047           | 6,968,695           | 6,787,074           |
| Plan fiduciary net position - ending                                   | <u>\$ 8,674,195</u> | <u>\$ 7,056,750</u> | <u>\$ 7,164,047</u> | <u>\$ 6,968,695</u> |
| Total net pension liability - ending                                   | <u>\$ 983,807</u>   | <u>\$ 1,978,689</u> | <u>\$ 1,816,410</u> | <u>\$ 1,167,990</u> |
| Plan fiduciary net position as a percentage of total pension liability | 89.81%              | 78.10%              | 79.77%              | 85.65%              |
| Covered payroll                                                        | \$ 2,319,162        | \$ 2,459,189        | \$ 2,123,995        | \$ 2,039,146        |
| Net pension liability as a percentage of covered employee payroll      | 42.42%              | 80.46%              | 85.52%              | 57.28%              |

Schedules are intended to show information for 10 years. Since 2015 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF HOPEWELL, VIRGINIA

Schedule of Changes in School Board's Nonprofessional Net Pension  
Liability and Related Ratios  
For the Measurement Dates of June 30, 2014 through June 30, 2021

|                                                                        | 2017                | 2016                | 2015                | 2014                |
|------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total Pension Liability</b>                                         |                     |                     |                     |                     |
| Service cost                                                           | \$ 207,971          | \$ 204,573          | \$ 202,475          | \$ 185,137          |
| Interest                                                               | 536,970             | 545,104             | 534,282             | 524,469             |
| Change in assumptions                                                  | 3,590               |                     |                     |                     |
| Difference between expected and actual experience                      | (127,743)           | (240,879)           | 62,210              | -                   |
| Benefit payments, including refunds of employee contributions          | (575,011)           | (674,980)           | (613,765)           | (525,083)           |
| Net change in total pension liability                                  | \$ 45,777           | \$ (166,182)        | \$ 185,202          | \$ 184,523          |
| Plan total pension liability - beginning                               | 7,958,504           | 8,124,686           | 7,939,484           | 7,754,961           |
| Plan total pension liability - ending                                  | <u>\$ 8,004,281</u> | <u>\$ 7,958,504</u> | <u>\$ 8,124,686</u> | <u>\$ 7,939,484</u> |
| <b>Plan fiduciary net position</b>                                     |                     |                     |                     |                     |
| Contributions - employer                                               | \$ 178,610          | \$ 210,896          | \$ 213,125          | \$ 159,179          |
| Contributions - employee                                               | 87,895              | 86,708              | 88,419              | 88,108              |
| Net investment income                                                  | 753,505             | 107,664             | 293,446             | 924,453             |
| Benefit payments, including refunds of employee contributions          | (575,011)           | (674,980)           | (613,765)           | (525,083)           |
| Administrative expense                                                 | (4,552)             | (4,221)             | (4,268)             | (5,167)             |
| Other                                                                  | (663)               | (47)                | (60)                | 48                  |
| Net change in plan fiduciary net position                              | \$ 439,784          | \$ (273,980)        | \$ (23,103)         | \$ 641,538          |
| Plan fiduciary net position - beginning                                | 6,347,290           | 6,621,270           | 6,644,373           | 6,002,835           |
| Plan fiduciary net position - ending                                   | <u>\$ 6,787,074</u> | <u>\$ 6,347,290</u> | <u>\$ 6,621,270</u> | <u>\$ 6,644,373</u> |
| Total net pension liability - ending                                   | <u>\$ 1,217,207</u> | <u>\$ 1,611,214</u> | <u>\$ 1,503,416</u> | <u>\$ 1,295,111</u> |
| Plan fiduciary net position as a percentage of total pension liability | 84.79%              | 79.75%              | 81.50%              | 83.69%              |
| Covered payroll                                                        | \$ 1,846,602        | \$ 1,761,986        | \$ 1,761,986        | \$ 1,761,986        |
| Net pension liability as a percentage of covered employee payroll      | 65.92%              | 91.44%              | 85.33%              | 73.50%              |

Schedules are intended to show information for 10 years. Since 2015 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

## CITY OF HOPEWELL, VIRGINIA

**Schedule of Employer's Proportionate Share of Net Pension Liability -  
School Board Professional Retirement Plan  
For the Measurement Dates of June 30, 2014 through June 30, 2021**

| <b>Date<br/>(1)</b> | <b>Employer's<br/>Proportion of the<br/>Net Pension<br/>Liability (Asset)<br/>(2)</b> | <b>Employer's<br/>Proportionate<br/>Share of the Net<br/>Pension Liability<br/>(Asset)<br/>(3)</b> | <b>Employer's<br/>Covered<br/>Payroll<br/>(4)</b> | <b>Employer's Proportionate<br/>Share of the Net Pension<br/>Liability (Asset) as a<br/>Percentage of its Covered<br/>Payroll<br/>(3)/(4)<br/>(5)</b> | <b>Plan Fiduciary Net<br/>Position as a<br/>Percentage of the<br/>Total Pension<br/>Liability<br/>(6)</b> |
|---------------------|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| 2021                | 0.2957%                                                                               | \$ 22,955,479                                                                                      | \$ 26,186,130                                     | 88%                                                                                                                                                   | 85.46%                                                                                                    |
| 2020                | 0.3083%                                                                               | 44,868,657                                                                                         | 27,034,811                                        | 166%                                                                                                                                                  | 71.47%                                                                                                    |
| 2019                | 0.3121%                                                                               | 41,072,818                                                                                         | 26,202,713                                        | 157%                                                                                                                                                  | 73.51%                                                                                                    |
| 2018                | 0.3078%                                                                               | 36,195,000                                                                                         | 24,698,847                                        | 147%                                                                                                                                                  | 74.81%                                                                                                    |
| 2017                | 0.3122%                                                                               | 38,398,000                                                                                         | 22,938,444                                        | 167%                                                                                                                                                  | 72.92%                                                                                                    |
| 2016                | 0.3033%                                                                               | 42,498,000                                                                                         | 22,938,444                                        | 185%                                                                                                                                                  | 68.28%                                                                                                    |
| 2015                | 0.3119%                                                                               | 39,253,000                                                                                         | 22,938,444                                        | 171%                                                                                                                                                  | 70.68%                                                                                                    |
| 2014                | 0.3138%                                                                               | 37,926,000                                                                                         | 22,938,444                                        | 165%                                                                                                                                                  | 70.88%                                                                                                    |

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

## CITY OF HOPEWELL, VIRGINIA

Schedule of Employer Contributions  
Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2021

| Date                                                 | Contractually<br>Required<br>Contribution<br>(1)* | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2)* | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|------------------------------------------------------|---------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------|---------------------------------------------------------|
| <b>Primary Government</b>                            |                                                   |                                                                                      |                                               |                                         |                                                         |
| 2022                                                 | \$ 2,829,707                                      | \$ 2,829,707                                                                         | \$ -                                          | \$ 19,732,964                           | 14.34%                                                  |
| 2021                                                 | 2,779,539                                         | 2,779,539                                                                            | -                                             | 19,383,115                              | 14.34%                                                  |
| 2020                                                 | 2,587,661                                         | 2,587,661                                                                            | -                                             | 20,111,062                              | 12.87%                                                  |
| 2019                                                 | 2,508,520                                         | 2,508,520                                                                            | -                                             | 19,319,990                              | 12.98%                                                  |
| 2018                                                 | 2,723,055                                         | 2,723,055                                                                            | -                                             | 18,651,062                              | 14.60%                                                  |
| 2017                                                 | 2,423,732                                         | 2,423,732                                                                            | -                                             | 17,926,258                              | 13.52%                                                  |
| 2016                                                 | 2,009,066                                         | 2,009,066                                                                            | -                                             | 16,746,388                              | 12.00%                                                  |
| 2015                                                 | 2,023,774                                         | 2,023,774                                                                            | -                                             | 16,746,388                              | 12.08%                                                  |
| <b>Component Unit School Board (Nonprofessional)</b> |                                                   |                                                                                      |                                               |                                         |                                                         |
| 2022                                                 | \$ 246,669                                        | \$ 246,669                                                                           | \$ -                                          | \$ 2,464,227                            | 10.01%                                                  |
| 2021                                                 | 232,148                                           | 232,148                                                                              | -                                             | 2,319,162                               | 10.01%                                                  |
| 2020                                                 | 240,855                                           | 240,855                                                                              | -                                             | 2,459,189                               | 9.79%                                                   |
| 2019                                                 | 210,476                                           | 210,476                                                                              | -                                             | 2,123,995                               | 9.91%                                                   |
| 2018                                                 | 203,099                                           | 203,099                                                                              | -                                             | 2,039,146                               | 9.96%                                                   |
| 2017                                                 | 178,358                                           | 178,358                                                                              | -                                             | 1,846,602                               | 9.66%                                                   |
| 2016                                                 | 210,721                                           | 210,721                                                                              | -                                             | 1,761,986                               | 11.96%                                                  |
| 2015                                                 | 213,125                                           | 213,125                                                                              | -                                             | 1,761,986                               | 12.10%                                                  |
| <b>Component Unit School Board (Professional)</b>    |                                                   |                                                                                      |                                               |                                         |                                                         |
| 2022                                                 | \$ 4,804,344                                      | \$ 4,804,344                                                                         | \$ -                                          | \$ 28,907,004                           | 16.62%                                                  |
| 2021                                                 | 4,352,135                                         | 4,352,135                                                                            | -                                             | 26,186,130                              | 16.62%                                                  |
| 2020                                                 | 4,097,008                                         | 4,097,008                                                                            | -                                             | 27,034,811                              | 15.15%                                                  |
| 2019                                                 | 3,999,587                                         | 3,999,587                                                                            | -                                             | 26,202,713                              | 15.26%                                                  |
| 2018                                                 | 3,552,276                                         | 3,552,276                                                                            | -                                             | 24,698,847                              | 14.38%                                                  |
| 2017                                                 | 3,618,621                                         | 3,618,621                                                                            | -                                             | 22,938,444                              | 15.78%                                                  |
| 2016                                                 | 3,303,324                                         | 3,303,324                                                                            | -                                             | 22,938,444                              | 14.40%                                                  |
| 2015                                                 | 3,362,153                                         | 3,362,153                                                                            | -                                             | 22,938,444                              | 14.66%                                                  |

\*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Schedules are intended to show information for 10 years. Since 2015 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

## CITY OF HOPEWELL, VIRGINIA

**Notes to Required Supplementary Information - Primary Government  
and Component Unit School Board  
Pension Plans  
For the Year Ended June 30, 2022**

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**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**All Others (Non 10 Largest) – Non-Hazardous Duty:**

|                                                                         |                                                                                                                                                        |
|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates                                                        | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age             |
| Withdrawal Rates                                                        | Adjusted rates to better fit experience at each age and service decrement through 9 years of service                                                   |
| Disability Rates                                                        | No change                                                                                                                                              |
| Salary Scale                                                            | No change                                                                                                                                              |
| Line of Duty Disability                                                 | No change                                                                                                                                              |
| Discount Rate                                                           | No change                                                                                                                                              |

**All Others (Non 10 Largest) – Hazardous Duty:**

|                                                                         |                                                                                                                                                                                              |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates                                                        | Adjusted rates to better fit experience and changed final retirement age from 65 to 70                                                                                                       |
| Withdrawal Rates                                                        | Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty      |
| Disability Rates                                                        | No change                                                                                                                                                                                    |
| Salary Scale                                                            | No change                                                                                                                                                                                    |
| Line of Duty Disability                                                 | No change                                                                                                                                                                                    |
| Discount Rate                                                           | No change                                                                                                                                                                                    |

**Component Unit School Board - Professional Employees**

|                                                                         |                                                                                                                                                                  |
|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates                                                        | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates                                                        | Adjusted rates to better fit experience at each age and service decrement through 9 years of service                                                             |
| Disability Rates                                                        | No change                                                                                                                                                        |
| Salary Scale                                                            | No change                                                                                                                                                        |
| Discount Rate                                                           | No change                                                                                                                                                        |



## CITY OF HOPEWELL, VIRGINIA

Schedule of City and School Board's Share of Net OPEB Liability  
Group Life Insurance Program  
For the Measurement Dates of June 30, 2017 through June 30, 2021

| Date<br>(1)                                          | Employer's<br>Proportion of the<br>Net GLI OPEB<br>Liability (Asset)<br>(2) | Employer's<br>Proportionate<br>Share of the<br>Net GLI OPEB<br>Liability (Asset)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Employer's<br>Proportionate Share<br>of the Net GLI OPEB<br>Liability (Asset)<br>as a Percentage of<br>Covered Payroll<br>(3)/(4)<br>(5) | Plan Fiduciary<br>Net Position as a<br>Percentage of Total<br>GLI OPEB Liability<br>(6) |
|------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <b>Primary Government</b>                            |                                                                             |                                                                                         |                                         |                                                                                                                                          |                                                                                         |
| 2021                                                 | 0.09394% \$                                                                 | 1,093,716 \$                                                                            | 19,395,752                              | 5.64%                                                                                                                                    | 67.45%                                                                                  |
| 2020                                                 | 0.09772%                                                                    | 1,630,787                                                                               | 20,111,062                              | 8.11%                                                                                                                                    | 52.64%                                                                                  |
| 2019                                                 | 0.09864%                                                                    | 1,605,135                                                                               | 19,336,902                              | 8.30%                                                                                                                                    | 52.00%                                                                                  |
| 2018                                                 | 0.09820%                                                                    | 1,491,000                                                                               | 18,672,301                              | 7.99%                                                                                                                                    | 51.22%                                                                                  |
| 2017                                                 | 0.09743%                                                                    | 1,466,000                                                                               | 17,971,197                              | 8.16%                                                                                                                                    | 48.86%                                                                                  |
| <b>Component Unit School Board (nonprofessional)</b> |                                                                             |                                                                                         |                                         |                                                                                                                                          |                                                                                         |
| 2021                                                 | 0.01130% \$                                                                 | 131,563 \$                                                                              | 2,332,033                               | 5.64%                                                                                                                                    | 67.45%                                                                                  |
| 2020                                                 | 0.01196%                                                                    | 199,593                                                                                 | 2,461,324                               | 8.11%                                                                                                                                    | 52.64%                                                                                  |
| 2019                                                 | 0.01102%                                                                    | 179,324                                                                                 | 2,160,317                               | 8.30%                                                                                                                                    | 52.00%                                                                                  |
| 2018                                                 | 0.01075%                                                                    | 164,000                                                                                 | 2,044,159                               | 8.02%                                                                                                                                    | 51.22%                                                                                  |
| 2017                                                 | 0.01017%                                                                    | 153,000                                                                                 | 1,875,385                               | 8.16%                                                                                                                                    | 48.86%                                                                                  |
| <b>Component Unit School Board (professional)</b>    |                                                                             |                                                                                         |                                         |                                                                                                                                          |                                                                                         |
| 2021                                                 | 0.12688% \$                                                                 | 1,477,228 \$                                                                            | 26,194,942                              | 5.64%                                                                                                                                    | 67.45%                                                                                  |
| 2020                                                 | 0.13176%                                                                    | 2,198,859                                                                               | 27,116,177                              | 8.11%                                                                                                                                    | 52.64%                                                                                  |
| 2019                                                 | 0.13434%                                                                    | 2,186,069                                                                               | 26,335,698                              | 8.30%                                                                                                                                    | 52.00%                                                                                  |
| 2018                                                 | 0.13131%                                                                    | 1,994,000                                                                               | 24,967,286                              | 7.99%                                                                                                                                    | 51.22%                                                                                  |
| 2017                                                 | 0.13390%                                                                    | 2,015,000                                                                               | 24,698,847                              | 8.16%                                                                                                                                    | 48.86%                                                                                  |

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

## CITY OF HOPEWELL, VIRGINIA

Schedule of Employer Contributions  
Group Life Insurance Program  
For the Years Ended June 30, 2013 through June 30, 2022

| Date                                                 | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------|---------------------------------------------------------|
| <b>Primary Government</b>                            |                                                  |                                                                                     |                                               |                                         |                                                         |
| 2022                                                 | \$ 106,686                                       | \$ 106,686                                                                          | \$ -                                          | \$ 19,756,719                           | 0.54%                                                   |
| 2021                                                 | 104,737                                          | 104,737                                                                             | -                                             | 19,395,752                              | 0.54%                                                   |
| 2020                                                 | 104,578                                          | 104,578                                                                             | -                                             | 20,111,062                              | 0.52%                                                   |
| 2019                                                 | 100,552                                          | 100,552                                                                             | -                                             | 19,336,902                              | 0.52%                                                   |
| 2018                                                 | 97,096                                           | 97,096                                                                              | -                                             | 18,672,301                              | 0.52%                                                   |
| 2017                                                 | 93,450                                           | 93,450                                                                              | -                                             | 17,971,197                              | 0.52%                                                   |
| 2016                                                 | 80,943                                           | 80,943                                                                              | -                                             | 16,863,061                              | 0.48%                                                   |
| 2015                                                 | 79,157                                           | 79,157                                                                              | -                                             | 16,490,951                              | 0.48%                                                   |
| 2014                                                 | 76,853                                           | 76,853                                                                              | -                                             | 16,011,112                              | 0.48%                                                   |
| 2013                                                 | 75,549                                           | 75,549                                                                              | -                                             | 15,739,365                              | 0.48%                                                   |
| <b>Component Unit School Board (nonprofessional)</b> |                                                  |                                                                                     |                                               |                                         |                                                         |
| 2022                                                 | \$ 13,319                                        | \$ 13,319                                                                           | \$ -                                          | \$ 2,466,442                            | 0.54%                                                   |
| 2021                                                 | 12,593                                           | 12,593                                                                              | -                                             | 2,332,033                               | 0.54%                                                   |
| 2020                                                 | 12,799                                           | 12,799                                                                              | -                                             | 2,461,324                               | 0.52%                                                   |
| 2019                                                 | 11,234                                           | 11,234                                                                              | -                                             | 2,160,317                               | 0.52%                                                   |
| 2018                                                 | 10,630                                           | 10,630                                                                              | -                                             | 2,044,159                               | 0.52%                                                   |
| 2017                                                 | 9,752                                            | 9,752                                                                               | -                                             | 1,875,385                               | 0.52%                                                   |
| 2016                                                 | 8,629                                            | 8,629                                                                               | -                                             | 1,797,805                               | 0.48%                                                   |
| 2015                                                 | 8,727                                            | 8,727                                                                               | -                                             | 1,818,184                               | 0.48%                                                   |
| 2014                                                 | 8,563                                            | 8,563                                                                               | -                                             | 1,783,900                               | 0.48%                                                   |
| 2013                                                 | 8,102                                            | 8,102                                                                               | -                                             | 1,688,017                               | 0.48%                                                   |
| <b>Component Unit School Board (professional)</b>    |                                                  |                                                                                     |                                               |                                         |                                                         |
| 2022                                                 | \$ 156,348                                       | \$ 156,348                                                                          | \$ -                                          | \$ 28,953,242                           | 0.54%                                                   |
| 2021                                                 | 141,453                                          | 141,453                                                                             | -                                             | 26,194,942                              | 0.54%                                                   |
| 2020                                                 | 141,004                                          | 141,004                                                                             | -                                             | 27,116,177                              | 0.52%                                                   |
| 2019                                                 | 136,946                                          | 136,946                                                                             | -                                             | 26,335,698                              | 0.52%                                                   |
| 2018                                                 | 129,830                                          | 129,830                                                                             | -                                             | 24,967,286                              | 0.52%                                                   |
| 2017                                                 | 128,434                                          | 128,434                                                                             | -                                             | 24,698,847                              | 0.52%                                                   |
| 2016                                                 | 111,268                                          | 111,268                                                                             | -                                             | 23,180,875                              | 0.48%                                                   |
| 2015                                                 | 111,746                                          | 111,746                                                                             | -                                             | 23,280,489                              | 0.48%                                                   |
| 2014                                                 | 110,872                                          | 110,872                                                                             | -                                             | 23,098,416                              | 0.48%                                                   |
| 2013                                                 | 110,559                                          | 110,559                                                                             | -                                             | 23,033,045                              | 0.48%                                                   |

## CITY OF HOPEWELL, VIRGINIA

**Notes to Required Supplementary Information**  
**Group Life Insurance (GLI) Plan**  
**For the Year Ended June 30, 2022**

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**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Teachers**

|                                                                         |                                                                                                                                                                  |
|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates                                                        | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates                                                        | Adjusted rates to better fit experience at each age and service decrement through 9 years of service                                                             |
| Disability Rates                                                        | No change                                                                                                                                                        |
| Salary Scale                                                            | No change                                                                                                                                                        |
| Discount Rate                                                           | No change                                                                                                                                                        |

**Non-Largest Ten Locality Employers - General Employees**

|                                                                         |                                                                                                                                                                  |
|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates                                                        | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates                                                        | Adjusted rates to better fit experience at each age and service decrement through 9 years of service                                                             |
| Disability Rates                                                        | No change                                                                                                                                                        |
| Salary Scale                                                            | No change                                                                                                                                                        |
| Line of Duty Disability                                                 | No change                                                                                                                                                        |
| Discount Rate                                                           | No change                                                                                                                                                        |

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

|                                                                         |                                                                                                                                                                                              |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates                                                        | Adjusted rates to better fit experience and changed final retirement age from 65 to 70                                                                                                       |
| Withdrawal Rates                                                        | Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty          |
| Disability Rates                                                        | No change                                                                                                                                                                                    |
| Salary Scale                                                            | No change                                                                                                                                                                                    |
| Line of Duty Disability                                                 | No change                                                                                                                                                                                    |
| Discount Rate                                                           | No change                                                                                                                                                                                    |

## CITY OF HOPEWELL, VIRGINIA

**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Primary Government**  
**For the Measurement Dates of June 30, 2018 through June 30, 2022**

|                                                                   | <b>2022</b>              | <b>2021</b>              | <b>2020</b>              | <b>2019</b>              | <b>2018</b>              |
|-------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Total OPEB liability</b>                                       |                          |                          |                          |                          |                          |
| Service cost                                                      | \$ 898,878               | \$ 1,009,676             | \$ 899,120               | \$ 687,845               | \$ 722,339               |
| Interest                                                          | 492,557                  | 482,406                  | 565,256                  | 559,829                  | 504,161                  |
| Changes in assumptions                                            | (5,024,934)              | 193,367                  | 871,703                  | 721,622                  | (689,163)                |
| Effect of economic/demographic gains c                            | (3,811,143)              | -                        | 4,274,622                | -                        | -                        |
| Effect of plan changes                                            | -                        | -                        | (481,313)                | -                        | -                        |
| Benefit payments                                                  | (620,998)                | (577,995)                | (544,088)                | (448,860)                | (434,818)                |
| <b>Net change in total OPEB liability</b>                         | <b>\$ (8,065,640)</b>    | <b>\$ 1,107,454</b>      | <b>\$ 5,585,300</b>      | <b>\$ 1,520,436</b>      | <b>\$ 102,519</b>        |
| <b>Total OPEB liability - beginning</b>                           | <b>22,213,521</b>        | <b>21,106,067</b>        | <b>15,520,767</b>        | <b>14,000,331</b>        | <b>13,897,812</b>        |
| <b>Total OPEB liability - ending</b>                              | <b>\$ 14,147,881</b>     | <b>\$ 22,213,521</b>     | <b>\$ 21,106,067</b>     | <b>\$ 15,520,767</b>     | <b>\$ 14,000,331</b>     |
| <br><b>Covered-employee payroll</b>                               | <br><b>\$ 16,590,123</b> | <br><b>\$ 20,168,920</b> | <br><b>\$ 20,168,920</b> | <br><b>\$ 18,379,042</b> | <br><b>\$ 18,379,042</b> |
| <br><b>City's total OPEB liability (asset) as a percentage of</b> |                          |                          |                          |                          |                          |
| <b>covered-employee payroll</b>                                   | <b>85.28%</b>            | <b>110.14%</b>           | <b>104.65%</b>           | <b>84.45%</b>            | <b>76.18%</b>            |

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

## CITY OF HOPEWELL, VIRGINIA

**Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios**  
**Component Unit School Board**  
**For the Measurement Dates of June 30, 2018 through June 30, 2022**

|                                                                   | <u>2022</u>         |           | <u>2021</u>      |           | <u>2020</u>      |           | <u>2019</u>      |           | <u>2018</u>      |
|-------------------------------------------------------------------|---------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|
| <b>Total OPEB liability</b>                                       |                     |           |                  |           |                  |           |                  |           |                  |
| Service cost                                                      | \$ 282,917          | \$        | 301,677          | \$        | 230,524          | \$        | 188,772          | \$        | 194,926          |
| Interest                                                          | 112,668             |           | 110,018          |           | 136,030          |           | 138,747          |           | 123,979          |
| Changes in assumptions                                            | (1,012,965)         |           | 27,675           |           | 748,477          |           | 138,986          |           | (134,129)        |
| Effect of economic/demographic gains c                            | (1,352,296)         |           | -                |           | 159,824          |           | -                |           | -                |
| Benefit payments                                                  | (123,337)           |           | (241,257)        |           | (266,602)        |           | (148,076)        |           | (123,597)        |
| <b>Net change in total OPEB liability</b>                         | \$ (2,093,013)      | \$        | 198,113          | \$        | 1,008,253        | \$        | 318,429          | \$        | 61,179           |
| <b>Total OPEB liability - beginning</b>                           | 4,994,560           |           | 4,796,447        |           | 3,788,194        |           | 3,469,765        |           | 3,408,586        |
| <b>Total OPEB liability - ending</b>                              | <u>\$ 2,901,547</u> | <u>\$</u> | <u>4,994,560</u> | <u>\$</u> | <u>4,796,447</u> | <u>\$</u> | <u>3,788,194</u> | <u>\$</u> | <u>3,469,765</u> |
| <br><b>Covered employee payroll</b>                               | <br>\$ 25,595,621   | <br>\$    | <br>22,495,370   | <br>\$    | <br>22,495,370   | <br>\$    | <br>27,911,318   | <br>\$    | <br>27,911,318   |
| <br><b>City's total OPEB liability (asset) as a percentage of</b> |                     |           |                  |           |                  |           |                  |           |                  |
| <b>covered employee payroll</b>                                   | 11.34%              |           | 22.20%           |           | 21.32%           |           | 13.57%           |           | 12.43%           |

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

## CITY OF HOPEWELL, VIRGINIA

**Notes to Required Supplementary Information - Primary Government  
and Component Unit School Board OPEB  
For the Year Ended June 30, 2021**

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Valuation Date: 7/1/2021  
Measurement Date: 6/30/2022

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

**Primary Government:***Methods and assumptions used to determine OPEB liability:*

|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial Cost Method | Entry age normal level % of salary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Discount Rate         | 3.54%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Inflation             | 2.50%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 7.60% in 2021 and gradually declines to 3.90% by the year 2073                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Salary Increase Rates | The salary increase rate starts at 5.35% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service                                                                                                                                                                                                                                                                                                                                                                                                             |
| Retirement Age        | The average age at retirement is 62                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Mortality Rates       | The mortality rates for pre-retirement was calculated using the RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed service related. The mortality rates for post-retirement was calculated using the RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. |

**Component Unit School Board:***Methods and assumptions used to determine OPEB liability:*

|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial Cost Method | Entry age normal level % of salary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Discount Rate         | 3.54%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Inflation             | 2.50%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 7.60% in 2021 and gradually declines to 3.90% by the year 2073                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Salary Increase Rates | The salary increase rate starts at 5.95% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service                                                                                                                                                                                                                                                                                                                                                                                                             |
| Retirement Age        | The average age at retirement is 62                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Mortality Rates       | The mortality rates for pre-retirement was calculated using the RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed service related. The mortality rates for post-retirement was calculated using the RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. |

## CITY OF HOPEWELL, VIRGINIA

Schedule of City School Board's Share of Net OPEB Liability  
Teacher Employee Health Insurance Credit (HIC) Program  
For the Measurement Dates of June 30, 2017 through June 30, 2021

| Date<br>(1) | Employer's<br>Proportion of the<br>Net HIC OPEB<br>Liability (Asset)<br>(2) | Employer's<br>Proportionate<br>Share of the<br>Net HIC OPEB<br>Liability (Asset)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Employer's<br>Proportionate Share<br>of the Net HIC OPEB<br>Liability (Asset)<br>as a Percentage of<br>Covered Payroll<br>(3)/(4)<br>(5) | Plan Fiduciary<br>Net Position as a<br>Percentage of Total<br>HIC OPEB Liability<br>(6) |
|-------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| 2021        | 0.2960%                                                                     | \$ 3,799,493                                                                            | \$ 26,179,358                           | 14.51%                                                                                                                                   | 13.15%                                                                                  |
| 2020        | 0.3084%                                                                     | 4,022,868                                                                               | 27,034,811                              | 14.88%                                                                                                                                   | 9.95%                                                                                   |
| 2019        | 0.3124%                                                                     | 4,089,619                                                                               | 26,202,713                              | 15.61%                                                                                                                                   | 8.97%                                                                                   |
| 2018        | 0.3080%                                                                     | 3,910,000                                                                               | 24,907,887                              | 15.70%                                                                                                                                   | 8.08%                                                                                   |
| 2017        | 0.3120%                                                                     | 3,958,000                                                                               | 24,622,272                              | 16.07%                                                                                                                                   | 7.04%                                                                                   |

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

## CITY OF HOPEWELL, VIRGINIA

Schedule of Employer Contributions  
Teacher Employee Health Insurance Credit (HIC) Program  
For the Years Ended June 30, 2013 through June 30, 2022

| Date | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|------|--------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------|---------------------------------------------------------|
| 2022 | \$ 349,775                                       | \$ 349,775                                                                          | \$ -                                          | \$ 28,907,004                           | 1.21%                                                   |
| 2021 | 316,770                                          | 316,770                                                                             | -                                             | 26,179,358                              | 1.21%                                                   |
| 2020 | 324,418                                          | 324,418                                                                             | -                                             | 27,034,811                              | 1.20%                                                   |
| 2019 | 314,433                                          | 314,433                                                                             | -                                             | 26,202,713                              | 1.20%                                                   |
| 2018 | 306,367                                          | 306,367                                                                             | -                                             | 24,907,887                              | 1.23%                                                   |
| 2017 | 273,307                                          | 273,307                                                                             | -                                             | 24,622,272                              | 1.11%                                                   |
| 2016 | 245,088                                          | 245,088                                                                             | -                                             | 23,121,517                              | 1.06%                                                   |
| 2015 | 245,785                                          | 245,785                                                                             | -                                             | 23,187,260                              | 1.06%                                                   |
| 2014 | 254,753                                          | 254,753                                                                             | -                                             | 22,950,724                              | 1.11%                                                   |
| 2013 | 252,452                                          | 252,452                                                                             | -                                             | 22,743,440                              | 1.11%                                                   |

Schedule is intended to show information for 10 years.



## CITY OF HOPEWELL, VIRGINIA

**Notes to Required Supplementary Information**  
**Teacher Employee Health Insurance Credit (HIC) Plan**  
**For the Year Ended June 30, 2022**

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**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|                                                                         |                                                                                                                                                                  |
|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates                                                        | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates                                                        | Adjusted rates to better fit experience at each age and service decrement through 9 years of service                                                             |
| Disability Rates                                                        | No change                                                                                                                                                        |
| Salary Scale                                                            | No change                                                                                                                                                        |
| Discount Rate                                                           | No change                                                                                                                                                        |

## CITY OF HOPEWELL, VIRGINIA

**Schedule of Changes in the School Board Nonprofessional's Net OPEB Liability and Related Ratios**  
**Health Insurance Credit (HIC) Plan**  
**For the Measurement Dates of June 30, 2020 through June 30, 2021**

|                                                                                 | <b>2021</b>       | <b>2020</b>       |
|---------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Total HIC OPEB Liability</b>                                                 |                   |                   |
| Service cost                                                                    | \$ 20,598         | \$ -              |
| Interest                                                                        | -                 | -                 |
| Changes in benefit terms                                                        |                   | 176,032           |
| Differences between expected and actual experience                              | -                 | -                 |
| Changes of assumptions                                                          |                   | -                 |
| Benefit payments                                                                | -                 | -                 |
| <b>Net change in total HIC OPEB liability</b>                                   | \$ 20,598         | \$ 176,032        |
| <b>Total HIC OPEB Liability - beginning</b>                                     | 176,032           | -                 |
| <b>Total HIC OPEB Liability - ending (a)</b>                                    | \$ <u>196,630</u> | \$ <u>176,032</u> |
| <b>Plan fiduciary net position</b>                                              |                   |                   |
| Contributions - employer                                                        | \$ 16,698         | \$ -              |
| Net investment income                                                           | 2,367             | -                 |
| Benefit payments                                                                | -                 | -                 |
| Administrator charges                                                           | (75)              | -                 |
| Other                                                                           | -                 | -                 |
| <b>Net change in plan fiduciary net position</b>                                | \$ 18,990         | \$ -              |
| <b>Plan fiduciary net position - beginning</b>                                  | -                 | -                 |
| <b>Plan fiduciary net position - ending (b)</b>                                 | \$ <u>18,990</u>  | \$ <u>-</u>       |
| <b>School Board Nonprofessional's net HIC OPEB liability - ending (a) - (b)</b> | \$ 177,640        | \$ 176,032        |
| <b>Plan fiduciary net position as a percentage of the total</b>                 |                   |                   |
| <b>HIC OPEB liability</b>                                                       | 9.66%             | 0.00%             |
| <b>Covered payroll</b>                                                          | \$ 2,319,162      | \$ 2,319,162      |
| <b>School Board Nonprofessional's net HIC OPEB liability as a percentage of</b> |                   |                   |
| <b>covered payroll</b>                                                          | 7.66%             | 7.59%             |

Schedule is intended to show information for 10 years. The School Board's participation began in 2020. Additional years will be included as they become available.

## CITY OF HOPEWELL, VIRGINIA

## Schedule of Employer Contributions

## Health Insurance Credit (HIC) Plan

## Component Unit School Board

For the Years Ended June 30, 2021 through June 30, 2022

| <b>Date</b> | <b>Contractually<br/>Required<br/>Contribution<br/>(1)</b> | <b>Contributions in<br/>Relation to<br/>Contractually<br/>Required<br/>Contribution<br/>(2)</b> | <b>Contribution<br/>Deficiency<br/>(Excess)<br/>(3)</b> | <b>Employer's<br/>Covered<br/>Payroll<br/>(4)</b> | <b>Contributions<br/>as a % of<br/>Covered<br/>Payroll<br/>(5)</b> |
|-------------|------------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------|--------------------------------------------------------------------|
| 2021        | \$ 17,742                                                  | \$ 17,742                                                                                       | \$ -                                                    | \$ 2,464,227                                      | 0.72%                                                              |
| 2021        | 16,698                                                     | 16,698                                                                                          | -                                                       | 2,319,162                                         | 0.72%                                                              |

Schedule is intended to show information for 10 years. The School Board's participation began in 2020. Additional years will be included as they become available.

## CITY OF HOPEWELL, VIRGINIA

**Notes to Required Supplementary Information**  
**Health Insurance Credit (HIC) Plan**  
**Component Unit School Board**  
**For the Year Ended June 30, 2022**

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**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Non-Largest Ten Locality Employers - General Employees**

|                                                                         |                                                                                                                                                                  |
|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates                                                        | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates                                                        | Adjusted rates to better fit experience at each age and service decrement through 9 years of service                                                             |
| Disability Rates                                                        | No change                                                                                                                                                        |
| Salary Scale                                                            | No change                                                                                                                                                        |
| Line of Duty Disability                                                 | No change                                                                                                                                                        |
| Discount Rate                                                           | No change                                                                                                                                                        |

## **Other Supplementary Information**

## CITY OF HOPEWELL, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Capital Projects Fund  
 For the Year Ended June 30, 2022

|                                                              | Original<br>Budget    | Final<br>Budget            | Actual                   | Variance<br>with Final<br>Positive<br>(Negative) |
|--------------------------------------------------------------|-----------------------|----------------------------|--------------------------|--------------------------------------------------|
| <b>REVENUES</b>                                              |                       |                            |                          |                                                  |
| Other local taxes                                            | \$ -                  | \$ -                       | \$ 3,463,245             | \$ 3,463,245                                     |
| Intergovernmental revenues:                                  |                       |                            |                          |                                                  |
| Commonwealth                                                 | 1,000,000             | 2,650,261                  | 320,396                  | (2,329,865)                                      |
| Federal                                                      | -                     | -                          | 464,983                  | 464,983                                          |
| Revenues from use of money and property                      | -                     | -                          | 69,514                   | 69,514                                           |
| Miscellaneous                                                | -                     | -                          | 562,179                  | 562,179                                          |
| Total revenues                                               | <u>\$ 1,000,000</u>   | <u>\$ 2,650,261</u>        | <u>\$ 4,880,317</u>      | <u>\$ 2,230,056</u>                              |
| <b>EXPENDITURES</b>                                          |                       |                            |                          |                                                  |
| Capital projects                                             | \$ 1,020,000          | \$ 20,000                  | \$ 1,235,360             | \$ (1,215,360)                                   |
| Debt service:                                                |                       |                            |                          |                                                  |
| Principal retirement                                         | 3,848,272             | 3,848,272                  | 3,848,272                | -                                                |
| Interest and other fiscal charges                            | <u>1,309,999</u>      | <u>1,309,999</u>           | <u>2,107,965</u>         | <u>(797,966)</u>                                 |
| Total expenditures                                           | <u>\$ 6,178,271</u>   | <u>\$ 5,178,271</u>        | <u>\$ 7,191,597</u>      | <u>\$ (2,013,326)</u>                            |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>\$ (5,178,271)</u> | <u>\$ (2,528,010)</u>      | <u>\$ (2,311,280)</u>    | <u>\$ 216,730</u>                                |
| <b>OTHER FINANCING SOURCES</b>                               |                       |                            |                          |                                                  |
| Operating transfers in                                       | <u>5,178,271</u>      | <u>5,178,271</u>           | <u>1,103,320</u>         | <u>(4,074,951)</u>                               |
| Total other financing sources                                | <u>\$ 5,178,271</u>   | <u>\$ 5,178,271</u>        | <u>\$ 1,103,320</u>      | <u>\$ (4,074,951)</u>                            |
| Net change in fund balances                                  | \$ -                  | \$ 2,650,261               | \$ (1,207,960)           | \$ (3,858,221)                                   |
| Fund balances - beginning                                    | <u>-</u>              | <u>-</u>                   | <u>1,605,928</u>         | <u>1,605,928</u>                                 |
| Fund balances - ending                                       | <u><u>\$ -</u></u>    | <u><u>\$ 2,650,261</u></u> | <u><u>\$ 397,968</u></u> | <u><u>\$ (2,252,293)</u></u>                     |

## CITY OF HOPEWELL, VIRGINIA

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2022

|                                                  | Recreation<br>Fund | Community<br>Development<br>Block Grant<br>Fund | Anti-Litter<br>Fund | Total             |
|--------------------------------------------------|--------------------|-------------------------------------------------|---------------------|-------------------|
| <b>Assets</b>                                    |                    |                                                 |                     |                   |
| Cash and investments                             | \$ 482,909         | \$ (261,728)                                    | \$ 106,349          | \$ 327,530        |
| Receivables, net of allowance for uncollectibles | 2,304              | 20,721                                          | 2                   | 23,027            |
| Total assets                                     | <u>\$ 485,213</u>  | <u>\$ (241,007)</u>                             | <u>\$ 106,351</u>   | <u>\$ 350,557</u> |
| <b>Liabilities and fund balances</b>             |                    |                                                 |                     |                   |
| Liabilities:                                     |                    |                                                 |                     |                   |
| Accounts payable                                 | \$ 17,763          | \$ 40,156                                       | \$ -                | \$ 57,919         |
| Accrued liabilities                              | 96,666             | 3,565                                           | -                   | 100,231           |
| Due to other funds                               | 12,749             | 19,831                                          | -                   | 32,580            |
| Due to other governments                         | -                  | 105,364                                         | -                   | 105,364           |
| Total liabilities                                | <u>\$ 127,178</u>  | <u>\$ 168,916</u>                               | <u>\$ -</u>         | <u>\$ 296,094</u> |
| Fund balances:                                   |                    |                                                 |                     |                   |
| Assigned                                         | \$ 358,035         | \$ 16,257                                       | \$ 99,521           | \$ 473,813        |
| Unassigned                                       | -                  | (426,180)                                       | 6,830               | (419,350)         |
| Total fund balances                              | <u>\$ 358,035</u>  | <u>\$ (409,923)</u>                             | <u>\$ 106,351</u>   | <u>\$ 54,463</u>  |
| Total liabilities and fund balances              | <u>\$ 485,213</u>  | <u>\$ (241,007)</u>                             | <u>\$ 106,351</u>   | <u>\$ 350,557</u> |

## CITY OF HOPEWELL, VIRGINIA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2022**

|                                                     | <b>Recreation<br/>Fund</b> | <b>Community<br/>Development<br/>Block Grant<br/>Fund</b> | <b>Anti-Litter<br/>Fund</b> | <b>Total</b>            |
|-----------------------------------------------------|----------------------------|-----------------------------------------------------------|-----------------------------|-------------------------|
| <b>REVENUES</b>                                     |                            |                                                           |                             |                         |
| Revenues from use of money and property             | \$ 27,729                  | \$ -                                                      | \$ -                        | \$ 27,729               |
| Charges for services                                | 115,531                    | -                                                         | -                           | 115,531                 |
| Miscellaneous                                       | 34,062                     | -                                                         | -                           | 34,062                  |
| Intergovernmental:                                  |                            |                                                           |                             |                         |
| Commonwealth                                        | 13,747                     | 36,825                                                    | 2,420                       | 52,992                  |
| Federal                                             | 43,500                     | 98,981                                                    | -                           | 142,481                 |
| Total revenues                                      | \$ <u>234,569</u>          | \$ <u>135,806</u>                                         | \$ <u>2,420</u>             | \$ <u>372,795</u>       |
| <b>EXPENDITURES</b>                                 |                            |                                                           |                             |                         |
| Current:                                            |                            |                                                           |                             |                         |
| Parks, recreation, and cultural                     | \$ 1,796,858               | \$ -                                                      | \$ -                        | \$ 1,796,858            |
| Community development                               | -                          | 432,789                                                   | 322                         | 433,111                 |
| Total expenditures                                  | \$ <u>1,796,858</u>        | \$ <u>432,789</u>                                         | \$ <u>322</u>               | \$ <u>2,229,969</u>     |
| Deficiency of revenues over<br>(under) expenditures | \$ <u>(1,562,289)</u>      | \$ <u>(296,983)</u>                                       | \$ <u>2,098</u>             | \$ <u>(1,857,174)</u>   |
| <b>OTHER FINANCING SOURCES</b>                      |                            |                                                           |                             |                         |
| Operating transfers in                              | \$ <u>1,740,729</u>        | \$ -                                                      | \$ -                        | \$ <u>1,740,729</u>     |
| Total other financing sources                       | \$ <u>1,740,729</u>        | \$ -                                                      | \$ -                        | \$ <u>1,740,729</u>     |
| Net change in fund balances                         | \$ 178,440                 | \$ (296,983)                                              | \$ 2,098                    | \$ (116,445)            |
| Fund balance - beginning                            | 179,595                    | (112,940)                                                 | 104,253                     | 170,908                 |
| Fund balance - ending                               | \$ <u><u>358,035</u></u>   | \$ <u><u>(409,923)</u></u>                                | \$ <u><u>106,351</u></u>    | \$ <u><u>54,463</u></u> |



## CITY OF HOPEWELL, VIRGINIA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Recreation Fund**  
**For the Year Ended June 30, 2022**

|                                                     | <b>Final<br/>Budget</b> | <b>Actual</b>  | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-----------------------------------------------------|-------------------------|----------------|-------------------------------------------------------------------|
| <b>REVENUES</b>                                     |                         |                |                                                                   |
| Revenues from use of money and property             | \$ 25,000               | \$ 27,729      | \$ 2,729                                                          |
| Charges for services                                | -                       | 115,531        | 115,531                                                           |
| Miscellaneous                                       | -                       | 34,062         | 34,062                                                            |
| Intergovernmental:                                  |                         |                |                                                                   |
| Federal                                             | -                       | 43,500         | 43,500                                                            |
| Total revenues                                      | \$ 25,000               | \$ 234,569     | \$ 209,569                                                        |
| <b>EXPENDITURES</b>                                 |                         |                |                                                                   |
| Current -                                           |                         |                |                                                                   |
| Parks, recreation, and cultural                     | \$ 1,993,477            | \$ 1,796,858   | \$ 196,619                                                        |
| Total expenditures                                  | \$ 1,993,477            | \$ 1,796,858   | \$ 196,619                                                        |
| Deficiency of revenues over<br>(under) expenditures | \$ (1,968,477)          | \$ (1,562,289) | \$ 406,188                                                        |
| <b>OTHER FINANCING SOURCES</b>                      |                         |                |                                                                   |
| Operating transfers in                              | \$ 1,955,229            | \$ 1,740,729   | \$ (214,500)                                                      |
| Operating transfers out                             | -                       | -              | -                                                                 |
| Total other financing sources                       | \$ 1,955,229            | \$ 1,740,729   | \$ (214,500)                                                      |
| Net change in fund balances                         | \$ (13,248)             | \$ 178,440     | \$ 191,688                                                        |
| Fund balances - beginning                           | 13,248                  | 179,595        | 166,347                                                           |
| Fund balances - ending                              | \$ -                    | \$ 358,035     | \$ 358,035                                                        |

## CITY OF HOPEWELL, VIRGINIA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Community Development Block Grant Fund**  
**For the Year Ended June 30, 2022**

|                             | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-----------------------------|-------------------------|---------------|-------------------------------------------------------------------|
| <b>REVENUES</b>             |                         |               |                                                                   |
| Miscellaneous               | \$ 221,721              | \$ -          | \$ (221,721)                                                      |
| Intergovernmental           |                         |               |                                                                   |
| Commonwealth                | -                       | 36,825        | 36,825                                                            |
| Federal                     | -                       | 98,981        | 98,981                                                            |
| Total revenues              | \$ 221,721              | \$ 135,806    | \$ (85,915)                                                       |
| <b>EXPENDITURES</b>         |                         |               |                                                                   |
| Current -                   |                         |               |                                                                   |
| Community development       | \$ 1,686,428            | \$ 432,789    | \$ 1,253,639                                                      |
| Total expenditures          | \$ 1,686,428            | \$ 432,789    | \$ 1,253,639                                                      |
| Net change in fund balances | \$ (1,464,707)          | \$ (296,983)  | \$ 1,167,724                                                      |
| Fund balances - beginning   | 1,464,707               | (112,940)     | (1,577,647)                                                       |
| Fund balances - ending      | \$ -                    | \$ (409,923)  | \$ (409,923)                                                      |

## CITY OF HOPEWELL, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Anti-Litter Fund  
For the Year Ended June 30, 2022

|                             | Final<br>Budget | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------|-----------------|------------|---------------------------------------------------------|
| <b>REVENUES</b>             |                 |            |                                                         |
| Intergovernmental           |                 |            |                                                         |
| Commonwealth                | \$ 6,063        | \$ 2,420   | \$ (3,643)                                              |
| Total revenues              | \$ 6,063        | \$ 2,420   | \$ (3,643)                                              |
| <b>EXPENDITURES</b>         |                 |            |                                                         |
| Current -                   |                 |            |                                                         |
| Community development       | \$ 20,089       | \$ 322     | \$ 19,767                                               |
| Total expenditures          | \$ 20,089       | \$ 322     | \$ 19,767                                               |
| Net change in fund balances | \$ (14,026)     | \$ 2,098   | \$ 16,124                                               |
| Fund balances - beginning   | 14,026          | 104,253    | 90,227                                                  |
| Fund balances - ending      | \$ -            | \$ 106,351 | \$ 106,351                                              |

## CITY OF HOPEWELL, VIRGINIA

**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**At June 30, 2022**

|                           | <b>Special<br/>Welfare<br/>Fund</b> | <b>Healthy<br/>Families<br/>Fund</b> | <b>Police<br/>Evidence<br/>Fund</b> | <b>Total<br/>Custodial<br/>Funds</b> |
|---------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|
| <b>Assets</b>             |                                     |                                      |                                     |                                      |
| Cash and cash equivalents | \$ 33,629                           | \$ -                                 | \$ 43,387                           | \$ 77,016                            |
| Total assets              | \$ <u>33,629</u>                    | \$ <u>-</u>                          | \$ <u>43,387</u>                    | \$ <u>77,016</u>                     |
| <b>Liabilities</b>        |                                     |                                      |                                     |                                      |
| Reconciled overdraft      | \$ -                                | \$ 284,576                           | \$ -                                | \$ 284,576                           |
| Accounts payable          | -                                   | 891                                  | -                                   | 891                                  |
| Accrued liabilities       | -                                   | 7,384                                | 64,751                              | 72,135                               |
| Total liabilities         | \$ <u>-</u>                         | \$ <u>292,851</u>                    | \$ <u>64,751</u>                    | \$ <u>357,602</u>                    |
| <b>Net Position</b>       |                                     |                                      |                                     |                                      |
| Restricted for:           |                                     |                                      |                                     |                                      |
| Amounts held for others   | \$ 33,629                           | \$ (292,851)                         | \$ (21,364)                         | \$ (280,586)                         |
| Total net position        | \$ <u>33,629</u>                    | \$ <u>(292,851)</u>                  | \$ <u>(21,364)</u>                  | \$ <u>(280,586)</u>                  |

## CITY OF HOPEWELL, VIRGINIA

**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

|                                         | <u>Special<br/>Welfare<br/>Fund</u> | <u>Healthy<br/>Families<br/>Fund</u> | <u>Police<br/>Evidence<br/>Fund</u> | <u>Total<br/>Custodial<br/>Funds</u> |
|-----------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|
| <b>Additions:</b>                       |                                     |                                      |                                     |                                      |
| Private contributions                   | \$ -                                | \$ -                                 | \$ 5,106                            | \$ 5,106                             |
| Governmental grants                     | -                                   | 272,390                              | -                                   | 272,390                              |
| Miscellaneous revenue                   | 11,832                              | -                                    | 5,505                               | 17,337                               |
| Total additions                         | \$ <u>11,832</u>                    | \$ <u>272,390</u>                    | \$ <u>10,611</u>                    | \$ <u>294,833</u>                    |
| <b>Deductions:</b>                      |                                     |                                      |                                     |                                      |
| Recipient payments                      | \$ 24,852                           | \$ -                                 | \$ 13,000                           | \$ 37,852                            |
| Administrative expense                  | 1,399                               | 397,021                              | 2                                   | 398,422                              |
| Total deductions                        | \$ <u>26,251</u>                    | \$ <u>397,021</u>                    | \$ <u>13,002</u>                    | \$ <u>436,274</u>                    |
| <b>Change in fiduciary net position</b> | \$ (14,419)                         | \$ (124,631)                         | \$ (2,391)                          | \$ (141,441)                         |
| <b>Net position - beginning</b>         | <u>48,048</u>                       | <u>(168,220)</u>                     | <u>(18,973)</u>                     | <u>(139,145)</u>                     |
| <b>Net position - ending</b>            | \$ <u><u>33,629</u></u>             | \$ <u><u>(292,851)</u></u>           | \$ <u><u>(21,364)</u></u>           | \$ <u><u>(280,586)</u></u>           |

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

## CITY OF HOPEWELL, VIRGINIA

**Combining Balance Sheet**  
**Discretely Presented Component Unit - School Board**  
**June 30, 2022**

|                                                                                                                                                             | School<br>Operating<br>Fund | School<br>Cafeteria<br>Fund | Textbook<br>Fund    | Building<br>and Bus<br>Replacement<br>Fund | School<br>Activities<br>Fund | Total<br>Governmental<br>Funds |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|---------------------|--------------------------------------------|------------------------------|--------------------------------|
| <b>ASSETS</b>                                                                                                                                               |                             |                             |                     |                                            |                              |                                |
| Cash and cash equivalents                                                                                                                                   | \$ -                        | \$ 392,210                  | \$ 1,057,187        | \$ -                                       | \$ 248,474                   | \$ 1,697,871                   |
| Receivables, net of allowance<br>for uncollectibles                                                                                                         | -                           | 2,331                       | -                   | -                                          | -                            | 2,331                          |
| Due from other funds                                                                                                                                        | 34,794                      | 61,187                      | -                   | -                                          | -                            | 95,981                         |
| Due from other governmental units                                                                                                                           | 6,754,318                   | 88,670                      | -                   | -                                          | -                            | 6,842,988                      |
| Due from primary government                                                                                                                                 | 6,980,370                   | -                           | -                   | -                                          | -                            | 6,980,370                      |
| Inventories                                                                                                                                                 | -                           | 92,204                      | -                   | -                                          | -                            | 92,204                         |
| Total assets                                                                                                                                                | <u>\$ 13,769,482</u>        | <u>\$ 636,602</u>           | <u>\$ 1,057,187</u> | <u>\$ -</u>                                | <u>\$ 248,474</u>            | <u>\$ 15,711,745</u>           |
| <b>LIABILITIES AND FUND BALANCES</b>                                                                                                                        |                             |                             |                     |                                            |                              |                                |
| <b>Liabilities:</b>                                                                                                                                         |                             |                             |                     |                                            |                              |                                |
| Accounts payable                                                                                                                                            | \$ 1,098,610                | \$ 29,395                   | \$ -                | \$ -                                       | \$ -                         | \$ 1,128,005                   |
| Reconciled overdraft                                                                                                                                        | 4,306,003                   | -                           | -                   | -                                          | -                            | 4,306,003                      |
| Accrued liabilities                                                                                                                                         | 119,462                     | -                           | -                   | -                                          | -                            | 119,462                        |
| Due to other funds                                                                                                                                          | 88,538                      | 7,443                       | -                   | -                                          | -                            | 95,981                         |
| Due to primary government                                                                                                                                   | 4,960,585                   | -                           | -                   | -                                          | -                            | 4,960,585                      |
| Unearned revenues                                                                                                                                           | 3,196,284                   | -                           | -                   | -                                          | -                            | 3,196,284                      |
| Total liabilities                                                                                                                                           | <u>\$ 13,769,482</u>        | <u>\$ 36,838</u>            | <u>\$ -</u>         | <u>\$ -</u>                                | <u>\$ -</u>                  | <u>\$ 13,806,320</u>           |
| <b>Fund balances:</b>                                                                                                                                       |                             |                             |                     |                                            |                              |                                |
| Nonspendable                                                                                                                                                | \$ -                        | \$ 92,204                   | \$ -                | \$ -                                       | \$ -                         | \$ 92,204                      |
| Restricted                                                                                                                                                  | -                           | 507,560                     | 1,057,187           | -                                          | -                            | 1,564,747                      |
| Committed                                                                                                                                                   | -                           | -                           | -                   | -                                          | 248,474                      | 248,474                        |
| Total fund balances                                                                                                                                         | <u>\$ -</u>                 | <u>\$ 599,764</u>           | <u>\$ 1,057,187</u> | <u>\$ -</u>                                | <u>\$ 248,474</u>            | <u>\$ 1,905,425</u>            |
| Total liabilities and fund balances                                                                                                                         | <u>\$ 13,769,482</u>        | <u>\$ 636,602</u>           | <u>\$ 1,057,187</u> | <u>\$ -</u>                                | <u>\$ 248,474</u>            | <u>\$ 15,711,745</u>           |
| Total fund balances per above                                                                                                                               |                             |                             |                     |                                            |                              | \$ 1,905,425                   |
| Amounts reported for governmental activities in the Statement of Net Position are different because:                                                        |                             |                             |                     |                                            |                              |                                |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                                   |                             |                             |                     |                                            |                              | 31,819,756                     |
| Items related to measurement of net pension and OPEB liabilities not available to pay for current-period expenditures                                       |                             |                             |                     |                                            |                              |                                |
| Deferred inflows related to pension                                                                                                                         |                             |                             |                     |                                            |                              | (19,208,651)                   |
| Deferred inflows related to OPEB                                                                                                                            |                             |                             |                     |                                            |                              | (3,237,307)                    |
| Deferred outflows related to pension                                                                                                                        |                             |                             |                     |                                            |                              | 9,503,565                      |
| Deferred outflows related to OPEB                                                                                                                           |                             |                             |                     |                                            |                              | 1,753,932                      |
| Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds. |                             |                             |                     |                                            |                              |                                |
| Compensated absences                                                                                                                                        |                             |                             |                     | \$ (927,415)                               |                              |                                |
| Net pension liability                                                                                                                                       |                             |                             |                     | (23,939,286)                               |                              |                                |
| Net OPEB liabilities                                                                                                                                        |                             |                             |                     | (8,487,471)                                |                              |                                |
| Note payable to the primary government                                                                                                                      |                             |                             |                     | (733,322)                                  |                              | (34,087,494)                   |
| Net position of governmental activities                                                                                                                     |                             |                             |                     |                                            |                              | <u>\$ (11,550,774)</u>         |

## CITY OF HOPEWELL, VIRGINIA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds - Discretely Presented Component Unit - School Board**  
**For the Year Ended June 30, 2022**

|                                                                                                                                                                                                                                                                                                                | <u>School<br/>Operating<br/>Fund</u> | <u>School<br/>Cafeteria<br/>Fund</u> | <u>Textbook<br/>Fund</u> | <u>Building<br/>and Bus<br/>Replacement<br/>Fund</u> | <u>School<br/>Activities<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------------------------------|---------------------------------------|-----------------------------------------|
| <b>REVENUES</b>                                                                                                                                                                                                                                                                                                |                                      |                                      |                          |                                                      |                                       |                                         |
| Charges for services                                                                                                                                                                                                                                                                                           | \$ -                                 | \$ 31,912                            | \$ -                     | \$ -                                                 | \$ -                                  | \$ 31,912                               |
| Miscellaneous                                                                                                                                                                                                                                                                                                  | 207,002                              | 16,537                               | -                        | -                                                    | 351,006                               | 574,545                                 |
| Intergovernmental:                                                                                                                                                                                                                                                                                             |                                      |                                      |                          |                                                      |                                       |                                         |
| Local government                                                                                                                                                                                                                                                                                               | 14,060,728                           | -                                    | -                        | -                                                    | -                                     | 14,060,728                              |
| Commonwealth                                                                                                                                                                                                                                                                                                   | 35,748,157                           | 11,577                               | 321,894                  | -                                                    | -                                     | 36,081,628                              |
| Federal                                                                                                                                                                                                                                                                                                        | 10,694,061                           | 2,715,727                            | -                        | -                                                    | -                                     | 13,409,788                              |
| Total revenues                                                                                                                                                                                                                                                                                                 | <u>\$ 60,709,948</u>                 | <u>\$ 2,775,753</u>                  | <u>\$ 321,894</u>        | <u>\$ -</u>                                          | <u>\$ 351,006</u>                     | <u>\$ 64,158,601</u>                    |
| <b>EXPENDITURES</b>                                                                                                                                                                                                                                                                                            |                                      |                                      |                          |                                                      |                                       |                                         |
| Current:                                                                                                                                                                                                                                                                                                       |                                      |                                      |                          |                                                      |                                       |                                         |
| Administration                                                                                                                                                                                                                                                                                                 | \$ 1,809,546                         | \$ 2,263,194                         | \$ -                     | \$ -                                                 | \$ -                                  | \$ 4,072,740                            |
| Instruction                                                                                                                                                                                                                                                                                                    | 44,528,561                           | -                                    | 89,005                   | -                                                    | 329,821                               | 44,947,387                              |
| Operating                                                                                                                                                                                                                                                                                                      | 14,371,841                           | -                                    | -                        | -                                                    | -                                     | 14,371,841                              |
| Total expenditures                                                                                                                                                                                                                                                                                             | <u>\$ 60,709,948</u>                 | <u>\$ 2,263,194</u>                  | <u>\$ 89,005</u>         | <u>\$ -</u>                                          | <u>\$ 329,821</u>                     | <u>\$ 63,391,968</u>                    |
| Excess (deficiency) of revenues<br>over (under) expenditures                                                                                                                                                                                                                                                   | <u>\$ -</u>                          | <u>\$ 512,559</u>                    | <u>\$ 232,889</u>        | <u>\$ -</u>                                          | <u>\$ 21,185</u>                      | <u>\$ 766,633</u>                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                                                                                                                                                                                                                                                                          |                                      |                                      |                          |                                                      |                                       |                                         |
| Operating transfers in                                                                                                                                                                                                                                                                                         | \$ -                                 | \$ -                                 | \$ -                     | \$ -                                                 | \$ -                                  | \$ -                                    |
| Operating transfers out                                                                                                                                                                                                                                                                                        | -                                    | -                                    | -                        | -                                                    | -                                     | -                                       |
| Total other financing sources (uses), net                                                                                                                                                                                                                                                                      | <u>\$ -</u>                          | <u>\$ -</u>                          | <u>\$ -</u>              | <u>\$ -</u>                                          | <u>\$ -</u>                           | <u>\$ -</u>                             |
| Net change in fund balances                                                                                                                                                                                                                                                                                    | \$ -                                 | \$ 512,559                           | \$ 232,889               | \$ -                                                 | \$ 21,185                             | \$ 766,633                              |
| Fund balances - beginning                                                                                                                                                                                                                                                                                      | -                                    | 87,205                               | 824,298                  | -                                                    | 227,289                               | 1,138,792                               |
| Fund balances - ending                                                                                                                                                                                                                                                                                         | <u>\$ -</u>                          | <u>\$ 599,764</u>                    | <u>\$ 1,057,187</u>      | <u>\$ -</u>                                          | <u>\$ 248,474</u>                     | <u>\$ 1,905,425</u>                     |
| Net change in fund balances - total governmental funds - per above                                                                                                                                                                                                                                             |                                      |                                      |                          |                                                      | \$                                    | 766,633                                 |
| Amount reported for governmental activities in the Statement of Activities are different because:                                                                                                                                                                                                              |                                      |                                      |                          |                                                      |                                       |                                         |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. |                                      |                                      |                          |                                                      |                                       |                                         |
| Capital outlay, net of disposals                                                                                                                                                                                                                                                                               |                                      |                                      |                          | \$                                                   | 1,362,779                             |                                         |
| Net change in City's interest in School assets                                                                                                                                                                                                                                                                 |                                      |                                      |                          |                                                      | 1,484,778                             |                                         |
| Depreciation expense                                                                                                                                                                                                                                                                                           |                                      |                                      |                          |                                                      | <u>(1,850,392)</u>                    | 997,165                                 |
| 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.                                                                                                                            |                                      |                                      |                          |                                                      |                                       |                                         |
| Decrease (increase) in compensated absences                                                                                                                                                                                                                                                                    |                                      |                                      |                          | \$                                                   | -                                     |                                         |
| Decrease (increase) in note payable to the primary government                                                                                                                                                                                                                                                  |                                      |                                      |                          |                                                      | 129,390                               |                                         |
| Decrease (increase) in lease liability                                                                                                                                                                                                                                                                         |                                      |                                      |                          |                                                      | 171,029                               |                                         |
| Decrease (increase) in net pension liability                                                                                                                                                                                                                                                                   |                                      |                                      |                          |                                                      | 22,908,060                            |                                         |
| Decrease (increase) in net OPEB liabilities                                                                                                                                                                                                                                                                    |                                      |                                      |                          |                                                      | 3,104,441                             |                                         |
| Decrease (increase) in deferred inflows related to pension                                                                                                                                                                                                                                                     |                                      |                                      |                          |                                                      | (15,727,326)                          |                                         |
| Decrease (increase) in deferred inflows related to OPEB                                                                                                                                                                                                                                                        |                                      |                                      |                          |                                                      | (2,878,773)                           |                                         |
| Increase (decrease) in deferred outflows related to pension                                                                                                                                                                                                                                                    |                                      |                                      |                          |                                                      | (2,457,085)                           |                                         |
| Increase (decrease) in deferred outflows related to OPEB                                                                                                                                                                                                                                                       |                                      |                                      |                          |                                                      | <u>(181,157)</u>                      | 5,068,579                               |
| Change in net position of governmental activities                                                                                                                                                                                                                                                              |                                      |                                      |                          |                                                      | \$                                    | <u>6,832,377</u>                        |

## CITY OF HOPEWELL, VIRGINIA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Discretely Presented Component Unit - School Board**  
**For the Year Ended June 30, 2022**

|                                                              | School Operating Fund |                       |                      |                                                         |
|--------------------------------------------------------------|-----------------------|-----------------------|----------------------|---------------------------------------------------------|
|                                                              | Budgeted Amounts      |                       | Actual               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|                                                              | Original              | Final                 |                      |                                                         |
| <b>REVENUES</b>                                              |                       |                       |                      |                                                         |
| Revenues from use of money and property                      | \$ 200                | \$ 200                | \$ -                 | \$ (200)                                                |
| Charges for services                                         | 43,000                | 43,000                | -                    | (43,000)                                                |
| Miscellaneous                                                | 40,000                | 40,000                | 207,002              | 167,002                                                 |
| Intergovernmental:                                           |                       |                       |                      |                                                         |
| Local government                                             | 14,580,075            | 14,580,075            | 14,060,728           | (519,347)                                               |
| Commonwealth                                                 | 35,748,873            | 35,748,873            | 35,748,157           | (716)                                                   |
| Federal                                                      | 14,243,017            | 14,243,017            | 10,694,061           | (3,548,956)                                             |
| Total revenues                                               | <u>\$ 64,655,165</u>  | <u>\$ 64,655,165</u>  | <u>\$ 60,709,948</u> | <u>\$ (3,945,217)</u>                                   |
| <b>EXPENDITURES</b>                                          |                       |                       |                      |                                                         |
| Current:                                                     |                       |                       |                      |                                                         |
| Education                                                    | \$ 67,539,220         | \$ 67,539,220         | \$ 60,572,004        | \$ 6,967,216                                            |
| Debt service                                                 | 137,944               | 137,944               | 137,944              | -                                                       |
| Total expenditures                                           | <u>\$ 67,677,164</u>  | <u>\$ 67,677,164</u>  | <u>\$ 60,709,948</u> | <u>\$ 6,967,216</u>                                     |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>\$ (3,021,999)</u> | <u>\$ (3,021,999)</u> | <u>\$ -</u>          | <u>\$ 3,021,999</u>                                     |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                       |                       |                      |                                                         |
| Operating transfers out                                      | \$ -                  | \$ -                  | \$ -                 | \$ -                                                    |
| Total other financing uses                                   | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>          | <u>\$ -</u>                                             |
| Net change in fund balance                                   | \$ (3,021,999)        | \$ (3,021,999)        | \$ -                 | \$ 3,021,999                                            |
| Fund balance - beginning                                     | 3,021,999             | 3,021,999             | -                    | (3,021,999)                                             |
| Fund balance - ending                                        | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>          | <u>\$ -</u>                                             |



## CITY OF HOPEWELL, VIRGINIA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2022**

|                                                              | School Cafeteria Fund |                     |                          |                                                         |
|--------------------------------------------------------------|-----------------------|---------------------|--------------------------|---------------------------------------------------------|
|                                                              | Budgeted Amounts      |                     | Actual                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|                                                              | Original              | Final               |                          |                                                         |
| <b>REVENUES</b>                                              |                       |                     |                          |                                                         |
| Revenues from use of money and property                      | \$ 100                | \$ 100              | \$ -                     | \$ (100)                                                |
| Charges for services                                         | 68,000                | 68,000              | 31,912                   | (36,088)                                                |
| Miscellaneous                                                | 80,000                | 80,000              | 16,537                   | (63,463)                                                |
| Intergovernmental:                                           |                       |                     |                          |                                                         |
| Commonwealth                                                 | 28,101                | 28,101              | 11,577                   | (16,524)                                                |
| Federal                                                      | 2,400,000             | 2,400,000           | 2,715,727                | 315,727                                                 |
| Total revenues                                               | <u>\$ 2,576,201</u>   | <u>\$ 2,576,201</u> | <u>\$ 2,775,753</u>      | <u>\$ 199,552</u>                                       |
| <b>EXPENDITURES</b>                                          |                       |                     |                          |                                                         |
| Current:                                                     |                       |                     |                          |                                                         |
| Education                                                    | \$ 2,576,201          | \$ 2,576,201        | \$ 2,263,194             | \$ 313,007                                              |
| Total expenditures                                           | <u>\$ 2,576,201</u>   | <u>\$ 2,576,201</u> | <u>\$ 2,263,194</u>      | <u>\$ 313,007</u>                                       |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>\$ -</u>           | <u>\$ -</u>         | <u>\$ 512,559</u>        | <u>\$ 512,559</u>                                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                       |                     |                          |                                                         |
| Operating transfers in                                       | \$ -                  | \$ -                | \$ -                     | \$ -                                                    |
| Total other financing sources                                | <u>\$ -</u>           | <u>\$ -</u>         | <u>\$ -</u>              | <u>\$ -</u>                                             |
| Net change in fund balance                                   | \$ -                  | \$ -                | \$ 512,559               | \$ 512,559                                              |
| Fund balance - beginning                                     | -                     | -                   | 87,205                   | 87,205                                                  |
| Fund balance - ending                                        | <u><u>\$ -</u></u>    | <u><u>\$ -</u></u>  | <u><u>\$ 599,764</u></u> | <u><u>\$ 599,764</u></u>                                |

## CITY OF HOPEWELL, VIRGINIA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Discretely Presented Component Unit - School Board**  
**For the Year Ended June 30, 2022**

| <b>School Textbook Fund</b>             |                         |                   |                     |                                                                   |
|-----------------------------------------|-------------------------|-------------------|---------------------|-------------------------------------------------------------------|
|                                         | <b>Budgeted Amounts</b> |                   | <b>Actual</b>       | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|                                         | <b>Original</b>         | <b>Final</b>      |                     |                                                                   |
| <b>REVENUES</b>                         |                         |                   |                     |                                                                   |
| Revenues from use of money and property | \$ 50                   | \$ 50             | \$ -                | \$ (50)                                                           |
| Intergovernmental                       |                         |                   |                     |                                                                   |
| Commonwealth                            | 325,488                 | 325,488           | 321,894             | (3,594)                                                           |
| Total revenues                          | <u>\$ 325,538</u>       | <u>\$ 325,538</u> | <u>\$ 321,894</u>   | <u>\$ (3,644)</u>                                                 |
| <b>EXPENDITURES</b>                     |                         |                   |                     |                                                                   |
| Current:                                |                         |                   |                     |                                                                   |
| Education                               | \$ 500,000              | \$ 500,000        | \$ 89,005           | \$ 410,995                                                        |
| Total expenditures                      | <u>\$ 500,000</u>       | <u>\$ 500,000</u> | <u>\$ 89,005</u>    | <u>\$ 410,995</u>                                                 |
| Net change in fund balance              | \$ (174,462)            | \$ (174,462)      | \$ 232,889          | \$ 407,351                                                        |
| Fund balance - beginning                | 174,462                 | 174,462           | 824,298             | 649,836                                                           |
| Fund balance - ending                   | <u>\$ -</u>             | <u>\$ -</u>       | <u>\$ 1,057,187</u> | <u>\$ 1,057,187</u>                                               |

## CITY OF HOPEWELL, VIRGINIA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Discretely Presented Component Unit - School Board**  
**For the Year Ended June 30, 2022**

|                                                              | <b>Building and Bus Replacement Fund</b> |              |               |                                                                   |
|--------------------------------------------------------------|------------------------------------------|--------------|---------------|-------------------------------------------------------------------|
|                                                              | <b>Budgeted Amounts</b>                  |              | <b>Actual</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|                                                              | <b>Original</b>                          | <b>Final</b> |               |                                                                   |
| <b>EXPENDITURES</b>                                          |                                          |              |               |                                                                   |
| Capital projects:                                            |                                          |              |               |                                                                   |
| Capital outlay                                               | \$ 47,180                                | \$ 47,180    | \$ -          | \$ 47,180                                                         |
| Total expenditures                                           | \$ 47,180                                | \$ 47,180    | \$ -          | \$ 47,180                                                         |
| Excess (deficiency) of revenues<br>over (under) expenditures | \$ (47,180)                              | \$ (47,180)  | \$ -          | \$ (47,180)                                                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                          |              |               |                                                                   |
| Operating transfers in                                       | \$ -                                     | \$ -         | \$ -          | \$ -                                                              |
| Total other financing sources                                | \$ -                                     | \$ -         | \$ -          | \$ -                                                              |
| Net change in fund balances                                  | \$ (47,180)                              | \$ (47,180)  | \$ -          | \$ 47,180                                                         |
| Fund balances - beginning                                    | 47,180                                   | 47,180       | -             | (47,180)                                                          |
| Fund balances - ending                                       | <u>\$ -</u>                              | <u>\$ -</u>  | <u>\$ -</u>   | <u>\$ -</u>                                                       |

## CITY OF HOPEWELL, VIRGINIA

**Balance Sheet**  
**Discretely Presented Component Unit - Children's Services Act Board**  
**June 30, 2022**

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**ASSETS**

|                                   |                     |
|-----------------------------------|---------------------|
| Interest receivable               | \$ 54               |
| Due from other governmental units | 465,986             |
| Due from primary government       | 651,894             |
| Total assets                      | <u>\$ 1,117,934</u> |

**LIABILITIES AND FUND BALANCES**

## Liabilities:

|                                     |                     |
|-------------------------------------|---------------------|
| Accounts payable                    | \$ 389,035          |
| Reconciled overdraft                | 1,085,506           |
| Accrued liabilities                 | (1,305)             |
| Due to the Commonwealth of Virginia | 1,457,221           |
| Total liabilities                   | <u>\$ 2,930,457</u> |

## Fund balances:

|                                     |                     |
|-------------------------------------|---------------------|
| Assigned                            | \$ (1,812,523)      |
| Total fund balance                  | <u>(1,812,523)</u>  |
| Total liabilities and fund balances | <u>\$ 1,117,934</u> |

## CITY OF HOPEWELL, VIRGINIA

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Discretely Presented Component Unit - Children's Services Act Board**  
**For the Year Ended June 30, 2022**

|                                      |                              |
|--------------------------------------|------------------------------|
| <b>REVENUES</b>                      |                              |
| Miscellaneous                        | \$ 173,355                   |
| Intergovernmental                    |                              |
| Commonwealth                         | 1,692,625                    |
| Federal                              | 48,451                       |
| Total revenues                       | <u>\$ 1,914,431</u>          |
| <b>EXPENDITURES</b>                  |                              |
| Current:                             |                              |
| Health and welfare                   | \$ 3,265,412                 |
| Total expenditures                   | <u>\$ 3,265,412</u>          |
| Excess of revenues over expenditures | <u>\$ (1,350,981)</u>        |
| <b>OTHER FINANCING SOURCES</b>       |                              |
| Operating transfers in               | 833,615                      |
| Total other financing sources        | <u>\$ 833,615</u>            |
| Net change in fund balances          | \$ (517,366)                 |
| Fund balance - beginning             | <u>(1,295,157)</u>           |
| Fund balance - ending                | <u><u>\$ (1,812,523)</u></u> |

## **Supporting Schedules**

## CITY OF HOPEWELL, VIRGINIA

**Schedule of Revenues and Expenditures - Budget and Actual**  
**Recreation Fund**  
**For the Year Ended June 30, 2022**

|                                               | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>with Final<br/>Positive<br/>(Negative)</u> |
|-----------------------------------------------|-------------------------|---------------------|------------------------------------------------------------|
| <b>Revenues:</b>                              |                         |                     |                                                            |
| Revenues from local sources:                  |                         |                     |                                                            |
| Revenues from use of money and property:      | \$ 25,000               | \$ 27,729           | \$ 2,729                                                   |
| Total revenues from use of money and property | <u>\$ 25,000</u>        | <u>\$ 27,729</u>    | <u>\$ 2,729</u>                                            |
| Charges for services                          | \$                      | \$ 115,531          | \$ 115,531                                                 |
| Total charges for services                    | <u>\$ -</u>             | <u>\$ 115,531</u>   | <u>\$ 115,531</u>                                          |
| Miscellaneous revenues:                       |                         |                     |                                                            |
| Miscellaneous refunds and grants              | \$ -                    | \$ 34,062           | \$ 34,062                                                  |
| Total miscellaneous revenues                  | <u>\$ -</u>             | <u>\$ 34,062</u>    | <u>\$ 34,062</u>                                           |
| Total revenues from local sources             | <u>\$ 25,000</u>        | <u>\$ 177,322</u>   | <u>\$ 152,322</u>                                          |
| Intergovernmental:                            |                         |                     |                                                            |
| Revenue from the Commonwealth                 |                         |                     |                                                            |
| Other state aid                               | \$ -                    | \$ 13,747           | \$ 13,747                                                  |
| Revenue from the federal government           |                         |                     |                                                            |
| Categorical aid -                             |                         |                     |                                                            |
| Summer feeding program                        | \$                      | \$ 43,500           | \$ 43,500                                                  |
| Total categorical aid                         | <u>\$ -</u>             | <u>\$ 43,500</u>    | <u>\$ 43,500</u>                                           |
| Total revenues from the federal government    | <u>\$ -</u>             | <u>\$ 43,500</u>    | <u>\$ 43,500</u>                                           |
| Total revenues                                | <u>\$ 25,000</u>        | <u>\$ 234,569</u>   | <u>\$ 209,569</u>                                          |
| <b>Expenditures:</b>                          |                         |                     |                                                            |
| <b>Parks, recreation, and cultural:</b>       |                         |                     |                                                            |
| Parks and recreation:                         |                         |                     |                                                            |
| Recreation centers and playgrounds            | \$ 683,541              | \$ 643,871          | \$ 39,670                                                  |
| Events                                        | 178,423                 | 176,229             | 2,194                                                      |
| Athletics division                            | 127,874                 | 111,134             | 16,740                                                     |
| Seniors' division                             | 120,232                 | 110,808             | 9,424                                                      |
| Pool                                          | 230,221                 | 206,971             | 23,250                                                     |
| Parks                                         | 589,686                 | 490,646             | 99,040                                                     |
| Marina                                        | 25,000                  | 28,892              | (3,892)                                                    |
| Grants                                        | 38,500                  | 28,307              | 10,193                                                     |
| Total parks and recreation                    | <u>\$ 1,993,477</u>     | <u>\$ 1,796,858</u> | <u>\$ 196,619</u>                                          |
| Total expenditures                            | <u>\$ 1,993,477</u>     | <u>\$ 1,796,858</u> | <u>\$ 196,619</u>                                          |

## CITY OF HOPEWELL, VIRGINIA

## Schedule of Revenues and Expenditures - Budget and Actual

## Capital Projects Fund

For the Year Ended June 30, 2022

|                                               | Final<br>Budget     | Actual              | Variance<br>with Final<br>Positive<br>(Negative) |
|-----------------------------------------------|---------------------|---------------------|--------------------------------------------------|
| <b>Revenues</b>                               |                     |                     |                                                  |
| Intergovernmental:                            |                     |                     |                                                  |
| Commonwealth                                  | \$ 2,650,261        | \$ 320,396          | \$ (2,329,865)                                   |
| Federal                                       | -                   | 464,983             | 464,983                                          |
| Total revenues from other governments         | <u>\$ 2,650,261</u> | <u>\$ 785,379</u>   | <u>\$ (1,864,882)</u>                            |
| Local sources -                               |                     |                     |                                                  |
| Other local taxes:                            |                     |                     |                                                  |
| Hotel and motel room taxes                    | \$ -                | \$ 987,470          | \$ 987,470                                       |
| Restaurant food taxes                         | -                   | 2,475,775           | 2,475,775                                        |
| Total other local taxes                       | <u>\$ -</u>         | <u>\$ 3,463,245</u> | <u>\$ 3,463,245</u>                              |
| Revenues from use of money and property -     |                     |                     |                                                  |
| Revenue from the use of money                 | \$ -                | \$ 69,514           | \$ 69,514                                        |
| Total revenues from use of money and property | <u>\$ -</u>         | <u>\$ 69,514</u>    | <u>\$ 69,514</u>                                 |
| Miscellaneous revenues -                      |                     |                     |                                                  |
| Other miscellaneous                           | \$ -                | \$ 562,179          | \$ 562,179                                       |
| Total miscellaneous revenues                  | <u>\$ -</u>         | <u>\$ 562,179</u>   | <u>\$ 562,179</u>                                |
| Total revenue from local sources              | <u>\$ -</u>         | <u>\$ 4,094,938</u> | <u>\$ 4,094,938</u>                              |
| Total revenues                                | <u>\$ 2,650,261</u> | <u>\$ 4,880,317</u> | <u>\$ 2,230,056</u>                              |
| <b>Expenditures</b>                           |                     |                     |                                                  |
| Capital Projects:                             |                     |                     |                                                  |
| Equipment                                     | \$ 20,000           | \$ 437,260          | \$ (417,260)                                     |
| Parks and recreation                          | -                   | 188,220             | (188,220)                                        |
| Economic development                          | -                   | 20,000              | (20,000)                                         |
| Other projects                                | -                   | 33,018              | (33,018)                                         |
| Streets, curbs, and gutters                   | -                   | 556,862             | (556,862)                                        |
| Total capital projects                        | <u>\$ 20,000</u>    | <u>\$ 1,235,360</u> | <u>\$ (1,215,360)</u>                            |
| Debt Service:                                 |                     |                     |                                                  |
| Principal retirement                          | \$ 3,848,272        | \$ 3,848,272        | -                                                |
| Interest and other fiscal charges             | <u>1,309,999</u>    | <u>2,107,965</u>    | <u>(797,966)</u>                                 |
| Total debt service                            | <u>\$ 5,158,271</u> | <u>\$ 5,956,237</u> | <u>\$ (797,966)</u>                              |
| Total expenditures                            | <u>\$ 5,178,271</u> | <u>\$ 7,191,597</u> | <u>\$ (2,013,326)</u>                            |



## CITY OF HOPEWELL, VIRGINIA

**Schedule of Revenues - Budget and Actual**  
**Component Unit School Board**  
**For the Year Ended June 30, 2022**

| <b>Fund, Major, and Minor Revenue Source</b>               | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>        | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|------------------------------------------------------------|----------------------------|-------------------------|----------------------|---------------------------------------------------------------------|
| <b>Discretely Presented Component Unit - School Board:</b> |                            |                         |                      |                                                                     |
| <b>School Operating Fund:</b>                              |                            |                         |                      |                                                                     |
| Revenues from local sources:                               |                            |                         |                      |                                                                     |
| Revenues from use of money and property -                  |                            |                         |                      |                                                                     |
| Revenues from the use of money                             | \$ 200                     | \$ 200                  | \$ -                 | \$ (200)                                                            |
| Charges for services - Charges for education               | 43,000                     | 43,000                  | -                    | (43,000)                                                            |
| Outside Sources                                            |                            |                         |                      |                                                                     |
| Other miscellaneous                                        | 40,000                     | 40,000                  | 207,002              | 167,002                                                             |
| Total revenues from local sources                          | <u>\$ 83,200</u>           | <u>\$ 83,200</u>        | <u>\$ 207,002</u>    | <u>\$ 123,802</u>                                                   |
| Intergovernmental revenues:                                |                            |                         |                      |                                                                     |
| Revenues from local governments -                          |                            |                         |                      |                                                                     |
| Contribution from the City of Hopewell, Virginia           | \$ 14,580,075              | \$ 14,580,075           | \$ 14,060,728        | \$ (519,347)                                                        |
| Total revenues from local governments                      | <u>\$ 14,580,075</u>       | <u>\$ 14,580,075</u>    | <u>\$ 14,060,728</u> | <u>\$ (519,347)</u>                                                 |
| Revenues from the Commonwealth:                            |                            |                         |                      |                                                                     |
| Categorical aid:                                           |                            |                         |                      |                                                                     |
| Share of state sales tax                                   | \$ 4,751,623               | \$ 4,751,623            | \$ 5,919,326         | \$ 1,167,703                                                        |
| Basic school aid                                           | 14,916,660                 | 14,916,660              | 14,020,260           | (896,400)                                                           |
| Compensation support                                       | 1,054,947                  | 1,054,947               | 1,042,295            | (12,652)                                                            |
| Remedial summer education                                  | -                          | -                       | 87,073               | 87,073                                                              |
| Special education regional                                 | 374,815                    | 374,815                 | 29,577               | (345,238)                                                           |
| Special education foster care                              | -                          | -                       | 1,073                | 1,073                                                               |
| Regular foster care                                        | 8,054                      | 8,054                   | 4,020                | (4,034)                                                             |
| Homebound education                                        | 29,568                     | 29,568                  | 3,834                | (25,734)                                                            |
| Gifted and talented                                        | 160,518                    | 160,518                 | 158,746              | (1,772)                                                             |
| Remedial education                                         | 1,044,881                  | 1,044,881               | 946,271              | (98,610)                                                            |
| Special education                                          | 1,911,073                  | 1,911,073               | 2,043,870            | 132,797                                                             |
| Competitive grants                                         | -                          | -                       | 10,000               | 10,000                                                              |
| Infrastructure and operations                              | 1,224,441                  | 1,224,441               | 1,217,260            | (7,181)                                                             |
| Vocational                                                 | -                          | -                       | 1,375                | 1,375                                                               |
| Vocational education                                       | 717,788                    | 717,788                 | 709,863              | (7,925)                                                             |
| Social security fringe benefits                            | 990,366                    | 990,366                 | 979,431              | (10,935)                                                            |
| Retirement fringe benefits                                 | 2,307,825                  | 2,307,825               | 2,282,343            | (25,482)                                                            |
| Group life insurance benefits                              | 69,659                     | 69,659                  | 68,890               | (769)                                                               |
| Early reading intervention                                 | 231,663                    | 231,663                 | 344,669              | 113,006                                                             |
| At-risk payments                                           | 2,712,701                  | 2,712,701               | 2,682,584            | (30,117)                                                            |
| Primary class size                                         | 1,390,404                  | 1,390,404               | 1,360,252            | (30,152)                                                            |
| Year round learning                                        | -                          | -                       | 188,171              | 188,171                                                             |
| Learning loss                                              | 9,093                      | 9,093                   | 93,131               | 84,038                                                              |
| Education technology                                       | 180,000                    | 180,000                 | 195,434              | 15,434                                                              |
| Standards of Learning - Algebra Readiness                  | 116,944                    | 116,944                 | 111,196              | (5,748)                                                             |
| Mentor teacher program                                     | 3,827                      | 3,827                   | -                    | (3,827)                                                             |
| English as a second language                               | 200,732                    | 200,732                 | 176,781              | (23,951)                                                            |
| School Security Equipment Grant                            | 202,622                    | 202,622                 | -                    | (202,622)                                                           |
| Virginia preschool                                         | 809,096                    | 809,096                 | 858,195              | 49,099                                                              |
| Industry Certification                                     | -                          | -                       | 6,154                | 6,154                                                               |
| Other state funding                                        | 320,000                    | 320,000                 | 198,492              | (121,508)                                                           |
| Project Graduation                                         | 9,573                      | 9,573                   | 7,591                | (1,982)                                                             |
| Total categorical aid                                      | <u>\$ 35,748,873</u>       | <u>\$ 35,748,873</u>    | <u>\$ 35,748,157</u> | <u>\$ (716)</u>                                                     |
| Total revenues from the Commonwealth                       | <u>\$ 35,748,873</u>       | <u>\$ 35,748,873</u>    | <u>\$ 35,748,157</u> | <u>\$ (716)</u>                                                     |

## CITY OF HOPEWELL, VIRGINIA

**Schedule of Revenues - Budget and Actual (Continued)**  
**Component Unit School Board**  
**For the Year Ended June 30, 2022**

## Revenue from the federal government:

## Categorical aid:

|                                           |               |               |               |                |
|-------------------------------------------|---------------|---------------|---------------|----------------|
| Title I                                   | \$ 2,121,751  | \$ 2,121,751  | \$ 2,333,424  | \$ 211,673     |
| Impact Aid                                | 20,000        | 20,000        | 12,827        | (7,173)        |
| Special Ed                                | 1,042,181     | 1,042,181     | 405,822       | (636,359)      |
| Vocational Education                      | 118,048       | 118,048       | 198,275       | 80,227         |
| Title II                                  | 214,387       | 214,387       | 244,264       | 29,877         |
| Title III                                 | 56,533        | 56,533        | 28,474        | (28,059)       |
| Title IV - Part A                         | 150,710       | 150,710       | 85,067        | (65,643)       |
| E-Rate Funds                              | 449,497       | 449,497       |               | (449,497)      |
| GEER WiFi                                 | -             | -             | (202,385)     | (202,385)      |
| Head Start                                | 1,661,200     | 1,661,200     | 1,370,779     | (290,421)      |
| CARES Act                                 | 6,862,724     | 6,862,724     | 5,457,240     | (1,405,484)    |
| Coronavirus Relief Funds                  | 778,809       | 778,809       | 103,776       | (675,033)      |
| JROTC                                     | 78,321        | 78,321        | 73,815        | (4,506)        |
| ARPA                                      | 264,954       | 264,954       | -             | (264,954)      |
| Preschool                                 | 23,902        | 23,902        | 23,902        | -              |
| Medicaid Reimbursements                   | 400,000       | 400,000       | 558,781       | 158,781        |
| Total categorical aid                     | \$ 14,243,017 | \$ 14,243,017 | \$ 10,694,061 | \$ (3,548,956) |
| Total revenue from the federal government | \$ 14,243,017 | \$ 14,243,017 | \$ 10,694,061 | \$ (3,548,956) |
| Total School Operating Fund               | \$ 64,655,165 | \$ 64,655,165 | \$ 60,709,948 | \$ (3,945,217) |

**School Cafeteria Fund:**

## Revenues from local sources:

## Revenues from use of money and property

|                                        |        |        |        |          |
|----------------------------------------|--------|--------|--------|----------|
| Revenue from the use of money          | \$ 100 | \$ 100 | \$ -   | \$ (100) |
| Charges for services - Cafeteria sales | 68,000 | 68,000 | 31,912 | (36,088) |

## Outside sources

|                                   |            |            |           |             |
|-----------------------------------|------------|------------|-----------|-------------|
| Other miscellaneous               | 80,000     | 80,000     | 16,537    | (63,463)    |
| Total revenues from local sources | \$ 148,100 | \$ 148,100 | \$ 48,449 | \$ (99,651) |

## Intergovernmental revenues:

## Revenue from the Commonwealth:

|                                             |           |           |           |             |
|---------------------------------------------|-----------|-----------|-----------|-------------|
| Categorical aid - School food program grant | \$ 28,101 | \$ 28,101 | \$ 11,577 | \$ (16,524) |
|---------------------------------------------|-----------|-----------|-----------|-------------|

## Revenue from the federal government:

## Categorical aid:

|                                            |              |              |              |            |
|--------------------------------------------|--------------|--------------|--------------|------------|
| School food program grant                  | \$ 2,400,000 | \$ 2,400,000 | \$ 2,715,727 | \$ 315,727 |
| CARES Act                                  | -            | -            | -            | -          |
| Total categorical aid                      | \$ 2,400,000 | \$ 2,400,000 | \$ 2,715,727 | \$ 315,727 |
| Total revenues from the federal government | \$ 2,400,000 | \$ 2,400,000 | \$ 2,715,727 | \$ 315,727 |
| Total School Cafeteria Fund                | \$ 2,576,201 | \$ 2,576,201 | \$ 2,775,753 | \$ 199,552 |

**School Textbook Fund:**

## Revenues from use of money and property -

|                                               |       |       |      |         |
|-----------------------------------------------|-------|-------|------|---------|
| Revenues from the use of money                | \$ 50 | \$ 50 | \$ - | \$ (50) |
| Total revenues from use of money and property | \$ 50 | \$ 50 | \$ - | \$ (50) |

## Intergovernmental revenues:

## Revenues from the Commonwealth:

|                                     |            |            |            |            |
|-------------------------------------|------------|------------|------------|------------|
| Categorical aid - Textbook funds    | \$ 325,488 | \$ 325,488 | \$ 321,894 | \$ (3,594) |
| Total revenue from the Commonwealth | \$ 325,488 | \$ 325,488 | \$ 321,894 | \$ (3,594) |
| Total School Textbook Fund          | \$ 325,538 | \$ 325,538 | \$ 321,894 | \$ (3,644) |

**Discretely Presented Component Unit - School Board:****Capital Projects Fund****Building and Bus Replacement Fund**

|                                         |      |      |      |      |
|-----------------------------------------|------|------|------|------|
| Total Building and Bus Replacement Fund | \$ - | \$ - | \$ - | \$ - |
|-----------------------------------------|------|------|------|------|

|                                                          |               |               |               |                |
|----------------------------------------------------------|---------------|---------------|---------------|----------------|
| Total Discretely Presented Component Unit - School Board | \$ 67,556,904 | \$ 67,556,904 | \$ 63,807,595 | \$ (3,749,309) |
|----------------------------------------------------------|---------------|---------------|---------------|----------------|

## CITY OF HOPEWELL, VIRGINIA

**Schedule of Expenditures - Budget and Actual**  
**Component Unit School Board**  
**For the Year Ended June 30, 2022**

|                                                           | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|-----------------------------------------------------------|----------------------------|-------------------------|---------------|---------------------------------------------------------------------|
| <b>Discretely Presented Component Unit - School Board</b> |                            |                         |               |                                                                     |
| <b>School Operating Fund</b>                              |                            |                         |               |                                                                     |
| Education:                                                |                            |                         |               |                                                                     |
| Administration of schools -                               |                            |                         |               |                                                                     |
| Administration                                            | \$ 2,778,361               | \$ 2,778,361            | \$ 1,809,546  | \$ 968,815                                                          |
| Total administration of schools                           | \$ 2,778,361               | \$ 2,778,361            | \$ 1,809,546  | \$ 968,815                                                          |
| Instruction costs:                                        |                            |                         |               |                                                                     |
| Compensation                                              | \$ 47,954,104              | \$ 47,954,104           | \$ 44,528,561 | \$ 3,425,543                                                        |
| Total instruction costs                                   | \$ 47,954,104              | \$ 47,954,104           | \$ 44,528,561 | \$ 3,425,543                                                        |
| Operating costs:                                          |                            |                         |               |                                                                     |
| Attendance and health services                            | \$ 2,964,721               | \$ 2,964,721            | \$ 2,356,535  | \$ 608,186                                                          |
| Pupil transportation                                      | 2,621,267                  | 2,621,267               | 2,705,826     | (84,559)                                                            |
| Operation and maintenance of school plant                 | 7,158,317                  | 7,158,317               | 6,158,340     | 999,977                                                             |
| Technology                                                | 4,062,450                  | 4,062,450               | 3,013,196     | 1,049,254                                                           |
| Total operating costs                                     | \$ 16,806,755              | \$ 16,806,755           | \$ 14,233,897 | \$ 2,572,858                                                        |
| Total education                                           | \$ 67,539,220              | \$ 67,539,220           | \$ 60,572,004 | \$ 6,967,216                                                        |
| Operating costs -                                         |                            |                         |               |                                                                     |
| Debt service                                              | \$ 137,944                 | \$ 137,944              | \$ 137,944    | \$ -                                                                |
| Total School Operating Fund                               | \$ 67,677,164              | \$ 67,677,164           | \$ 60,709,948 | \$ 6,967,216                                                        |
| <b>School Cafeteria Fund:</b>                             |                            |                         |               |                                                                     |
| Education:                                                |                            |                         |               |                                                                     |
| School food services -                                    |                            |                         |               |                                                                     |
| Administration of school food program                     | \$ 2,576,201               | \$ 2,576,201            | \$ 2,263,194  | \$ 313,007                                                          |
| Total education                                           | \$ 2,576,201               | \$ 2,576,201            | \$ 2,263,194  | \$ 313,007                                                          |
| Total School Cafeteria Fund                               | \$ 2,576,201               | \$ 2,576,201            | \$ 2,263,194  | \$ 313,007                                                          |
| <b>School Textbook Fund:</b>                              |                            |                         |               |                                                                     |
| Education:                                                |                            |                         |               |                                                                     |
| Instruction                                               | \$ 500,000                 | \$ 500,000              | \$ 89,005     | \$ 410,995                                                          |
| Total education                                           | \$ 500,000                 | \$ 500,000              | \$ 89,005     | \$ 410,995                                                          |
| Total School Textbook Fund                                | \$ 500,000                 | \$ 500,000              | \$ 89,005     | \$ 410,995                                                          |
| <b>Capital Projects Fund:</b>                             |                            |                         |               |                                                                     |
| <b>Building and Bus Replacement Fund</b>                  |                            |                         |               |                                                                     |
| Education:                                                |                            |                         |               |                                                                     |
| Capital project expenditures:                             |                            |                         |               |                                                                     |
| Other project costs                                       | \$ 47,180                  | \$ 47,180               | \$ -          | \$ 47,180                                                           |
| Total capital projects                                    | \$ 47,180                  | \$ 47,180               | \$ -          | \$ 47,180                                                           |
| Total Building and Bus Replacement Fund                   | \$ 47,180                  | \$ 47,180               | \$ -          | \$ 47,180                                                           |
| Total Discretely Presented Component Unit - School Board  | \$ 70,800,545              | \$ 70,800,545           | \$ 63,062,147 | \$ 7,738,398                                                        |

## **Other Statistical Information**

Table 1

City of Hopewell, Virginia  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

|                                             | 2013          | 2014          | 2015          | 2016           | 2017           | 2018           | 2019           | 2020           | 2021           | 2022           |
|---------------------------------------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Government activities:                      |               |               |               |                |                |                |                |                |                |                |
| Net investment in capital assets            | \$ 8,237,548  | \$ 9,806,936  | \$ 15,515,897 | \$ 42,341,331  | \$ 21,178,316  | \$ 23,610,873  | \$ 20,717,233  | \$ 21,499,064  | \$ 24,721,379  | \$ 27,645,045  |
| Restricted                                  | 472,833       | 464,911       | 400,000       | -              | -              | 9,113,184      | 3,010,198      | 8,416,926      | -              | -              |
| Unrestricted                                | 20,446,091    | 17,328,832    | (698,824)     | (27,852,308)   | (11,967,000)   | (20,864,334)   | (10,935,067)   | (7,254,895)    | (18,008,223)   | 5,121,715      |
| Total governmental activities net position  | \$ 29,156,472 | \$ 27,600,679 | \$ 15,217,073 | \$ 14,489,023  | \$ 9,211,316   | \$ 11,859,723  | \$ 12,792,364  | \$ 22,661,095  | \$ 6,713,156   | \$ 32,766,760  |
| Business-Type activities:                   |               |               |               |                |                |                |                |                |                |                |
| Net investment in capital assets            | \$ 5,573,075  | \$ 11,156,352 | \$ 31,226,996 | \$ 70,349,924  | \$ 69,097,135  | \$ 89,723,070  | \$ 84,506,585  | \$ 84,923,479  | \$ 87,385,960  | \$ 85,904,441  |
| Restricted                                  | -             | -             | -             | 2,928,418      | 5,470,622      | 2,513,591      | 1,364,176      | 1,930,613      | 1,940,886      | 1,990,780      |
| Unrestricted                                | 25,967,344    | 21,645,447    | 21,759,463    | 23,928,638     | 40,214,037     | 23,499,817     | 39,165,047     | 42,213,029     | 44,165,079     | 46,339,703     |
| Total Business-Type activities net position | \$ 31,540,419 | \$ 32,801,799 | \$ 52,986,459 | \$ 97,206,980  | \$ 114,781,794 | \$ 115,736,478 | \$ 125,035,808 | \$ 129,067,121 | \$ 133,491,925 | \$ 134,234,924 |
| Primary Government:                         |               |               |               |                |                |                |                |                |                |                |
| Net investment in capital assets            | \$ 13,810,623 | \$ 20,963,288 | \$ 46,742,893 | \$ 112,691,255 | \$ 90,275,451  | \$ 113,333,943 | \$ 105,223,818 | \$ 106,422,543 | \$ 112,107,339 | \$ 113,549,486 |
| Restricted                                  | 472,833       | 464,911       | 400,000       | 2,928,418      | 5,470,622      | 11,626,775     | 4,374,374      | 10,347,539     | 1,940,886      | 1,990,780      |
| Unrestricted                                | 46,413,435    | 38,974,279    | 21,060,639    | (3,923,670)    | 28,247,037     | 2,635,483      | 28,229,980     | 34,958,134     | 26,156,856     | 51,461,418     |
| Total Primary Government net position       | \$ 60,696,891 | \$ 60,402,478 | \$ 68,203,532 | \$ 111,696,003 | \$ 123,993,110 | \$ 127,596,201 | \$ 137,828,172 | \$ 151,728,216 | \$ 140,205,081 | \$ 167,001,684 |

City of Hopewell, Virginia  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

|                                                 | 2013            | 2014            | 2015            | 2016            | 2017            | 2018            | 2019            | 2020            | 2021            | 2022            |
|-------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Expenses</b>                                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Government activities:                          |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| General government                              | \$ 8,482,373    | \$ 9,598,375    | \$ 7,471,201    | \$ 5,065,483    | \$ 6,866,234    | \$ 6,215,800    | \$ 8,349,380    | \$ 7,348,086    | \$ 11,832,757   | \$ 6,766,780    |
| Judicial administration                         | 2,217,984       | 2,598,072       | 2,810,211       | 2,694,035       | 3,402,723       | 2,770,517       | 3,089,687       | 3,156,908       | 4,137,045       | 3,232,028       |
| Public safety                                   | 11,720,652      | 14,012,598      | 16,464,074      | 14,031,657      | 17,912,446      | 15,882,264      | 17,009,696      | 17,567,686      | 25,367,729      | 17,197,712      |
| Public works                                    | 711,805         | 1,540,362       | 3,227,810       | 5,794,089       | 6,673,096       | 5,556,497       | 5,505,517       | 6,993,775       | 6,532,517       | 5,209,046       |
| Health and welfare                              | 5,259,409       | 5,363,582       | 5,532,202       | 5,899,170       | 6,692,919       | 5,868,302       | 6,309,623       | 7,138,560       | 8,161,115       | 7,293,572       |
| Education                                       | 13,675,250      | 13,266,424      | 15,202,676      | 13,995,712      | 14,670,760      | 14,263,836      | 13,476,096      | 16,717,398      | 13,011,905      | 15,545,506      |
| Parks, recreation and cultural                  | 2,462,345       | 2,530,959       | 2,408,566       | 2,421,366       | 2,764,579       | 2,622,864       | 2,606,604       | 2,569,491       | 3,085,433       | 2,481,800       |
| Community development                           | 729,140         | 896,763         | 868,640         | 2,301,148       | 2,957,552       | 2,675,118       | 1,520,487       | 1,443,587       | 1,825,053       | 1,553,591       |
| Interest on long-term debt                      | 1,655,027       | 1,325,884       | 2,608,205       | 2,252,111       | 2,651,880       | 2,482,681       | 2,582,954       | 2,319,540       | 2,368,334       | 2,340,548       |
| Total governmental activities expenses          | \$ 46,913,985   | \$ 51,133,019   | \$ 56,593,585   | \$ 54,454,771   | \$ 64,592,189   | \$ 58,337,879   | \$ 60,450,044   | \$ 65,255,031   | \$ 76,321,888   | \$ 61,620,583   |
| Business-Type activities:                       |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Public utilities                                | \$ 18,163,995   | \$ 21,114,290   | \$ 23,816,770   | \$ 21,303,229   | \$ 25,219,309   | \$ 25,671,886   | \$ 27,001,777   | \$ 30,580,320   | \$ 33,959,792   | \$ 32,216,499   |
| Total Primary Government expenses               | \$ 65,077,980   | \$ 72,247,309   | \$ 80,410,355   | \$ 75,758,000   | \$ 89,811,498   | \$ 84,009,765   | \$ 87,451,821   | \$ 95,835,351   | \$ 110,281,680  | \$ 93,837,082   |
| <b>Program Revenues</b>                         |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Government activities:                          |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Charges for services:                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| General government administration               | \$ 4,464        | \$ 3,718        | \$ -            | \$ 395,800      | \$ 896,400      | \$ 398,025      | \$ 12,580       | \$ 1,146        | \$ 10,348       | \$ 8,755        |
| Judicial administration                         | 37,325          | 66,938          | 58,951          | 53,913          | 59,483          | 52,586          | 145,354         | 141,325         | 49,221          | 53,666          |
| Public Safety                                   | 534,761         | 555,568         | 541,987         | 520,413         | 502,342         | 791,219         | 2,208,548       | 1,900,795       | 1,483,422       | 1,686,415       |
| Public Works                                    | 3               | 7               | -               | -               | -               | -               | -               | -               | -               | -               |
| Parks, recreation and cultural                  | 245,420         | 198,885         | 145,507         | 153,249         | 136,730         | 157,279         | 142,277         | 107,619         | 30,849          | 115,531         |
| Community development                           | 51,959          | 82,410          | -               | -               | -               | -               | -               | -               | -               | -               |
| Operating grants and contributions              | 10,227,954      | 9,987,193       | 10,615,538      | 11,244,004      | 11,667,396      | 13,245,385      | 12,076,798      | 11,784,190      | 19,464,324      | 12,993,148      |
| Capital grants and contributions                | 481,634         | 316,105         | 245,093         | 593,982         | 1,500,096       | 1,294,311       | 1,553,685       | 1,323,951       | 1,450,294       | 785,379         |
| Total governmental activities program revenues  | \$ 11,583,520   | \$ 11,210,824   | \$ 11,607,076   | \$ 12,961,361   | \$ 14,762,447   | \$ 15,938,805   | \$ 16,139,242   | \$ 15,259,026   | \$ 22,488,458   | \$ 15,642,894   |
| Business-Type activities:                       |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Charges for services:                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Public utilities                                | \$ 18,358,264   | \$ 22,385,729   | \$ 21,134,708   | \$ 26,589,787   | \$ 27,599,966   | \$ 26,908,965   | \$ 28,709,333   | \$ 36,398,508   | \$ 37,979,179   | \$ 31,444,705   |
| Operating grants and contributions              | -               | -               | -               | 21,906,801      | 6,889,200       | -               | -               | -               | -               | 1,135,495       |
| Capital grants and contributions                | 1,160,000       | -               | 23,492,801      | 13,305,001      | 2,982,290       | 715,867         | 1,198,767       | 21,360          | 98,900          | -               |
| Total Business-Type activities program revenues | \$ 19,518,264   | \$ 22,385,729   | \$ 44,627,509   | \$ 61,801,589   | \$ 37,471,456   | \$ 27,624,832   | \$ 29,908,100   | \$ 36,419,868   | \$ 38,078,079   | \$ 32,580,200   |
| Total Primary Government program revenues       | \$ 31,101,784   | \$ 33,596,553   | \$ 56,234,585   | \$ 74,762,950   | \$ 52,233,903   | \$ 43,563,637   | \$ 46,047,342   | \$ 51,678,894   | \$ 60,566,537   | \$ 48,223,094   |
| Net (expense) / revenue:                        |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities                         | \$ (35,330,465) | \$ (39,922,195) | \$ (44,986,509) | \$ (41,493,410) | \$ (49,829,742) | \$ (42,399,074) | \$ (44,310,802) | \$ (49,996,005) | \$ (53,833,430) | \$ (45,977,689) |
| Business-Type activities                        | 1,354,269       | 1,271,439       | 20,810,739      | 40,498,360      | 12,252,147      | 1,952,946       | 2,906,323       | 5,839,548       | 4,118,287       | 363,701         |
|                                                 | \$ (33,976,196) | \$ (38,650,756) | \$ (24,175,770) | \$ (995,050)    | \$ (37,577,595) | \$ (40,446,128) | \$ (41,404,479) | \$ (44,156,457) | \$ (49,715,143) | \$ (45,613,988) |

**City of Hopewell, Virginia**  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

|                                                           | 2013           | 2014           | 2015          | 2016          | 2017           | 2018          | 2019          | 2020           | 2021            | 2022           |
|-----------------------------------------------------------|----------------|----------------|---------------|---------------|----------------|---------------|---------------|----------------|-----------------|----------------|
| <b>General Revenues and other Changes in Net Position</b> |                |                |               |               |                |               |               |                |                 |                |
| Governmental activities:                                  |                |                |               |               |                |               |               |                |                 |                |
| Taxes                                                     |                |                |               |               |                |               |               |                |                 |                |
| Property taxes                                            | \$ 25,324,405  | \$ 25,585,445  | \$ 29,559,595 | \$ 31,221,372 | \$ 32,304,897  | \$ 30,888,461 | \$ 31,924,845 | \$ 33,183,687  | \$ 25,483,008   | \$ 43,639,353  |
| Local sales and use taxes                                 | 1,989,128      | 2,048,011      | 1,960,808     | 2,075,150     | 2,076,124      | 2,032,584     | 1,895,254     | 1,875,814      | 2,364,557       | 2,355,029      |
| Consumer utility taxes                                    | 355,950        | 348,009        | 389,249       | 379,052       | 379,052        | -             | -             | -              | 602,151         | 920,650        |
| Business licenses taxes                                   | 1,738,831      | 1,773,174      | 1,756,407     | 1,844,640     | 1,715,614      | 1,796,068     | 1,876,430     | 1,937,800      | 1,880,977       | 1,936,462      |
| Other local taxes                                         | 6,331,024      | 6,166,649      | 6,208,306     | 6,000,284     | 6,386,179      | 7,343,227     | 5,324,835     | 4,633,215      | 3,730,481       | 4,618,577      |
| Unrestricted grants and contributions                     | 1,768,999      | 1,628,873      | -             | -             | (64,575)       | -             | 1,618,029     | 2,333,414      | 1,642,282       | 1,618,122      |
| Unrestricted revenues from use of money and property      | 110,552        | 78,461         | 93,151        | 121,552       | 173,092        | 287,697       | 366,864       | 860,891        | 81,459          | 151,818        |
| Miscellaneous                                             | 1,736,852      | 1,620,797      | 1,478,801     | 1,616,987     | 1,581,652      | 2,764,118     | 2,448,700     | 2,972,108      | 4,773,531       | 10,163,395     |
| Loss on debt refunding                                    | -              | -              | 2,127,083     | -             | -              | -             | -             | -              | -               | -              |
| Transfers                                                 | (66,495)       | (407,326)      | 502,000       | -             | -              | -             | -             | -              | -               | -              |
| Total governmental activities                             | \$ 39,289,246  | \$ 38,842,093  | \$ 44,075,400 | \$ 43,259,037 | \$ 44,552,035  | \$ 45,112,155 | \$ 45,454,957 | \$ 47,796,929  | \$ 40,558,446   | \$ 65,403,406  |
| Business-Type activities:                                 |                |                |               |               |                |               |               |                |                 |                |
| Transfers                                                 | \$ 66,495      | \$ 407,326     | \$ (502,000)  | \$ -          | \$ -           | \$ -          | \$ -          | \$ -           | \$ -            | \$ -           |
| Miscellaneous                                             | 216,311        | -              | 811,486       | -             | -              | -             | -             | -              | 4,000           | -              |
| Unrestricted revenues from use of money and property      | 303,374        | 268,690        | 247,297       | 318,470       | 214,215        | 572,276       | 572,276       | 23,235         | 302,517         | (1,055,338)    |
| Total Business-Type activities                            | \$ 586,180     | \$ 676,016     | \$ 556,783    | \$ 318,470    | \$ 214,215     | \$ 572,276    | \$ 572,276    | \$ 23,235      | \$ 306,517      | \$ (1,055,338) |
| Total Primary Government                                  | \$ 39,875,426  | \$ 39,518,109  | \$ 44,632,183 | \$ 43,577,507 | \$ 44,766,250  | \$ 45,684,431 | \$ 46,027,233 | \$ 47,820,164  | \$ 40,864,963   | \$ 64,348,068  |
| Special item - loss on capital contributed                | \$ (1,160,000) | \$ -           | \$ -          | \$ -          | \$ -           | \$ -          | \$ -          | \$ -           | \$ -            | \$ -           |
| <b>Change in Net Position:</b>                            |                |                |               |               |                |               |               |                |                 |                |
| Governmental activities                                   | \$ 2,798,781   | \$ (1,080,102) | \$ (911,109)  | \$ 1,721,543  | \$ (5,277,707) | \$ 2,713,081  | \$ 1,144,155  | \$ (2,199,076) | \$ (13,274,984) | \$ 19,425,717  |
| Business-Type activities                                  | 1,940,449      | 1,947,455      | 21,367,522    | 41,801,881    | 12,466,362     | 2,525,222     | 3,478,599     | 5,862,783      | 4,424,804       | (691,637)      |
| Total Primary Government                                  | \$ 4,739,230   | \$ 867,353     | \$ 20,456,413 | \$ 43,523,424 | \$ 7,188,655   | \$ 5,238,303  | \$ 4,622,754  | \$ 3,663,707   | \$ (8,850,180)  | \$ 18,734,080  |

Table 3

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

|                                    | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          | 2021          | 2022          |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Fund:                      |               |               |               |               |               |               |               |               |               |               |
| Nonspendable                       | \$ 507,710    | \$ 506,019    | \$ 463,095    | \$ 61,714     | \$ 63,734     | \$ 74,181     | \$ 482,946    | \$ 81,099     | \$ 85,233     | \$ 166,423    |
| Assigned                           | 7,185,036     | 7,577,377     | 8,129,327     | 7,888,552     | 7,181,491     | 6,927,648     | 6,927,648     | 6,959,114     | 6,959,114     | 6,959,114     |
| Unassigned                         | 6,110,082     | 3,294,763     | 2,231,581     | 6,642,814     | 6,800,405     | 7,230,072     | 5,910,889     | 9,780,413     | 5,441,142     | 18,509,332    |
| Total General Fund                 | \$ 13,802,828 | \$ 11,378,159 | \$ 10,824,003 | \$ 14,593,080 | \$ 14,045,630 | \$ 14,231,901 | \$ 13,321,483 | \$ 16,820,626 | \$ 12,485,489 | \$ 25,634,869 |
| All other Governmental funds:      |               |               |               |               |               |               |               |               |               |               |
| Nonspendable                       | \$ -          | \$ -          | \$ 6,199,005  | \$ 1,495,273  | \$ 1,258,783  | \$ 1,132,247  | \$ 1,000,458  | \$ 1,234,771  | \$ 862,712    | \$ 714,798    |
| Restricted                         | 5,789,508     | 5,789,508     | 8,941,242     | 9,775,518     | 9,256,135     | 9,113,184     | 4,047,698     | 9,454,426     | -             | -             |
| Assigned                           | 7,758,080     | 15,633,457    | 5,290,631     | 2,743,722     | 111,740       | 35,423        | 444,626       | -             | 628,679       | 495,027       |
| Unassigned                         | -             | -             | -             | -             | (163,272)     | (2,076,542)   | (3,634,626)   | (5,331,441)   | 535,232       | (726,753)     |
| Total all other Governmental funds | \$ 13,547,588 | \$ 21,422,965 | \$ 20,430,878 | \$ 14,014,513 | \$ 10,463,386 | \$ 8,204,312  | \$ 1,858,156  | \$ 5,357,756  | \$ 2,026,623  | \$ 483,072    |



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

|                                                                | 2013                 | 2014                  | 2015                  | 2016                  | 2017                  | 2018                  | 2019                  | 2020                  | 2021                  | 2022                 |
|----------------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| <b>Revenues:</b>                                               |                      |                       |                       |                       |                       |                       |                       |                       |                       |                      |
| General property taxes                                         | \$ 26,459,832        | \$ 25,308,595         | \$ 29,022,830         | \$ 31,060,801         | \$ 28,478,608         | \$ 29,786,192         | \$ 29,902,032         | \$ 31,503,195         | \$ 26,798,380         | \$ 40,032,774        |
| Other local taxes                                              | 8,707,937            | 8,595,179             | 8,311,898             | 8,920,395             | 8,733,644             | 9,337,391             | 9,096,519             | 8,446,829             | 8,578,165             | 9,830,718            |
| Permits, privilege fees/regulatory licenses                    | 42,889               | 105,139               | 230,893               | 205,552               | 116,070               | 230,410               | 219,525               | 339,387               | 569,104               | 254,556              |
| Fines and forfeitures                                          | 1,544,560            | 1,561,049             | 1,545,064             | 1,173,179             | 1,624,267             | 1,604,078             | 1,220,479             | 1,049,027             | 708,164               | 782,880              |
| Revenue from use of money and property                         | 275,553              | 220,657               | 93,151                | 121,551               | 173,087               | 287,697               | 366,864               | 860,891               | 81,459                | 151,818              |
| Charges for services                                           | 662,134              | 684,206               | 746,445               | 740,875               | 716,256               | 1,020,962             | 1,068,754             | 762,471               | 296,386               | 826,931              |
| Miscellaneous                                                  | 2,323,369            | 2,083,113             | 1,370,570             | 1,594,944             | 1,837,872             | 2,776,929             | 2,448,700             | 2,972,108             | 4,773,531             | 10,163,396           |
| Recovered costs                                                | 884,500              | 884,500               | 382,500               | 382,500               | 884,500               | 382,500               | 382,500               | 382,500               | 382,500               | 382,500              |
| Intergovernmental                                              | 12,491,935           | 11,938,140            | 10,751,111            | 11,837,987            | 14,606,753            | 14,457,859            | 15,248,513            | 15,059,055            | 22,557,088            | 15,396,648           |
| <b>Total revenues</b>                                          | <b>\$ 53,392,709</b> | <b>\$ 51,380,578</b>  | <b>\$ 52,454,462</b>  | <b>\$ 56,037,784</b>  | <b>\$ 57,171,057</b>  | <b>\$ 59,884,018</b>  | <b>\$ 59,953,886</b>  | <b>\$ 61,375,463</b>  | <b>\$ 64,744,777</b>  | <b>\$ 77,822,221</b> |
| <b>Expenditures:</b>                                           |                      |                       |                       |                       |                       |                       |                       |                       |                       |                      |
| General government administration                              | \$ 3,038,151         | \$ 3,887,357          | \$ 4,034,781          | \$ 4,542,624          | \$ 5,001,250          | \$ 5,763,177          | \$ 7,318,845          | \$ 6,295,920          | \$ 10,001,264         | \$ 6,784,248         |
| Judicial administration                                        | 1,916,116            | 2,347,692             | 2,582,149             | 2,400,080             | 2,452,889             | 2,546,239             | 2,619,249             | 2,648,229             | 2,773,294             | 3,231,455            |
| Public safety                                                  | 10,966,050           | 13,363,832            | 13,545,791            | 13,624,877            | 14,442,125            | 15,109,267            | 15,347,327            | 15,701,870            | 19,684,908            | 16,986,897           |
| Public works                                                   | 3,570,454            | 3,927,276             | 4,296,811             | 4,411,354             | 4,670,494             | 4,598,672             | 4,821,853             | 4,851,642             | 4,881,972             | 5,139,184            |
| Health and welfare                                             | 5,154,545            | 5,259,251             | 5,465,334             | 5,772,564             | 5,728,065             | 5,895,215             | 5,868,914             | 6,603,161             | 6,573,476             | 7,121,821            |
| Education                                                      | 11,102,916           | 10,787,674            | 14,301,637            | 11,408,787            | 12,114,545            | 12,182,187            | 12,176,403            | 13,917,451            | 10,906,404            | 14,060,728           |
| Parks, recreation and cultural                                 | 2,114,530            | 2,165,055             | 2,246,089             | 2,275,373             | 2,299,279             | 2,557,405             | 2,356,102             | 2,306,061             | 2,455,815             | 2,456,288            |
| Community development                                          | 718,234              | 889,540               | 868,628               | 1,015,885             | 1,384,553             | 920,915               | 1,427,528             | 1,351,990             | 1,537,807             | 1,539,909            |
| Nondepartmental                                                | 5,153,440            | 1,056,007             | 1,563,876             | 1,284,415             | 1,903,189             | 1,772,438             | 1,636,912             | 1,588,595             | 1,591,759             | 1,704,265            |
| Capital projects                                               | 3,003,770            | 4,190,524             | 5,618,260             | 5,105,645             | 5,809,777             | 4,831,176             | 8,215,749             | 4,094,525             | 4,123,288             | 1,235,360            |
| Debt service:                                                  |                      |                       |                       |                       |                       |                       |                       |                       |                       |                      |
| Principal                                                      | 2,510,773            | 5,456,424             | 2,248,464             | 3,186,024             | 3,182,512             | 3,241,706             | 3,318,096             | 3,744,025             | 3,752,560             | 3,848,272            |
| Interest                                                       | 2,964,085            | 3,052,165             | 2,655,885             | 2,123,720             | 2,280,958             | 2,213,010             | 2,341,602             | 2,073,806             | 2,132,480             | 2,107,965            |
| <b>Total expenditures</b>                                      | <b>\$ 52,213,064</b> | <b>\$ 56,382,797</b>  | <b>\$ 59,427,705</b>  | <b>\$ 57,151,348</b>  | <b>\$ 61,269,636</b>  | <b>\$ 61,631,407</b>  | <b>\$ 67,448,580</b>  | <b>\$ 65,177,275</b>  | <b>\$ 70,415,027</b>  | <b>\$ 66,216,392</b> |
| <b>Excess of revenues over (under) expenditures</b>            | <b>\$ 1,179,645</b>  | <b>\$ (5,002,219)</b> | <b>\$ (6,973,243)</b> | <b>\$ (1,113,564)</b> | <b>\$ (4,098,579)</b> | <b>\$ (1,747,389)</b> | <b>\$ (7,494,694)</b> | <b>\$ (3,801,812)</b> | <b>\$ (5,670,250)</b> | <b>\$ 11,605,829</b> |
| <b>Other financing sources (uses):</b>                         |                      |                       |                       |                       |                       |                       |                       |                       |                       |                      |
| Transfer in                                                    | \$ 4,688,553         | \$ 6,663,226          | \$ 5,601,896          | \$ 5,217,372          | \$ 5,181,590          | \$ 5,287,651          | \$ 4,340,290          | \$ 3,981,243          | \$ 4,050,698          | \$ 3,838,803         |
| Transfer out                                                   | (4,755,048)          | (7,070,552)           | (5,099,896)           | (5,217,372)           | (5,181,590)           | (5,287,651)           | (4,340,290)           | (3,981,243)           | (4,050,698)           | (3,838,803)          |
| Bonds issued                                                   | -                    | 10,860,253            | 19,210,000            | -                     | -                     | -                     | -                     | -                     | -                     | -                    |
| Premium on bonds issued                                        | -                    | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                    |
| Refunded bonds redeemed                                        | -                    | -                     | (14,285,000)          | -                     | -                     | -                     | -                     | -                     | -                     | -                    |
| Capital lease proceeds                                         | -                    | -                     | -                     | 1,280,852             | -                     | -                     | -                     | -                     | -                     | -                    |
| Interest rate subsidy                                          | -                    | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                    |
| <b>Total other financing sources (uses), net</b>               | <b>\$ (66,495)</b>   | <b>\$ 10,452,927</b>  | <b>\$ 5,427,000</b>   | <b>\$ 1,280,852</b>   | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ -</b>          |
| <b>Net change in fund balances</b>                             | <b>\$ 1,113,150</b>  | <b>\$ 5,450,708</b>   | <b>\$ (1,546,243)</b> | <b>\$ 167,288</b>     | <b>\$ (4,098,579)</b> | <b>\$ (1,747,389)</b> | <b>\$ (7,494,694)</b> | <b>\$ (3,801,812)</b> | <b>\$ (5,670,250)</b> | <b>\$ 11,605,829</b> |
| <b>Debt service as a percentage of noncapital expenditures</b> | <b>11.70%</b>        | <b>15.70%</b>         | <b>9.11%</b>          | <b>10.20%</b>         | <b>9.85%</b>          | <b>9.60%</b>          | <b>9.56%</b>          | <b>9.52%</b>          | <b>8.88%</b>          | <b>9.17%</b>         |

Table 5

**City of Hopewell, Virginia**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

| Fiscal Year | Real Property Direct Tax Rate |    | Real Estate (1) |  | Personal Property Direct Tax Rate |    | M & T Property Direct Tax Rate |      | Machinery and Tools |             | Public Service |             | Total Direct Rate |    | Total Taxable Assessed Value |    | Estimated Actual Taxable Value |  | Assessed Value as a Percentage of Actual Value |  |
|-------------|-------------------------------|----|-----------------|--|-----------------------------------|----|--------------------------------|------|---------------------|-------------|----------------|-------------|-------------------|----|------------------------------|----|--------------------------------|--|------------------------------------------------|--|
|             |                               |    |                 |  |                                   |    |                                |      |                     |             |                |             |                   |    |                              |    |                                |  |                                                |  |
| 2022        | 1.13                          | \$ | 1,457,433,200   |  | 3.50                              | \$ | 167,195,527                    | 3.05 | \$                  | 290,487,642 | \$             | 371,426,588 | 1.55              | \$ | 2,286,542,957                | \$ | 2,275,110,242                  |  | 100.50%                                        |  |
| 2021        | 1.13                          | \$ | 1,457,433,200   |  | 3.50                              | \$ | 145,105,401                    | 3.05 | \$                  | 290,487,642 | \$             | 371,426,588 | 1.53              | \$ | 2,264,452,831                | \$ | 2,253,130,567                  |  | 100.50%                                        |  |
| 2020        | 1.13                          |    | 1,378,278,000   |  | 3.50                              |    | 131,812,946                    | 3.05 |                     | 268,354,358 |                | 371,426,588 | 1.51              |    | 2,149,871,892                |    | 2,139,122,533                  |  | 100.50%                                        |  |
| 2019        | 1.13                          |    | 1,366,701,500   |  | 3.50                              |    | 129,520,769                    | 3.05 |                     | 290,803,910 |                | 396,788,105 | 1.53              |    | 2,183,814,284                |    | 2,172,895,213                  |  | 100.50%                                        |  |
| 2018        | 1.13                          |    | 1,326,388,100   |  | 3.50                              |    | 122,775,152                    | 3.05 |                     | 287,133,116 |                | 362,719,625 | 1.53              |    | 2,099,015,993                |    | 2,088,520,913                  |  | 100.50%                                        |  |
| 2017        | 1.13                          |    | 1,528,290,500   |  | 3.50                              |    | 120,380,318                    | 3.05 |                     | 287,133,116 |                | 362,719,625 | 1.49              |    | 2,298,523,559                |    | 2,287,030,941                  |  | 100.50%                                        |  |
| 2016        | 1.13                          |    | 1,525,757,500   |  | 3.50                              |    | 118,531,957                    | 3.05 |                     | 264,711,192 |                | 385,528,920 | 1.47              |    | 2,294,529,569                |    | 2,283,056,921                  |  | 100.50%                                        |  |
| 2015        | 1.13                          |    | 1,523,579,400   |  | 3.50                              |    | 114,728,924                    | 3.05 |                     | 242,698,070 |                | 383,685,396 | 1.46              |    | 2,264,691,790                |    | 2,253,368,331                  |  | 100.50%                                        |  |
| 2014        | 1.08                          |    | 1,515,543,600   |  | 3.50                              |    | 110,899,806                    | 3.05 |                     | 229,392,148 |                | 365,587,338 | 1.40              |    | 2,221,422,892                |    | 2,210,315,778                  |  | 100.50%                                        |  |
| 2013        | 1.08                          |    | 1,500,249,500   |  | 3.50                              |    | 108,045,354                    | 3.05 |                     | 154,636,072 |                | 351,556,622 | 1.35              |    | 2,114,487,548                |    | 2,103,915,110                  |  | 100.50%                                        |  |

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

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

Table 6

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

| Fiscal Year | Real Estate | Personal Property(2) | Machinery and Tools | Public Utility |                   |  | Total Direct Rate (3) |
|-------------|-------------|----------------------|---------------------|----------------|-------------------|--|-----------------------|
|             |             |                      |                     | Real Estate    | Personal Property |  |                       |
| 2013        | 1.08        | 3.50                 | 3.05                | 1.08           | 3.50              |  | 1.35                  |
| 2014        | 1.11        | 3.50                 | 3.05                | 1.08           | 3.50              |  | 1.36                  |
| 2015        | 1.13        | 3.50                 | 3.05                | 1.02           | 3.50              |  | 1.47                  |
| 2016        | 1.13        | 3.50                 | 3.05                | 1.02           | 3.50              |  | 1.47                  |
| 2017        | 1.13        | 3.50                 | 3.05                | 1.02           | 3.50              |  | 1.49                  |
| 2018        | 1.13        | 3.50                 | 3.05                | 1.02           | 3.50              |  | 1.51                  |
| 2019        | 1.13        | 3.50                 | 3.05                | 1.02           | 3.50              |  | 1.53                  |
| 2020        | 1.13        | 3.50                 | 3.05                | 1.13           | 3.50              |  | 1.51                  |
| 2021        | 1.13        | 3.50                 | 3.05                | 1.13           | 3.50              |  | 1.53                  |
| 2022        | 1.13        | 3.50                 | 3.05                | 1.13           | 3.50              |  | 1.53                  |

(1) Per \$100 of assessed value.

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

(3) Weighted average for tax levy.

The City of Hopewell has no overlapping taxes.

Table 7

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

| Taxpayer                                                       | Fiscal Year 2022              |                                     |     | Fiscal Year 2013              |                                     |  |
|----------------------------------------------------------------|-------------------------------|-------------------------------------|-----|-------------------------------|-------------------------------------|--|
|                                                                | 2021<br>Assessed<br>Valuation | % of Total<br>Assessed<br>Valuation |     | 2012<br>Assessed<br>Valuation | % of Total<br>Assessed<br>Valuation |  |
| Virginia Electric & Power Company /<br>Dominion Virginia Power |                               | 0.00%                               | SCC |                               | 0.00%                               |  |
| Advansix Resins & Chemicals LLC (1)                            | \$ 46,052,600                 | 3.34%                               |     | \$ 36,084,900                 | 2.64%                               |  |
| Continental Hopewell Inc                                       | 17,724,700                    | 1.29%                               |     | 16,959,900                    | 1.24%                               |  |
| Columbia HCA / John Randolph Hospital                          | 22,198,600                    | 1.61%                               |     | 17,462,800                    | 1.28%                               |  |
| Hopewell Cogentric Limited Partnership                         |                               | 0.00%                               | SCC |                               | 0.00%                               |  |
| Ashland Aqualon Company (3)                                    | 30,084,300                    | 2.18%                               |     | 24,573,100                    | 1.80%                               |  |
| Pam Joy Virginia LLC (4)                                       | 8,642,800                     | 0.63%                               |     | 7,244,500                     | 0.53%                               |  |
| Virginia American Water Company                                |                               | 0.00%                               | SCC |                               | 0.00%                               |  |
| Evoniks (5)                                                    | 16,125,100                    | 1.17%                               |     | 14,190,400                    | 1.04%                               |  |
| James River Cogeneration Company                               |                               | 0.00%                               | SCC |                               | 0.00%                               |  |
| Total of Principal Property Taxpayers                          | \$ 140,828,100                | 10.22%                              |     | \$ 116,515,600                | 8.53%                               |  |
| Grand Total of All Taxpayers                                   | \$ 1,378,287,000              |                                     |     | \$ 1,364,786,300              |                                     |  |

- (1) Advansix Resins & Chemical LLC succeeded Honeywell/Allied  
(2) West Rock succeeded Rock Tenn and Stone Container  
(3) Green Plains succeeded Future Fuels  
(4) Ashland Inc succeeded Aqualon  
(5) Evoniks succeeded Evonik Goldschmidt Corp

Sources:

- (a) Debra K. Reason, Commissioner of Revenue  
(b) Patrizia Waggoner, Real Estate Assessor

Table 8

**City of Hopewell, Virginia**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

| Fiscal Year | Total Tax Levy for Fiscal Year | Collected Within the Fiscal Year of the Levy |                    | Collections in Subsequent Years | Total Collections to Date |                    |
|-------------|--------------------------------|----------------------------------------------|--------------------|---------------------------------|---------------------------|--------------------|
|             |                                | Amount                                       | Percentage of Levy |                                 | Amount                    | Percentage of Levy |
| 2022        | \$ 33,462,521                  | \$ 16,492,421                                | 49.29%             | \$ -                            | \$ 16,492,421             | 49.29%             |
| 2021        | \$ 33,462,521                  | \$ 16,492,421                                | 49.29%             | \$ -                            | \$ 16,492,421             | 49.29%             |
| 2020        | \$ 33,458,147                  | \$ 15,097,273                                | 45.12%             | \$ -                            | \$ 15,097,273             | 45.12%             |
| 2019        | \$ 31,865,655                  | \$ 19,450,139                                | 94.34%             | \$ -                            | \$ 19,450,139             | 61.04%             |
| 2018        | \$ 32,683,120                  | \$ 30,832,816                                | 94.34%             | \$ -                            | \$ 30,832,816             | 94.34%             |
| 2017        | \$ 32,023,520                  | \$ 30,143,321                                | 94.13%             | \$ 358,736                      | \$ 30,502,057             | 95.25%             |
| 2016        | \$ 29,780,535                  | \$ 28,194,428                                | 94.67%             | \$ 389,166                      | \$ 28,583,594             | 95.98%             |
| 2015        | \$ 28,194,700                  | \$ 27,452,021                                | 97.37%             | \$ 281,375                      | \$ 27,733,396             | 98.36%             |
| 2014        | \$ 27,263,306                  | \$ 25,359,477                                | 93.02%             | \$ 1,664,975                    | \$ 27,024,452             | 99.12%             |
| 2013        | \$ 25,910,451                  | \$ 25,275,937                                | 97.55%             | \$ 379,244                      | \$ 25,655,182             | 99.01%             |

Source: Municipal Tax Assessor

Table 9

City of Hopewell, Virginia  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities  |                     |                    |                    |    | Business-Type Activities |               |                      |                |                | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
|-------------|--------------------------|---------------------|--------------------|--------------------|----|--------------------------|---------------|----------------------|----------------|----------------|--------------------------|-----------------------------------|----------------|
|             | General Obligation Bonds | Literary Fund Loans | Other Notes/ Bonds | General Obligation |    | Note Payable             | Revenue Bonds | Revenue Bond Premium | Capital Leases |                |                          |                                   |                |
|             |                          |                     |                    | Bond Premium       |    |                          |               |                      |                |                |                          |                                   |                |
| 2022        | \$ 55,872,948            | \$-                 | \$-                | \$-                | \$ | 406,018                  | \$ 28,215,000 | \$ 473,678           | \$ -           | \$ 84,967,644  | 15.82%                   | \$ 3,227                          |                |
| 2021        | \$ 43,442,180            | \$-                 | \$-                | \$-                | \$ | 559,023                  | \$ 29,795,000 | \$ 497,915           | \$ -           | \$ 74,294,118  | 13.84%                   | \$ 3,227                          |                |
| 2020        | \$ 46,662,190            | \$ 382,500          | \$ -               | \$ -               | \$ | 709,073                  | \$ 31,325,000 | \$ 555,401           | \$ -           | \$ 79,634,164  | 15.16%                   | \$ 3,458                          |                |
| 2019        | \$ 49,891,566            | \$ 750,000          | \$ -               | \$ -               | \$ | 856,226                  | \$ 32,825,000 | \$ 549,098           | \$ -           | \$ 84,903,750  | 9.69%                    | \$ 3,758                          |                |
| 2018        | \$ 52,690,350            | \$ 1,125,000        | \$ -               | \$ -               | \$ | 1,000,537                | \$ 34,285,000 | \$ 574,238           | \$ -           | \$ 89,707,503  | 11.53%                   | \$ 3,971                          |                |
| 2017        | \$ 55,321,601            | \$ 1,599,200        | \$ -               | \$ -               | \$ | 1,141,791                | \$ 35,725,000 | \$ 601,013           | \$ -           | \$ 94,420,533  | 12.13%                   | \$ 4,180                          |                |
| 2016        | \$ 57,890,852            | \$ 2,073,400        | \$ -               | \$ -               | \$ | 1,280,852                | \$ 37,130,000 | \$ 626,155           | \$ -           | \$ 99,066,413  | 12.73%                   | \$ 4,385                          |                |
| 2015        | \$ 60,602,676            | \$ 2,547,600        | \$ -               | \$ -               | \$ | -                        | \$ 38,210,000 | \$ 658,519           | \$ -           | \$ 102,097,935 | 13.12%                   | \$ 4,519                          |                |
| 2014        | \$ 57,473,287            | \$ 3,021,800        | \$ -               | \$ -               | \$ | 157,886                  | \$ 33,680,000 | \$ 692,558           | \$ -           | \$ 95,025,531  | 12.21%                   | \$ 4,206                          |                |
| 2013        | \$ 51,595,511            | \$ 3,496,000        | \$ -               | \$ -               | \$ | 248,510                  | \$ 34,830,000 | \$ 718,958           | \$ -           | \$ 90,888,979  | 11.68%                   | \$ 4,023                          |                |

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

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

Table 10

**City of Hopewell, Virginia**  
**Ratio of Net General Bonded Debt to**  
**Assessed Value and Net Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

| <b>Fiscal Year</b> | <b>Gross Bonded Debt</b> | <b>Less Amounts Reserved for Debt Service</b> | <b>Net Bonded Debt (3)</b> | <b>Ratio of Net General Obligation Debt to Assessed Value (2)</b> | <b>Bonded Debt per Capita (1)</b> |
|--------------------|--------------------------|-----------------------------------------------|----------------------------|-------------------------------------------------------------------|-----------------------------------|
| 2022               | \$ 55,872,948            | \$ -                                          | \$ 55,872,948              | 2.44%                                                             | \$ 1,886                          |
| 2021               | \$ 43,442,180            | \$ -                                          | \$ 43,442,180              | 1.92%                                                             | \$ 1,886                          |
| 2020               | \$ 47,044,690            | \$ -                                          | \$ 47,044,690              | 2.19%                                                             | \$ 2,043                          |
| 2019               | \$ 50,673,426            | \$ -                                          | \$ 50,673,426              | 2.32%                                                             | \$ 2,243                          |
| 2018               | \$ 53,847,278            | \$ -                                          | \$ 53,847,278              | 2.31%                                                             | \$ 2,384                          |
| 2017               | \$ 56,952,729            | \$ -                                          | \$ 56,952,729              | 2.48%                                                             | \$ 2,521                          |
| 2016               | \$ 60,029,406            | \$ -                                          | \$ 60,029,406              | 2.62%                                                             | \$ 2,657                          |
| 2015               | \$ 63,229,416            | \$ -                                          | \$ 63,229,416              | 2.79%                                                             | \$ 2,799                          |
| 2014               | \$ 60,725,169            | \$ -                                          | \$ 60,725,169              | 2.73%                                                             | \$ 2,688                          |
| 2013               | \$ 55,340,021            | \$ -                                          | \$ 55,340,021              | 2.62%                                                             | \$ 2,450                          |

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

(2) See schedule of Real Estate Assessed Value and Estimated Actual Value of Taxable Property - Table 5.

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

Table 11

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

|                                                                                                                              | 2013           | 2014           | 2015           | 2016           | 2017           | 2018           | 2019           | 2020           | 2021            | 2022             |
|------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|------------------|
| Debt limit                                                                                                                   | \$ 130,445,020 | \$ 133,262,850 | \$ 130,418,300 | \$ 152,575,750 | \$ 152,829,050 | \$ 153,420,680 | \$ 157,643,920 | \$ 158,864,270 | \$ 163,855,820  | \$ 163,855,820   |
| Total net debt applicable to limit                                                                                           | 55,340,021     | 60,725,169     | 63,229,416     | 60,029,406     | 56,952,729     | 53,847,278     | 50,673,426     | 47,044,690     | 43,442,180      | 43,442,180       |
| Legal debt margin                                                                                                            | \$ 75,104,999  | \$ 72,537,681  | \$ 67,188,884  | \$ 92,546,344  | \$ 95,876,321  | \$ 99,573,402  | \$ 106,970,494 | \$ 111,819,580 | \$ 120,413,640  | \$ 120,413,640   |
| Total net debt applicable to the limit as a percentage of debt limit                                                         | 42.42%         | 45.57%         | 48.48%         | 39.34%         | 37.27%         | 35.10%         | 32.14%         | 29.61%         | 26.51%          | 26.51%           |
| Source: Valuation bases were obtained from the Hopewell Real Estate Assessor's office.<br>(a) Limit set by Virginia Statute. |                |                |                |                |                |                |                |                |                 |                  |
| Legal Debt Margin calculation for Fiscal Year 2021                                                                           |                |                |                |                |                |                |                |                |                 |                  |
| Assessed value                                                                                                               |                |                |                |                |                |                |                |                | \$1,378,278,000 | \$1,457,433,200  |
| Add back: exempt real property                                                                                               |                |                |                |                |                |                |                |                | 210,364,700     | 181,125,000      |
| Total assessed value                                                                                                         |                |                |                |                |                |                |                |                | \$1,588,642,700 | \$ 1,638,558,200 |
| Debt limit (10% of total assessed value) (a)                                                                                 |                |                |                |                |                |                |                |                | \$ 158,864,270  | \$ 163,855,820   |
| Net debt applicable to limit                                                                                                 |                |                |                |                |                |                |                |                | 47,044,690      | 43,442,180       |
| Legal debt margin                                                                                                            |                |                |                |                |                |                |                |                | \$111,819,580   | \$120,413,640    |



Table 12

**City of Hopewell, Virginia**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

| <b>Fiscal<br/>Year</b> | <b>Population (a)</b> | <b>Personal<br/>Income (b)</b> | <b>Per Capita<br/>Personal<br/>Income (c)</b> | <b>Unemployment<br/>Rate (d)</b> |
|------------------------|-----------------------|--------------------------------|-----------------------------------------------|----------------------------------|
| 2022                   | 23,033                | \$ 536,991,362                 | \$ 23,314                                     | 8.1%                             |
| 2021                   | 23,033                | \$ 536,991,362                 | \$ 23,314                                     | 8.1%                             |
| 2020                   | 23,033                | \$ 536,991,362                 | \$ 23,314                                     | 14.2%                            |
| 2019                   | 22,529                | \$ 525,241,106                 | \$ 23,314                                     | 4.4%                             |
| 2018                   | 22,591                | \$ 876,056,389                 | \$ 38,779                                     | 4.8%                             |
| 2017                   | 22,591                | \$ 778,341,324                 | \$ 34,454                                     | 6.1%                             |
| 2016                   | 22,591                | \$ 778,341,324                 | \$ 34,454                                     | 6.6%                             |
| 2015                   | 22,591                | \$ 778,341,324                 | \$ 34,454                                     | 7.6%                             |
| 2014                   | 22,591                | \$ 778,341,324                 | \$ 34,454                                     | 9.0%                             |
| 2013                   | 22,591                | \$ 778,341,324                 | \$ 34,454                                     | 9.8%                             |

Source:

(a) Population information provided by the U.S. Census Bureau.

(b) Personal income estimated based upon the municipal population and per capita income presented.

(c) Per capita personal income by municipality estimated based upon the 2000 census published by the U.S. Bureau of Economic Analysis.

(d) Unemployment data provided by the Virginia Employment Commission.

Table 13

## City of Hopewell, Virginia

## Principal Employers

## Current Year and Period Nine Years Prior

| Employer                             | Fiscal Year 2022     |      | Fiscal Year 2013     |      |
|--------------------------------------|----------------------|------|----------------------|------|
|                                      | Employees            | Rank | Employees            | Rank |
| Hopewell City School Board           | 500 to 999 employees | 1    | 500 to 999 employees | 1    |
| AdvanSix Inc                         | 500 to 999 employees | 2    | 500 to 999 employees | 2    |
| HCA Virginia Health System           | 500 to 999 employees | 3    | 500 to 999 employees | 3    |
| City of Hopewell                     | 250 to 499 employees | 4    | 250 to 499 employees | 5    |
| Alliance Group Rock Tenn             | 250 to 499 employees | 6    | 250 to 499 employees | 6    |
| Metz Division                        | 100 to 249 employees | 7    | 100 to 249 employees | 8    |
| Aqualon Company                      | 100 to 249 employees | 8    | 100 to 249 employees | 7    |
| DuPont Specialty Products USA LLC    | 250 to 499 employees | 5    | 250 to 499 employees | 4    |
| Turner Specialty Services LLC        | 100 to 249 employees | 10   | n/a                  | n/a  |
| Hopewell Operations LLC              | 100 to 249 employees | n/a  | 100 to 249 employees | 9    |
| Quality Specialties                  | 100 to 249 employees | n/a  | 100 to 249 employees | n/a  |
| Wonder City Rehabilitation & Nursing | 100 to 249 employees | 9    |                      |      |

Source: Virginia Employment Commission

(1) In FY 2009, Alliance Group Rock Tenn was Stone Container Corporation

(2) In FY 2009, Metz Division was Goldschmidt Chemical Corporation.

(3) In FY 2017, AdvanSix separated from Honeywell International Inc

Table 14

**City of Hopewell, Virginia**  
**Full-Time City Government Employees by Function**  
**Last Ten Fiscal Years**

| <b>Function</b>               | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government:           |             |             |             |             |             |             |             |             |             |             |
| City Clerk                    | 1           | 1           | 1           | 1           | 1           | 1           | 2           | 2           | 2           | 2           |
| City Attorney                 | 2           | 2           | 2           | -           | -           | -           | -           | 1           | 2           | 2           |
| City Manager                  | 6           | 7           | 9           | 9           | 9           | 9           | 9           | 9           | 9           | 9           |
| Finance Department            | 15          | 14          | 14          | 14          | 14          | 16          | 16          | 17          | 18          | 18          |
| City Treasurer                | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 6           | 6           | 6           |
| Commissioner of Revenue       | 7           | 7           | 7           | 7           | 7           | 7           | 7           | 7           | 7           | 7           |
| Voter Registrar               | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Judicial Administration:      |             |             |             |             |             |             |             |             |             |             |
| Clerk of Circuit Court        | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 5           |
| Commonwealth Attorney         | 7           | 6           | 6           | 6           | 6           | 6           | 6           | 6           | 7           | 7           |
| Court Services                | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 2           | 2           |
| General District Court        | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Public Safety:                |             |             |             |             |             |             |             |             |             |             |
| Sheriff Department            | 10          | 10          | 12          | 12          | 12          | 12          | 12          | 12          | 12          | 12          |
| Fire & Rescue                 | 45          | 45          | 45          | 47          | 47          | 53          | 54          | 54          | 54          | 54          |
| Building inspections          | 6           | 6           | 6           | 6           | 6           | 7           | 7           | 7           | 7           | 7           |
| Police Department             | 76          | 82          | 82          | 82          | 82          | 82          | 82          | 82          | 83          | 83          |
| Animal Control                | 1           | 1           | 2           | 2           | 2           | 3           | 3           | 3           | 3           | 3           |
| Emergency Services            | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Public Works:                 |             |             |             |             |             |             |             |             |             |             |
| General Maintenance           | 33          | 34          | 36          | 36          | 36          | 41          | 43          | 43          | 43          | 43          |
| Landfill                      | 2           | 2           | 2           | 2           | 2           | 2           | 3           | 3           | 3           | 3           |
| Engineering                   | 4           | 3           | 3           | 3           | 3           | 4           | 4           | 4           | 4           | 4           |
| Sewer Services                | 60          | 61          | 61          | 61          | 61          | 58          | 60          | 61          | 61          | 61          |
| Health & Welfare:             |             |             |             |             |             |             |             |             |             |             |
| Department of Social Services | 40          | 40          | 40          | 40          | 44          | 58          | 53          | 56          | 56          | 56          |
| Community Services Act        | 1           | 1           | 1           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Culture and Recreation:       |             |             |             |             |             |             |             |             |             |             |
| Parks and Recreation          | 15          | 15          | 15          | 15          | 15          | 17          | 17          | 17          | 17          | 17          |
| Tourism                       | 1           | 1           | -           | -           | -           | -           | -           | -           | -           | -           |
| Community Development         | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| Planning                      | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Totals                        | 353         | 359         | 365         | 366         | 370         | 399         | 401         | 408         | 411         | 411         |

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

Table 15

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

| Function                       | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019    | 2020    | 2021    | 2022    |
|--------------------------------|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|
| Public safety                  |        |        |        |        |        |        |         |         |         |         |
| Police department:             |        |        |        |        |        |        |         |         |         |         |
| E911 calls answered            | 24,655 | 14,205 | 19,516 | 19,701 | 19,701 | 18,602 | 15,550  | 15,550  | 15,366  | 15,366  |
| Animal calls answered          | 2,818  | 2,917  | 2,960  | 2,712  | 2,473  | 2,411  | 2,935   | 2,081   | 2,017   | 2,017   |
| Physical arrests               | 1,031  | 1,394  | 1,297  | 1,306  | 1,141  | 1,000  | 904     | 792     | 687     | 687     |
| Civil papers                   |        |        |        |        |        |        |         |         |         |         |
| Fire and rescue:               |        |        |        |        |        |        |         |         |         |         |
| Fire calls                     | 3,213  | 3,352  | 3,138  | 3,477  | 4,394  | 5,219  | 5,256   | 5,124   | 5,280   | 5,280   |
| EMS calls                      | 3,545  | 3,556  | 1,296  | 4,001  | 3,822  | 4,115  | 4,187   | 4,182   | 4,691   | 4,691   |
| Building inspections:          |        |        |        |        |        |        |         |         |         |         |
| Permits issued (all)           | 957    | 958    | 1,029  | 980    | 852    | 598    | 693     | 730     | 794     | 794     |
| Inspections done (all)         | 2,560  | 2,297  | 4,007  | 1,313  | 2,281  | 3,854  | 3,083   | 3,828   | 4,663   | 4,663   |
| Public works                   |        |        |        |        |        |        |         |         |         |         |
| General maintenance:           |        |        |        |        |        |        |         |         |         |         |
| Work orders issued             | 2,501  | 3,196  | 2,688  | 2,701  | 2,393  | 2,470  | 2,469   | 2,241   | 2,365   | 2,365   |
| Health and welfare             |        |        |        |        |        |        |         |         |         |         |
| Department of Social Services: |        |        |        |        |        |        |         |         |         |         |
| Caseload*                      | 10,911 | 11,446 | 12,324 | 8,652  | 11,888 | 13,469 | 12,265  | 12,928  | 13,236  | 13,236  |
| Culture and recreation         |        |        |        |        |        |        |         |         |         |         |
| Parks and recreation:          |        |        |        |        |        |        |         |         |         |         |
| Community center visits        | 55,565 | 59,845 | 49,167 | 57,864 | 45,533 | 79,292 | 214,400 | 194,494 | 125,481 | 125,481 |
| Summer program participants    | N/A    | N/A    | 223    | 1,511  | 2,069  | 4,197  | 3,205   | 1,400   | 1,000   | 1,000   |
| Youth sports participants      | N/A    | 2,235  | 737    | 711    | 908    | 812    | 840     | 960     | 390     | 390     |
| Community development          |        |        |        |        |        |        |         |         |         |         |
| Planning:                      |        |        |        |        |        |        |         |         |         |         |
| Zoning permits issued          | 291    | 539    | 167    | 199    | 186    | 215    | 270     | 161     | 309     | 309     |
| Inspections done (all)         |        |        |        |        | 1,026  | 1,891  | 3,733   | 4,691   | 2,996   | 2,996   |

Source: Individual city department workload counts.

\* Average total case count.

Table 16

**City of Hopewell, Virginia**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

| Function                 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------|------|------|------|------|------|------|------|------|------|------|
| General Government       |      |      |      |      |      |      |      |      |      |      |
| Administration buildings | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    |
| Vehicles                 | 6    | 5    | 5    | 7    | 9    | 9    | 9    | 9    | 9    | 9    |
| Public Works             |      |      |      |      |      |      |      |      |      |      |
| Vehicles                 | 46   | 48   | 48   | 47   | 49   | 51   | 51   | 48   | 50   | 50   |
| Public Safety            |      |      |      |      |      |      |      |      |      |      |
| Police Department:       |      |      |      |      |      |      |      |      |      |      |
| Vehicles                 | 60   | 60   | 53   | 55   | 59   | 74   | 80   | 77   | 106  | 106  |
| Sheriff Department:      |      |      |      |      |      |      |      |      |      |      |
| Vehicles                 | 16   | 18   | 18   | 19   | 23   | 22   | 27   | 25   | 30   | 30   |
| Fire Department:         |      |      |      |      |      |      |      |      |      |      |
| Fire stations            | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    |
| Fire trucks              | 5    | 5    | 5    | 7    | 7    | 6    | 5    | 5    | 6    | 6    |
| Other vehicles           | 8    | 8    | 10   | 10   | 11   | 13   | 15   | 21   | 13   | 13   |
| Building Inspectors:     |      |      |      |      |      |      |      |      |      |      |
| Vehicles                 | 9    | 10   | 9    | 9    | 9    | 9    | 8    | 5    | 5    | 5    |
| Culture and Recreation   |      |      |      |      |      |      |      |      |      |      |
| Parks and Recreation:    |      |      |      |      |      |      |      |      |      |      |
| Community centers        | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Vehicles                 | 12   | 12   | 12   | 12   | 14   | 14   | 13   | 13   | 10   | 10   |
| Parks acreage            | 161  | 161  | 161  | 161  | 161  | 226  | 226  | 226  | 226  | 226  |
| Swimming pools           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Tennis courts            | 14   | 14   | 14   | 14   | 14   | 6    | 6    | 6    | 6    | 6    |
| Ballfields               | 20   | 20   | 20   | 20   | 20   | 6    | 6    | 6    | 6    | 6    |
| Soccer fields            | 8    | 8    | 8    | 8    | 8    | 4    | 4    | 4    | 4    | 4    |

Source: City Fixed Asset System by City departments

## **Compliance**



ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Hopewell, Virginia's basic financial statements and have issued our report thereon dated August 22, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Hopewell, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Hopewell, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Hopewell, Virginia's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be material weaknesses.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Hopewell, Virginia's financial statements are free from 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*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
August 22, 2025





ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited City of Hopewell, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Hopewell, Virginia's major federal programs for the year ended June 30, 2022. City of Hopewell, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Hopewell, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Hopewell, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Hopewell, Virginia's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Hopewell, Virginia's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Hopewell, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Hopewell, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Hopewell, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Hopewell, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Hopewell, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

## Report on Internal Control over Compliance: (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia

August 22, 2025

## CITY OF HOPEWELL, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED JUNE 30, 2022**

| <b>Federal Grantor<br/>Pass Through Grantor<br/>Program or Cluster Title</b>            | <b>Pass-through<br/>Entity Identifying<br/>Number</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Federal<br/>Expenditures</b> |
|-----------------------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------|---------------------------------|
| <b>Department of Agriculture:</b>                                                       |                                                       |                                    |                                 |
| <u>Pass Through Payments:</u>                                                           |                                                       |                                    |                                 |
| Virginia Department of Agriculture and Consumer Services:                               |                                                       |                                    |                                 |
| Child Nutrition Cluster:                                                                |                                                       |                                    |                                 |
| Food Distribution                                                                       | 10.555/2017/2018                                      | 10.555                             | \$                              |
| Department of Education:                                                                |                                                       |                                    |                                 |
| National School Lunch Program                                                           | 10.555/2017/2018                                      | 10.555                             | 1,987,400                       |
| Total 10.555                                                                            |                                                       |                                    | \$ 1,987,400                    |
| School Breakfast Program                                                                | 10.553/2017/2018                                      | 10.553                             | 675,115                         |
| Summer Food Service Program for Children                                                | Not available                                         | 10.559                             | \$ 54,979                       |
| Total Child Nutrition Cluster                                                           |                                                       |                                    | \$ 2,717,494                    |
| Child and Adult Care Food Program                                                       | Not available                                         | 10.558                             | 31,630                          |
| Pandemic EBT Administrative Costs                                                       | Not available                                         | 10.649                             | 3,063                           |
| Department of Social Services:                                                          |                                                       |                                    |                                 |
| SNAP Cluster:                                                                           |                                                       |                                    |                                 |
| State Administrative Matching Grants for Supplemental Nutrition Assistance Program      | 0010111/0010112/0040111/0040112                       | 10.561                             | \$ 746,399                      |
| <b>Total Department of Agriculture</b>                                                  |                                                       |                                    | \$ 3,498,586                    |
| <b>Department of Defense:</b>                                                           |                                                       |                                    |                                 |
| <u>Direct Payments:</u>                                                                 |                                                       |                                    |                                 |
| JROTC                                                                                   | N/A                                                   | 12.000                             | \$ 73,815                       |
| <b>Total Department of Defense</b>                                                      |                                                       |                                    | \$ 73,815                       |
| <b>Department of Housing and Urban Development:</b>                                     |                                                       |                                    |                                 |
| <u>Direct Payments:</u>                                                                 |                                                       |                                    |                                 |
| Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | N/A                                                   | 14.228                             | \$ 98,981                       |
| <b>Total Department of Housing and Urban Development</b>                                |                                                       |                                    | \$ 98,981                       |
| <b>Department of Justice:</b>                                                           |                                                       |                                    |                                 |
| <u>Pass Through Payments:</u>                                                           |                                                       |                                    |                                 |
| Department of Justice                                                                   |                                                       |                                    |                                 |
| Crime Victim Assistance                                                                 | unavailable                                           | 16.575                             | \$ 137,503                      |
| Coronavirus Emergency Supplemental Funding Program                                      | unavailable                                           | 16.034                             | 6,100                           |
| <b>Total Department of Justice</b>                                                      |                                                       |                                    | \$ 143,603                      |
| <b>Department of Transportation:</b>                                                    |                                                       |                                    |                                 |
| <u>Pass Through Payments:</u>                                                           |                                                       |                                    |                                 |
| Virginia Department of Motor Vehicles:                                                  |                                                       |                                    |                                 |
| National Priority Safety Programs                                                       | FM2HVE2050181                                         | 20.616                             | \$ 3,252                        |
| State and Community Highway Safety                                                      |                                                       | 20.600                             | 4,547                           |
| <b>Total Department of Transportation</b>                                               |                                                       |                                    | \$ 7,799                        |
| <b>Department of Treasury</b>                                                           |                                                       |                                    |                                 |
| <u>Direct Payments:</u>                                                                 |                                                       |                                    |                                 |
| Equitable Sharing                                                                       | N/A                                                   | 21.016                             | \$ 7,040                        |
| <u>Pass Through Payments:</u>                                                           |                                                       |                                    |                                 |
| Virginia Department of Accounts:                                                        |                                                       |                                    |                                 |
| COVID-19 - Coronavirus Relief Fund                                                      | N/A                                                   | 21.019                             | 485,052                         |
| Virginia Department of Accounts:                                                        |                                                       |                                    |                                 |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Fund                             | N/A                                                   | 21.027                             | 464,983                         |
| Virginia Department Criminal Justice Services:                                          |                                                       |                                    |                                 |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Fund                             | N/A                                                   | 21.027                             | 16,682                          |
| Virginia Department of Education:                                                       |                                                       |                                    |                                 |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Fund                             | N/A                                                   | 21.027                             |                                 |
| Total 21.027                                                                            |                                                       |                                    | \$ 481,665                      |
| <u>Pass Through Payments:</u>                                                           |                                                       |                                    |                                 |
| Virginia Department of Education:                                                       |                                                       |                                    |                                 |
| COVID-19 - Coronavirus Relief Fund                                                      | SLT0022                                               | 21.019                             | \$ -                            |
| <b>Total Department of Treasury</b>                                                     |                                                       |                                    | \$ 973,757                      |
| <b>Environmental Protection Agency:</b>                                                 |                                                       |                                    |                                 |
| <u>Direct Payments:</u>                                                                 |                                                       |                                    |                                 |
| Brownfields Assessment and Cleanup Cooperative Agreements                               | N/A                                                   | 66.818                             | \$                              |
| <b>Total Environmental Protection Agency</b>                                            |                                                       |                                    | \$ -                            |

## CITY OF HOPEWELL, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED JUNE 30, 2022 (Continued)

| Federal Grantor<br>Pass Through Grantor<br>Program or Cluster Title                                | Pass-through<br>Entity Identifying<br>Number | Federal<br>CFDA<br>Number | Federal<br>Expenditures |
|----------------------------------------------------------------------------------------------------|----------------------------------------------|---------------------------|-------------------------|
| <b>Department of Education:</b>                                                                    |                                              |                           |                         |
| <u>Direct Payments:</u>                                                                            |                                              |                           |                         |
| Impact Aid                                                                                         | N/A                                          | 84.041                    | \$ 12,827               |
| <u>Pass Through Payments:</u>                                                                      |                                              |                           |                         |
| Department of Education:                                                                           |                                              |                           |                         |
| Title I Grants to Local Educational Agencies                                                       | S010A120046/S011A130046                      | 84.010                    | \$ 2,333,424            |
| Special Education Cluster:                                                                         |                                              |                           |                         |
| Special Education - Grants to States                                                               | H027A120107/H027A130107                      | 84.027                    | \$ 405,822              |
| Special Education - Preschool Grants                                                               | H173A120112/H173A130112                      | 84.173                    | 23,902                  |
| Total Special Education Cluster                                                                    |                                              |                           | \$ 429,724              |
| Career and Technical Education - Basic Grants to States                                            | V048A120046/V048A130046                      | 84.048                    | 198,275                 |
| Twenty-First Century Community Learning Centers                                                    | Not available                                | 84.287                    | 28,474                  |
| English Language Acquisition State Grants                                                          | T365A120046                                  | 84.365                    | 0                       |
| Supporting Effective Instruction State Grants (formerly<br>Improving Teacher Quality State Grants) | S367A110044/S367A120044                      | 84.367                    | 244,264                 |
| Student Support and Academic Enrichment Program                                                    | Not available                                | 84.424                    | 85,067                  |
| COVID-19-Education Stabilization Fund:                                                             |                                              |                           |                         |
| Governor's Emergency Education Relief Fund                                                         | Not available                                | 84.425C                   | 0                       |
| Elementary and Secondary School Emergency Relief Fund                                              | S425D200008                                  | 84.425D                   | 5,358,631               |
| Total COVID-19-Education Stabilization Fund                                                        |                                              |                           | \$ 5,358,631            |
| <b>Total Department of Education</b>                                                               |                                              |                           | <b>\$ 8,690,686</b>     |
| <b>Department of Health and Human Services:</b>                                                    |                                              |                           |                         |
| <u>Direct Payments:</u>                                                                            |                                              |                           |                         |
| Head Start                                                                                         | N/A                                          | 93.600                    | \$ 1,370,779            |
| <u>Pass Through Payments:</u>                                                                      |                                              |                           |                         |
| Department of Social Services:                                                                     |                                              |                           |                         |
| Promoting Safe and Stable Families                                                                 | 950112                                       | 93.556                    | \$ 27,031               |
| Guardianship Assistance                                                                            | 950112                                       | 93.090                    | 405                     |
| Title IV-E Prevention Program                                                                      | 90300/93151/91451                            | 93.472                    | 7,495                   |
| TANF Cluster:                                                                                      |                                              |                           |                         |
| Temporary Assistance for Needy Families                                                            | 0400111/0400112                              | 93.558                    | 393,192                 |
| Refugee and Entrant Assistance State/Replacement Designee<br>Administered Programs                 | 0500110/0500111                              | 93.566                    | 1,844                   |
| Low-Income Home Energy Assistance                                                                  | 0600411/0600412                              | 93.568                    | 64,825                  |
| Child Care and Development Fund Cluster:                                                           |                                              |                           |                         |
| Child Care and Development Block Grant                                                             | 90564                                        | 93.575                    | (200)                   |
| Child Care Mandatory and Matching Funds of the Child Care<br>and Development Fund                  | 0760111/0760112                              | 93.596                    | 80,245                  |
| Stephanie Tubbs Jones Child Welfare Services Program                                               | 0900111/0900112                              | 93.645                    | 824                     |
| Foster Care-Title IV-E                                                                             | 1100111/1100112                              | 93.658                    | 292,508                 |
| Adoption Assistance                                                                                | 1120111/1120112                              | 93.659                    | 594,716                 |
| Social Services Block Grant                                                                        | 1000110/1000111                              | 93.667                    | 362,400                 |
| Chafee Foster Care Independence Program                                                            | 9150111/9150112                              | 93.674                    | 5,909                   |
| Elder Abuse Prevention Interventions Program                                                       | 90380/90381                                  | 93.747                    | 8,467                   |
| Children's Health Insurance Program                                                                | 0540111/0540112                              | 93.767                    | 3,838                   |
| Medicaid Cluster:                                                                                  |                                              |                           |                         |
| Medical Assistance Program                                                                         | 1200111/1200112                              | 93.778                    | 397,358                 |
| Total Department of Social Services                                                                |                                              |                           | \$ 2,240,857            |
| <b>Total Department of Health and Human Services</b>                                               |                                              |                           | <b>\$ 3,611,636</b>     |
| <b>Department of Homeland Security:</b>                                                            |                                              |                           |                         |
| <u>Pass Through Payments:</u>                                                                      |                                              |                           |                         |
| Virginia Department of Emergency Services:                                                         |                                              |                           |                         |
| Emergency Management Performance Grants                                                            | Not available                                | 97.042                    | \$ 67,763               |
| State Homeland Security Grant Program                                                              | Not available                                | 97.067                    | 77,000                  |
| <b>Total Department of Homeland Security</b>                                                       |                                              |                           | <b>\$ 144,763</b>       |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS - REPORTING ENTITY</b>                                     |                                              |                           | <b>\$ 17,243,626</b>    |

See accompanying notes to schedule of expenditures of federal awards.

CITY OF HOPEWELL, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Note 1 - Basis of Accounting

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Hopewell, Virginia under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the Schedule presents only a selected portion of the operations of the City of Hopewell, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Hopewell, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *the Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 4 - De Minimis Cost Rate

The City did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - Loan Balances

The City has no loans or loan guarantees which are subject to reporting requirements for the current year.

Note 7 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

|                                 |    |           |
|---------------------------------|----|-----------|
| General Fund                    | \$ | 312,847   |
| Virginia Public Assistance Fund |    | 2,938,805 |
| Capital Projects Fund           |    | 464,983   |
| Nonmajor Funds                  |    | 142,481   |
| Sewer Fund                      |    | 485,052   |

|                          |    |           |
|--------------------------|----|-----------|
| Total primary government | \$ | 4,344,168 |
|--------------------------|----|-----------|

Component Unit School Board:

|                                   |    |            |
|-----------------------------------|----|------------|
| School Operating Fund             | \$ | 10,694,061 |
| School Cafeteria Fund             |    | 2,715,727  |
| Total component unit school board | \$ | 13,409,788 |

|                                                |    |        |
|------------------------------------------------|----|--------|
| Component Unit - Children's Services Act Board | \$ | 48,451 |
|------------------------------------------------|----|--------|

|                                                           |    |            |
|-----------------------------------------------------------|----|------------|
| Total federal expenditures per basic financial statements | \$ | 17,802,407 |
|-----------------------------------------------------------|----|------------|

|                                              |    |           |
|----------------------------------------------|----|-----------|
| Medicaid charges for services - School Board | \$ | (558,781) |
|----------------------------------------------|----|-----------|

|                          |    |  |
|--------------------------|----|--|
| Federal interest subsidy | \$ |  |
|--------------------------|----|--|

|                        |    |   |
|------------------------|----|---|
| School food difference | \$ | - |
|------------------------|----|---|

|                                                                               |    |            |
|-------------------------------------------------------------------------------|----|------------|
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | \$ | 17,243,626 |
|-------------------------------------------------------------------------------|----|------------|

CITY OF HOPEWELL, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

|                                                       |               |
|-------------------------------------------------------|---------------|
| Type of auditor's report issued:                      | Unmodified    |
| Internal control over financial reporting:            |               |
| Material weakness(es) identified?                     | Yes           |
| Significant deficiency(ies) identified?               | None reported |
| Noncompliance material to financial statements noted? | Yes           |

**Federal Awards**

|                                                                                                               |               |
|---------------------------------------------------------------------------------------------------------------|---------------|
| Internal control over major programs:                                                                         |               |
| Material weakness(es) identified?                                                                             | No            |
| Significant deficiency(ies) identified?                                                                       | None reported |
| Type of auditors' report issued on compliance for major programs:                                             | Unmodified    |
| Any audit findings disclosed that are required to be<br>reported in accordance with 2 CFR Section 200.516(a)? | No            |

Identification of major programs:

| <b>CFDA #</b> | <b>Name of Federal Program or Cluster</b>                   |
|---------------|-------------------------------------------------------------|
| 93.660        | Head Start                                                  |
| 21.019        | COVID-19 - Coronavirus Relief Fund                          |
| 84.425        | Education Stabilization Fund                                |
| 21.027        | COVID-19 - Coronavirus State and Local Fiscal Recovery Fund |
| 84.010        | Title I - Grants to Local Educational Agencies              |

|                                                                            |           |
|----------------------------------------------------------------------------|-----------|
| Dollar threshold used to distinguish between Type A<br>and Type B programs | \$750,000 |
| Auditee qualified as low-risk auditee?                                     | No        |

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2022**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Finding 2022-001 City's and School Board's Finance Organization and Financial Statement Closing Process**

**Criteria:**

The City and School Board have not established policies and procedures and an effective internal control framework that would enable the City and School Board to maintain financial records accurately and timely.

***Tone at the Top***

Control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation on which an effective system of internal control is built and operated in an organization that strives to:

1. Achieve its strategic objectives,
2. Provide reliable financial reporting to internal and external stakeholders,
3. Operate its business efficiently and effectively,
4. Comply with all applicable laws and regulations, and
5. Safeguard its assets.

Control environment factors include the integrity, ethical values, and competence of the City's personnel, management's philosophy and operating style, the way management assigns authority and responsibility, and organizes and develops its people, and the attention and direction provided by the City Council.

The Internal Control Framework would include establishing or enhancing guidance in the following areas:

- *Control environment* sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.
- *Risk assessment* is the entity's identification and analysis of relevant risks to achievement of its objectives, forming a basis for developing appropriate risk responses.
- *Control activities* are the actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system.
- *Information and communication* systems support the identification, capture, and exchange of information in a form and time frame that enables people to carry out their responsibilities.
- *Monitoring* consists of activities management establishes and operates to assess the quality of performance over time.



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2022**

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**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

**Condition and Context:**

**City**

Cash

Monthly Bank Reconciliations are not being performed timely or accurately by the Treasurer's Office in order to ensure the accuracy and completeness of the general ledger.

Investments

The Treasurer and the Finance Department are not familiar with the accounting for Investments. Account balances are maintained for investments accounts where the restrictions have expired and are available for general City purposes and not transferred to the consolidated account. Capital expenditures are paid from the consolidated bank account and not reimbursed from the respective bond investment accounts.

Taxes Receivable

The taxes receivable subsidiary accounts are not reconciled to the general ledger on a current basis.

Accounts receivable-HRWTF/Refunds

The commission members and customer accounts receivable and related refunds were not reconciled to the general ledger accounts on a timely basis. The Munis implementation balances had not been verified and were uploaded without a reconciliation to the general ledger. Additionally incorrect posting of receipts contributed to the issue. The refunds have not been calculated and recorded in the general ledger. The issue existed since the fiscal year 2015.

Accounts receivable- Utility Billing

The Sewer Services, Solid Waste, and Storm water Funds receivables could not be reconciled to the general ledger. The issue has existed since the fiscal year 2015.

Due from other governments -City/CSA

The revenues and receivables are not reconciled on a current basis in the general ledger to third party support (APA) on a timely basis.

Capital Projects Funds

The Capital Projects should only be used for acquisitions of capital assets costs in excess of \$10,000 or repairs in excess \$10,000 that have a life greater than one year per the City's capitalization policy. Significant purchases of amounts less than \$10,000 are recorded through the fund as opposed to current operations.

The Finance Department staff are not familiar with the accounting for bond proceeds that fund capital projects. When the costs are incurred they are paid from City's operating fund and should have a corresponding transfer from the bond investment accounts. The bond accounts have not been monitored on regular basis as to determine their propriety.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2022**

---

**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

**Condition and Context: (Continued)**

**City: (Continued)**

Journal Entries (GNI)

The general ledger transactions and corrections were posted through a significant number of GNI's posting or correcting a significant amount of account codes during the year.

Adjusting Journal Entries

General ledger required a significant amount of adjusting entries to close and correct the general ledger to generate the financial statements. This issue has existed since fiscal year 2015.

Grant Accounting

The City historically budgeted grant revenues and expenditures for grants in the general fund, recreation fund and Capital project fund on functional basis other than CDBG funds which are accounted for in a specific special revenue fund based on HUD guidance. The Finance staff, without proper authorization or understanding of grant accounting and general ledger accounts, directed all departments receiving grants funds to post their expenditures in new accounts coded in the CDBG fund as well as in an agency fund.

Beacon Theatre

Beacon Theatre Enterprise Fund operations are managed by a third party. The information and support for the financial transactions are not provided in a detailed format sufficient to prepare complete and accurate financial statements. The Finance Department professional local government accounting consultants are required to summarize and verify the financial information and prepare financial statements.

**School Board**

Cash

The cash transactions of the receipts and disbursements are processed through the City's consolidated checking account in accordance with Virginia Statutes. To ensure the accuracy of the transactions monthly reconciliations with the Treasurer are required to detect any errors. During FY 2022, these reconciliations were not performed in a timely manner.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2022**

---

**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

**Cause**

**City:**

Cash

Treasurer's reconciliation process was and is not performed in a timely manner to prevent or detect errors. The Finance Department did not have processes in place to timely review the general ledger for accuracy. The implementation of the Munis system automated processes were not considered for certain areas which were recorded through journal entries pre implementation. The staff of the Treasurer and the Finance Department lack the knowledge, skill and experience to perform the duties necessary to prevent or detect errors.

Investments

The staff of the Treasurer and the Finance Department lack the knowledge, skill and experience to manage the investment accounts which includes the purpose of the accounts, long term planning and related provisions of contracts laws and regulations. Policies and procedures were not developed over investments with the transition to the new accounting system (MUNIS). Institutional knowledge of the Treasurer and Finance Department prior to the implementation was not incorporated.

Taxes Receivable

Inadequate training of Treasurer and the Finance Director staff on maintaining the general ledger and supervisory level staff not having the knowledge, skill and experience to develop policies and procedures and training for reconciling the taxes receivable subsidiary accounts to the general ledger resulted in the reconciliations not being performed. The reconciliation processes should be systemic (automated), but still requires a process for verifying that errors are properly corrected in the general ledger and sub ledgers in a timely manner.

Accounts Receivable-HRWTF/Refunds

The commission billing and related refunds prior to the implementation of MUNIS were processed in the Finance Department. With the Munis implementation the responsibilities were transferred to HRWTF. The staff were not provided adequate training on the new responsibilities and the MUNIS system. There was a lack of coordination between the Treasurer and the staff on receipt recording.

Accounts Receivable- Utility Billing

The City utilizes a third party to bill customers and collect the payments for the utility billings. Prior to implementation of MUNIS, the transactions transmitted were verified and posted manually to the general ledger by the Finance Department. This process was not integrated into the MUNIS system. The manual process was not performed after the implementation. Data was not available in a format to enable a manual reconciliation in the ensuing years.

Due from Other Governments -City/CSA

Reconciliations processes were not carried over or redesigned with the implementation of MUNIS system.

Capital Projects Funds

Policies and procedures have not been effectively designed or communicated to City staff. The Finance Department staff do not have the skills, knowledge or experience to manage the capital project funds.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2022**

---

**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

**Cause: (Continued)**

**City: (Continued)**

Journal Entries (GNI)

Numerous transactions were recorded through the GNI to process transaction that should have been implemented in MUNIS. Numerous correcting entries were created due to the lack of adequate review and knowledge, skill and experience of the City's Staff.

Adjusting Journal Entries

The Finance Department staff lack the appropriate knowledge, skill and experience resulting in the general ledger being misstated in governmental and agency funds.

Grant Accounting

The Finance Department staff lack the appropriate knowledge, skill and experience resulting in the general ledger being misstated in governmental and agency funds.

Beacon Theatre

The City does not have processes in place to receive, review and monitor the operations of the Beacon Theatre on a current basis.

**School Board**

Cash

The School Board Finance Department did not have suitable monitoring processes in place to ensure the accuracy of the transactions communicated to the Treasurer to prevent or detect the errors on a timely basis.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2022**

---

**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

**Effect**

**City**

Cash

Significant amount of time required by third party consultants to get the bank reconciliations completed and a significant amount of adjustments to get the general ledger complete and accurate and ready to be audited.

Investments

Taxes Receivable

There is a higher risk of the financial statements being misstated due to error or fraud. Inaccurate financial information limits management's ability to manage the City's resources.

Accounts receivable-HRWTF/Refunds

Accounts receivable- Utility Billing

Significant amount of time required by third party consultants to get the Accounts receivables and revenues complete and accurate for the financial statements. Inaccurate financial information limits management's ability to manage the City's resources.

Due from other governments -City/CSA

There is a higher risk of the financial statements being misstated due to error or fraud. Violation of laws and regulations and disallowance of grant funding. Inaccurate financial information limits management abilities to manage the City's resources.

Journal Entries (GNI)

Adjusting Journal Entries

Manual transaction processing defeats the purpose of a systemic integrated accounting system with embedded internal controls and increases the risk of misstatement of financial information due to error or fraud.

Grant Accounting

Beacon Theatre

There is a higher risk of the financial statements being misstated due to error or fraud. Mismanagement of the City's resources. Inaccurate financial information limiting management ability to manage the City's resources. Significant hours were required to analyze and create entries to correct the errors.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2022**

---

**SECTION II - FINANCIAL STATEMENT FINDINGS: (CONTINUED)**

**Effect: (Continued)**

**School Board**

Cash

There is a higher risk of the financial statements being misstated due to error or fraud. Inaccurate financial information limits management ability to effectively manage the School Board's resources.

Summary

The City's inability to produce timely audited financial statements may impact the City's ability to acquire financing for long term City and School Board capital projects, eligibility for applying for other economic resources such as grants, hire qualified personnel and economic development.

Recommendation

It is recommended that the City and School Board perform an entity wide internal control risk assessment to develop and implement a corrective action plan to address the internal control deficiencies noted above. The risk assessment should be considered in the systemic environment internal control structure, financial processes, personnel and organizational structure.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**SECTION IV – PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

**MATERIAL WEAKNESS IN INTERNAL CONTROL**

**Finding 2021-001 City's and School Board's Finance Organization and Financial Statement Closing Process**

**Condition:**

**City**

Cash

Treasurer's 2021 bank reconciliation does not agree with adjusted general ledger and financial statements. The Auditor identified the May 16<sup>th</sup> tax revenue was posted multiple times and needed to be reversed. The auditor also identified the entry to record the state and federal revenue payment did not correctly debit the cash account.

Investments

The Treasurer and the Finance Department are not familiar with the accounting for Investments. Account balances are maintained for investments accounts where the restrictions have expired and are available for general City purposes and not transferred to the consolidated account. Capital expenditures are paid from the consolidated bank account and not reimbursed from the respective bond investment accounts.

Taxes Receivable

The taxes receivable subsidiary accounts are not reconciled to the general ledger on a current basis.

Accounts receivable-HRWTF/Refunds

The commission members and customer accounts receivable and related refunds were not reconciled to the general ledger accounts on a timely basis. The Munis implementation balances had not been verified and were uploaded without a reconciliation to the general ledger. Additionally incorrect posting of receipts contributed to the issue. The refunds have not been calculated and recorded in the general ledger. The issue existed since the fiscal year 2015.

Accounts receivable- Utility Billing

The Sewer Services, Solid Waste, and Storm water Funds receivables could not be reconciled to the general ledger. The issue has existed since the fiscal year 2015.

Due from other governments -City/CSA

The revenues and receivables are not reconciled on a current basis in the general ledger to third party support (APA) on a timely basis.

Capital Projects Funds

The Capital Projects should only be used for acquisitions of capital assets costs in excess of \$10,000 or repairs in excess \$10,000 that have a life greater than one year per the City's capitalization policy. Significant purchases of amounts less than \$10,000 are recorded through the fund as opposed to current operations.

The Finance Department staff are not familiar with the accounting for bond proceeds that fund capital projects. When the costs are incurred they are paid from City's operating fund and should have a corresponding transfer from the bond investment accounts. The bond accounts have not been monitored on regular basis as to determine their propriety.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022

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SECTION IV – PRIOR YEAR FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS IN INTERNAL CONTROL (CONTINUED)

**Finding 2021-001 City's and School Board's Finance Organization and Financial Statement Closing Process  
(Continued)**

**Condition: (Continued)**

**City**

Payroll liabilities

\$1.7 million in payments on payroll liabilities were posted in the general fund that were payments against payroll liabilities in other funds. The allocation of the payments required a manual allocation process to apply the payments to appropriate fund payroll liabilities.

Journal Entries (GNI)

The general ledger transactions and corrections were posted through 297 GNI's posting or correcting 6944 account codes during the year.

Adjusting Journal Entries

General ledger required more than 100 adjusting entries to close and correct the general ledger to generate the financial statements. This issue has existed since fiscal year 2015.

Grant Accounting

The City historically budgeted grant revenues and expenditures for grants in the general fund, recreation fund and Capital project fund on functional basis other than CDBG funds which are accounted for in a specific special revenue fund based on HUD guidance. The Finance staff, without proper authorization or understanding of grant accounting and general ledger accounts, directed all departments receiving grants funds to post their expenditures in new accounts coded in the CDBG fund as well as in an agency fund.

Beacon Theatre

Beacon Theatre Enterprise Fund operations are managed by a third party. The information and support for the financial transactions are not provided in a detailed format sufficient to prepare complete and accurate financial statements. The Finance Department professional local government accounting consultants are required to summarize and verify the financial information and prepare financial statements.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022

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**SECTION IV – PRIOR YEAR FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**MATERIAL WEAKNESS IN INTERNAL CONTROL (CONTINUED)**

**Finding 2021-001 City's and School Board's Finance Organization and Financial Statement Closing Process  
(Continued)**

Recommendation:

It is recommended that the City and School Board perform an entity wide internal control risk assessment to develop and implement a corrective action plan to address the internal control deficiencies noted above. The risk assessment should be considered in the systemic environment internal control structure, financial processes, personnel and organizational structure.

Current Status:

Finding was repeated in the current year as finding 2022-001