
CITY OF HOPEWELL, VIRGINIA
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

TO THE CITY COUNCIL
CITY OF HOPEWELL, VIRGINIA
HOPEWELL, VIRGINIA

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards of the City of Hopewell, Virginia for the year ended June 30, 2017, and the related notes (the financial statement).

Management's Responsibility

Management is responsible for the preparation and fair presentation of this financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards of the City of Hopewell, Virginia for the year ended June 30, 2017, in accordance with accounting principles generally accepted in the United States of America.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
July 28, 2021



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

TO THE CITY COUNCIL
CITY OF HOPEWELL, VIRGINIA
HOPEWELL, VIRGINIA

Report on Compliance for 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, 2017. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Hopewell, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Hopewell, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Hopewell, Virginia's compliance.

Basis for Disclaimer of Opinion on the Child Nutrition Cluster

As described in Finding 2017-001 in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient appropriate documentation supporting the City of Hopewell Virginia's compliance with the requirements of Child Nutrition Cluster (CFDA 10.553/10.555) regarding *eligibility*, consequently we were unable to determine whether the City of Hopewell, Virginia complied with that requirement applicable to those programs.

Disclaimer of Opinion on the Child Nutrition Cluster

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion on the Child Nutrition Cluster* paragraph, the scope of our work was insufficient to enable us to express, and we do not express, an opinion on the City of Hopewell, Virginia's compliance with the compliance requirements applicable to the Child Nutrition Cluster for the year ended June 30, 2017.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City of Hopewell, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of City of Hopewell, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Hopewell, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Hopewell, Virginia's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significance deficiencies may exist that were not identified. We did identify a deficiency in internal control over compliance, described in the accompanying *Schedule of Findings and Questioned Costs* as 2017-001, that we consider to be a material weakness.

City of Hopewell, Virginia's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Hopewell, Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
July 28, 2021

CITY OF HOPEWELL, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor Pass Through Grantor Program or Cluster Title	Pass-through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
Department of Agriculture:			
<u>Pass Through Payments:</u>			
Virginia Department of Agriculture and Consumer Services:			
Child Nutrition Cluster:			
Food Distribution	10.555/2015/2016	10.555	\$ 165,145
Department of Education:			
National School Lunch Program	10.555/2015/2016	10.555	1,682,572
Total 10.555			\$ 1,847,717
School Breakfast Program	10.553/2015/2016	10.553	721,549
Total Child Nutrition Cluster			\$ 2,569,266
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	0010111/0010112/0040111/0040112	10.561	\$ 488,459
Total Department of Agriculture			\$ 3,057,725
Department of Defense:			
<u>Direct Payments:</u>			
JROTC	N/A	12.000	\$ 200,136
Total Department of Defense			\$ 200,136
Department of Housing and Urban Development:			
<u>Direct Payments:</u>			
Community Development Block Grant Cluster:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	N/A	14.228	\$ 218,474
Total Department of Housing and Urban Development			\$ 218,474
Department of Justice:			
<u>Pass Through Payments:</u>			
Department of Justice			
Crime Victim Assistance	unavailable	16.575	\$ 85,112
Total Department of Justice			\$ 85,112
Department of Transportation:			
<u>Pass Through Payments:</u>			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	OP1656326	20.600	\$ 8,604
Total Department of Transportation			\$ 8,604
National Endowment for the Arts:			
<u>Pass Through Payments:</u>			
Virginia Commission for the Arts:			
Promotion of the Arts - Partnership Agreements	unavailable	45.025	\$ 5,000
Total National Endowment for the Arts			\$ 5,000
Environmental Protection Agency:			
<u>Direct Payments:</u>			
Brownfields Assessment and Cleanup Cooperative Agreements	N/A	66.818	\$ 87,038
Total Environmental Protection Agency			\$ 87,038

CITY OF HOPEWELL, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor Pass Through Grantor Program or Cluster Title	Pass-through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
Department of Education:			
<u>Direct Payments:</u>			
Impact Aid	N/A	84.041	\$ 21,095
<u>Pass Through Payments:</u>			
Department of Education:			
Title I Grants to Local Educational Agencies	S010A120046/S011A130046	84.010	\$ 1,353,641
Special Education Cluster:			
Special Education - Grants to States	H027A120107/H027A130107	84.027	\$ 916,878
Special Education - Preschool Grants	H173A120112/H173A130112	84.173	21,199
Total Special Education Cluster			\$ 938,077
Career and Technical Education - Basic Grants to States	V048A120046/V048A130046	84.048	89,615
Twenty-First Century Community Learning Centers	unavailable	84.287	231,703
Advanced Placement Incentive Program	unavailable	84.330	76
English Language Acquisition State Grants	T365A120046	84.365	8,715
Improving Teacher Quality State Grants	S367A110044/S367A120044	84.367	279,213
Total Department of Education			\$ 2,922,135
Department of Health and Human Services:			
<u>Direct Payments:</u>			
Head Start	N/A	93.600	\$ 1,242,346
<u>Pass Through Payments:</u>			
Department of Social Services:			
Promoting Safe and Stable Families	950112	93.556	\$ 12,128
Temporary Assistance for Needy Families (TANF Cluster)	0400111/0400112	93.558	512,626
Refugee and Entrant Assistance - State Administered Programs	0500110/0500111	93.566	1,352
Low-Income Home Energy Assistance	0600411/0600412	93.568	47,804
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Child Care and Development Fund Cluster)	0760111/0760112	93.596	70,721
Chafee Education and Training Vouchers Program	9160109	93.599	-
Stephanie Tubbs Jones Child Welfare Services Program	0900111/0900112	93.645	658
Foster Care-Title IV-E	1100111/1100112	93.658	319,960
Adoption Assistance	1120111/1120112	93.659	274,837
Social Services Block Grant	1000110/1000111	93.667	358,625
Chafee Foster Care Independence Program	9150111/9150112	93.674	3,191
Children's Health Insurance Program	0540111/0540112	93.767	18,765
Medical Assistance Program (Medicaid Cluster)	1200111/1200112	93.778	612,787
Total Department of Social Services			\$ 2,233,454
Total Department of Health and Human Services			\$ 3,475,800
Department of Homeland Security:			
<u>Pass Through Payments:</u>			
Virginia Department of Emergency Services:			
Emergency Management Performance Grants	unavailable	97.042	\$ 42,959
Homeland Security Grant Program	unavailable	97.067	38,500
Total Department of Homeland Security			\$ 81,459
TOTAL EXPENDITURES OF FEDERAL AWARDS - REPORTING ENTITY			\$ 10,141,483

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, 2017

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, 2017. 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	\$ 194,150
Virginia Public Assistance Fund	2,589,266
Capital Projects Fund	636,999
Nonmajor Funds	<u>218,474</u>
Total primary government	\$ <u>3,638,889</u>
Component Unit School Board:	
School Operating Fund	\$ 4,661,608
School Cafeteria Fund	<u>2,569,266</u>
Total component unit school board	\$ <u>7,230,874</u>
Component Unit - Children's Services Act Board	\$ <u>89,207</u>
Total federal expenditures per basic financial statements	\$ <u>10,958,970</u>
Medicaid charges for services - School Board	\$ <u>(406,844)</u>
Federal interest subsidy	\$ <u>(549,961)</u>
Other reconciling items	\$ <u>139,318</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>10,141,483</u></u>

CITY OF HOPEWELL, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditors' Results

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Disclaimer

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR Section 200.516(a)? Yes

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555	Child Nutrition Cluster
93.558	Temporary Assistance For Needy Families
93.667	Social Services Block Grant
93.778	Medical Assistance Program
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? No

CITY OF HOPEWELL, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Section II - Federal Award Findings and Questioned Costs

2017-001 Federal Award Finding - Eligibility:

Program: Child Nutrition Cluster (CFDA 10.553/10.555 - USDA)

Federal Award Number: 10.553/10.555 Year: 2017

Criteria: Free and reduced lunch applications are completed to determine those students who are eligible to receive free and reduced lunch based on income. These applications are to be maintained by the City to document eligibility determinations.

Condition: Management of the Component Unit School Board purged the free and reduced lunch applications for the year ended June 30, 2017.

Context: Management of the Component Unit School Board purged the free and reduced lunch applications for the year ended June 30, 2017 before the audit was completed.

Cause: Management of the Component Unit School Board followed document retention periods for the free and reduced lunch applications, however, did not take into consideration that the audit in accordance with Uniform Guidance had not yet been completed.

Effect: Sufficient appropriate audit evidence could not be obtained to determine if the School Board complied with the Eligibility requirements of the Child Nutrition Cluster.

Recommendation: The Component Unit School Board should retain all grant documentation until all applicable audits have been completed.

Views of Responsible Officials: Management concurs with the recommendation. Management (City Manager) has rendered a written request to the Management of the Component Unit School Board (Superintendent) "not to destroy any files until after that fiscal year's annual and single audit has been completed and filed." The request also included that Component Unit School Board staff be notified of the aforementioned.

Section IV - Prior Year Findings and Questioned Costs

There are no prior year federal award findings and questioned costs.