



COMMONWEALTH of VIRGINIA

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

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August 23, 2024

The Honorable Glenn Youngkin
Governor of Virginia

The Honorable Luke E. Torian, Chair
House Appropriations Committee

The Honorable L. Louise Lucas, Chair
Senate Finance and Appropriations Committee

Johnny Partin, Mayor
City of Hopewell

The Honorable Stephen E. Cummings
Secretary of Finance

The Honorable Candi Mundon King, Chair
House Counties, Cities, and Towns Committee

The Honorable Jeremy S. McPike, Chair
Senate Local Government Committee

Concetta Manker, City Manager
City of Hopewell

The Virginia Acts of Assembly and Code of Virginia direct the office of the Auditor of Public Accounts (Office) to establish a prioritized early warning system and annually monitor data and information from this system to identify whether a locality may meet the defined criteria for fiscal distress. As part of this annual fiscal distress monitoring process, the Office analyzes leading financial indicators through ratio analysis using data from each locality's audited annual financial report. During 2024, the General Assembly passed legislation that amended and codified the annual fiscal distress monitoring process at § 15.2-2512.1 of the Code of Virginia. The legislation established an additional provision for the annual fiscal distress monitoring process, requiring the Office to notify certain legislative committees and executive branch officials if a locality has not submitted its audited financial report within 18 months of the required December 15 deadline pursuant to the applicable governing statutes, or provided a plan for submission of its delayed audited financial report.

In accordance with the new legislative requirement related to the 18-month reporting delay, the Office provides this notification that the City of Hopewell (City) currently remains delayed with submitting its audited financial report for fiscal year 2022, which was due on December 15, 2022. As of the date of this notification, the City also remains delayed over 18 months with submitting its audited financial reports for fiscal years 2020 and 2021. Additionally, the City has not yet submitted its fiscal year 2023 audited financial report, which was due on December 15, 2023. The City's financial reporting delays continue to impact our ability to evaluate the financial indicators for the City as part of the annual fiscal distress monitoring process.

During the 2022 monitoring process, considering the criteria for fiscal distress, the Office qualitatively identified the City as needing further follow-up review, which we performed in November 2022. From this review, we observed certain internal, organizational factors and conditions that may indicate a situation of distress related to significant issues around the City's inability to submit its audited financial reports timely. As a result, the Office provided written notification dated December 9, 2022, with our formal recommendation that the Commonwealth provide state assistance to further assess and help remediate the City's situation. The Office's December 2022 recommendation letter outlined further details of the specific issues and primary factors contributing to the City's inability to produce its audited financial reports timely and deficiencies related to its internal controls over accounting and financial reporting.

We recognize that the City is currently implementing a stabilization and turnaround plan, which includes planned actions to address completion of the City's outstanding audits and submission of its audited financial reports for fiscal years 2020 through 2023. As the turnaround plan remains in progress, the City has not resolved the primary factors noted in our original notification and recommendation that have contributed to the City's inability to submit its audited financial reports timely. The Office will continue to monitor the City's progress in completing its turnaround plan, along with considering other factors as part of the annual fiscal distress monitoring process, and we will provide future updates as necessary. Should you have any questions or require further information, please contact me at (804) 225-3350 or Staci.Henshaw@apa.virginia.gov.

Sincerely,

Staci A. Henshaw
Auditor of Public Accounts

cc: Jasmine Gore, Hopewell Vice Mayor
Janice Denton, Hopewell City Council
Michael B. Harris, Hopewell City Council
Dominic R. Holloway, Sr., Hopewell City Council
Rita Joyner, Hopewell City Council
Brenda S. Pelham, Hopewell City Council
Stacey Jordan, Hopewell Chief Financial Officer
Robert C. Bobb, RBG President and CEO
Heather Ness, RBG Principal
Jack Reagan, UHY Managing Director
John Markowitz, Deputy Secretary of Finance
Bryan Horn, Commission on Local Government Executive Director
Delegate Carrie E. Coyner
Senator Lashrecse D. Aird