

CITY OF HOPEWELL, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CITY OF HOPEWELL, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021

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**CITY OF HOPEWELL, VIRGINIA
CITY COUNCIL AND CITY OFFICIALS
JUNE 30, 2021**

CITY COUNCIL

Patience 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

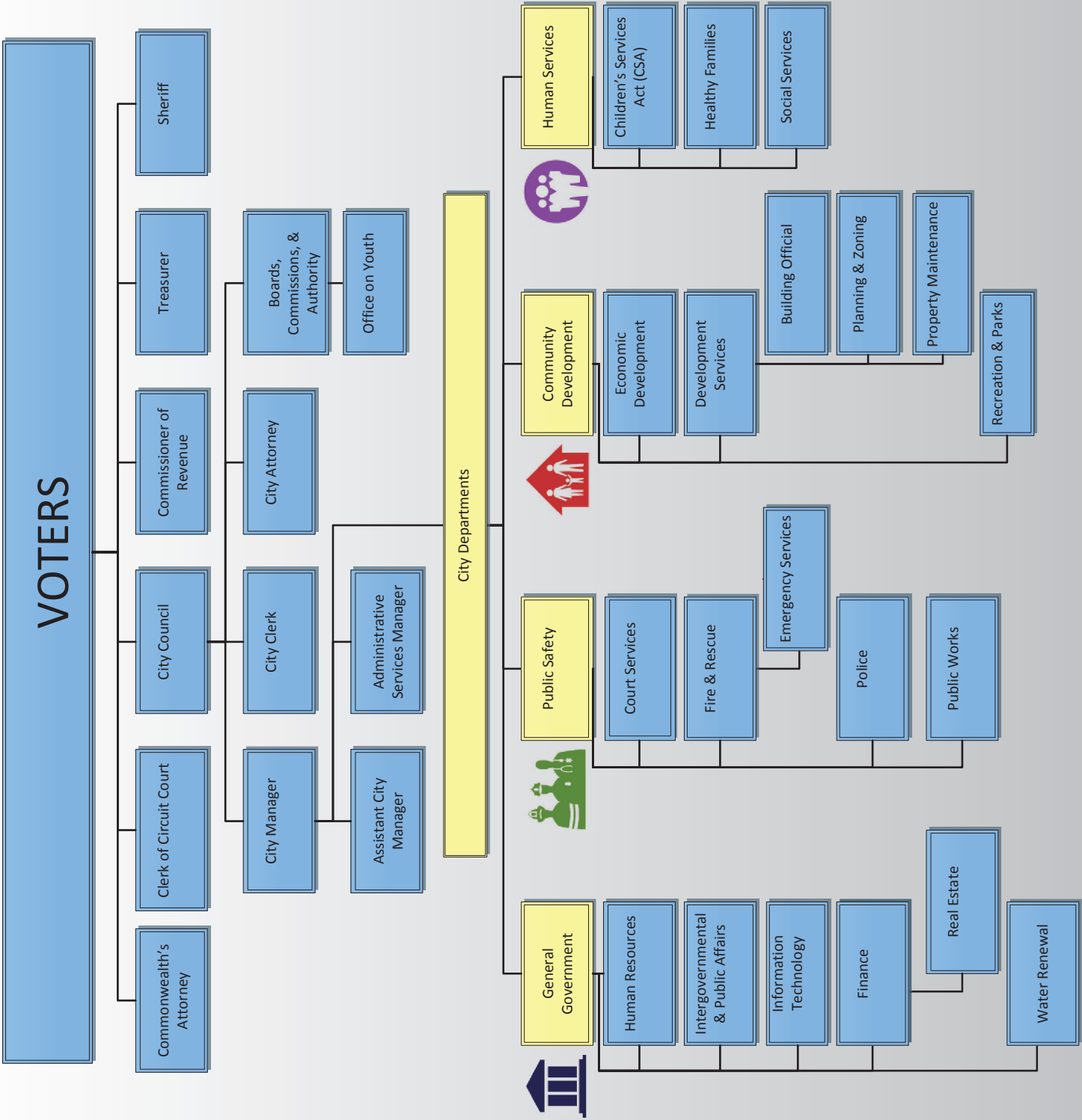
Shannon Foskey	City Treasurer
Debra A. Reason	Commissioner of Revenue
Richard K. Newman	Commonwealth's Attorney
Tamara J. Ward	Clerk of the Circuit Court
Stephen M. Kephart	Sheriff

CITY ADMINISTRATION

John M. Altman, Jr.	City Manager
Charles E. Dane	Assistant City Manager
Sandra R. Robinson	City Attorney
Mollie P. Bess	Acting City Clerk
Raymond W. Spicer	Social Services Director
Aaron A. Reidmiller	Recreation Director
Edward O. Watson	Public Works Director
Folakemi Okeowo	Governmental Affairs Director
Jennifer Sears	Human Resources Director
Jerry Byerly	Water Renewal & Sewer System Director
Michael Terry	Finance Director
Donald R. Hunter, II	Fire Department Chief
Kamran Afzal	Police Department Chief

CITY SCHOOLS

Dr. Melody D. Hackney	Schools Superintendent
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May 13, 2025

The Honorable Members of City Council
City of Hopewell, Virginia:

TO THE HONORABLE MEMBERS OF CITY COUNCIL:

The Annual Financial Report of the City of Hopewell, Virginia (the City) for the year ended June 30, 2021 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

Compliance Section: The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Information related to this single audit, including the schedule of federal financial assistance, findings and questioned costs, and independent auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in this report.

CITY GOVERNMENT

The City is governed by the city manager-city council form of government, whereby the city manager is responsible for carrying out the policy decisions of city council. City department directors manage individual departments and report to the city manager. Hopewell has two separate component units- Hopewell Schools and Children's Services Act Board.

The City provides a full range of services, including police and fire protection; sanitation services; health and social services; construction/maintenance of roads, streets, and other infrastructure; cultural events; and, recreational activities. In addition to these general government activities, the Regional Wastewater Treatment Facility is also a part of the primary government and is included in the reporting entity.

ECONOMIC CONDITION AND OUTLOOK

Hopewell is located approximately 25 miles southeast of Richmond, Virginia, the state capital. The City is considered developed out with respect to land use, except for several industrial zoned sites. Almost all new residential development is fill-in because the City has no large undeveloped land parcels. Until such time that the state General Assembly grants additional taxing authority, removes the annexation moratorium, assumes funding responsibility for state mandated services or some combination thereof, the City's revenue potential will remain limited.

The City has joined thirteen other Virginia cities to form the Virginia First Cities Coalition. This group is gathering and providing data to the General Assembly on the needs and issues facing Virginia's older inner cities. The issues facing this group are unique to older inner cities and not counties in Virginia and the General Assembly must address these problems. The City is poised for significant improvements in economic development in the near future.

FINANCIAL INFORMATION

Single Audit

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

As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2021 is included in this report.

Budgetary Controls

The City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the general fund and special revenue funds are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at departmental level within an individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations, except for encumbrances and project-length capital projects, lapse at year-end.

OTHER INFORMATION

Independent Audit

State Statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson, Framer, Cox Associates was selected by the City to perform the annual audit for the year ended June 30, 2021. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The report of the independent auditor on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The report of the independent auditor related specifically to the Single Audit is included in this report.

ACKNOWLEDGMENTS

This report could not have been accomplished without a great deal of cooperation and assistance by staff in both the City departments and Hopewell Schools. Also, we would like to thank the Mayor and members of City Council for their continued interest and support.

Concetta Manker
City Manager

Michael Terry
Finance Director



Independent Auditors' Report

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

Report on 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia, as of June 30, 2021, 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.

Change in Accounting Principle

As described in Note 21 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement Nos. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances for Correction of an Error

As described in Note 21 to the financial statements, in 2021, the City restated beginning balances to reflect adjustments related to accrued liabilities and cash balances. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, and schedules related to pension and OPEB funding on pages 93-94, and 95-112 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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.

Other Matters (Continued)

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hopewell, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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. In our opinion, 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 section and statistical information 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 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 the 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

May 13, 2025

Basic Financial Statements

Government-wide Financial Statements

CITY OF HOPEWELL, VIRGINIA

Statement of Net Position
June 30, 2021

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-Type Activities	Total	School Board	Children's Services Act Board
Assets					
Cash and cash equivalents	\$ 11,928,354	\$ 35,973,658	\$ 47,902,012	\$ 8,698,806	\$ -
Taxes receivable	26,280,215	-	26,280,215	-	-
Accounts receivable	1,368,227	7,602,203	8,970,430	31,699	-
Notes receivable	129,390	61,189	190,579	-	-
Interest receivable	291	639	930	-	54
Due from school board	5,170,265	-	5,170,265	-	-
Due from primary government	-	-	-	-	651,894
Due from other governmental units	1,511,655	1,018,886	2,530,541	3,023,262	465,986
Internal balances	(5,008,165)	5,008,165	-	95,981	-
Inventories	74,433	1,643,893	1,718,326	92,204	-
Prepaid expenses	10,800	-	10,800	-	-
Restricted assets:					
Cash and cash equivalents (in custody of others)	-	5,710,152	5,710,152	-	-
Note receivable, net of current portion	733,322	2,544,127	3,277,449	-	-
Capital assets:					
Land	7,381,964	803,029	8,184,993	474,629	-
Work in progress	2,824,585	6,218,399	9,042,984	139,373	-
Buildings, system improvements, and Infrastructure	86,014,059	101,897,710	187,911,769	46,201,372	-
Machinery and equipment	18,501,390	56,835,325	75,336,715	10,676,778	-
Sewer main improvements	-	45,657,145	45,657,145	-	-
Accumulated depreciation	(47,303,148)	(93,389,298)	(140,692,446)	(26,669,561)	-
Total assets	\$ 109,617,637	\$ 177,585,222	\$ 287,202,859	\$ 42,764,543	\$ 1,117,934
Deferred outflows of resources					
Debt related	\$ 904,630	\$ 15,759	\$ 920,389	\$ -	\$ -
Pension related	5,709,517	1,280,571	6,990,088	11,960,650	-
OPEB related	4,528,479	842,168	5,370,647	1,935,089	-
Total deferred outflows of resources	\$ 11,142,626	\$ 2,138,498	\$ 13,281,124	\$ 13,895,739	\$ -
Liabilities					
Accounts payable	\$ 1,790,211	\$ 1,783,780	\$ 3,573,991	\$ 737,398	\$ 404,160
Reconciled overdraft	-	-	-	-	549,382
Accrued liabilities	1,173,259	511,397	1,684,656	1,812,912	2,328
Refund credits payable	-	1,474,277	1,474,277	-	-
Accrued interest payable	592,898	555,135	1,148,033	-	-
Due to primary government	-	-	-	5,170,265	-
Due to other funds	-	-	-	95,981	-
Due to other governmental units	767,522	-	767,522	-	1,457,221
Unearned revenues	445,716	921,652	1,367,368	2,986,604	-
Long-term liabilities:					
Due within one year	4,000,040	1,628,255	5,628,295	255,888	-
Due in more than one year	81,820,772	37,798,425	119,619,197	60,144,526	-
Total liabilities	\$ 90,590,418	\$ 44,672,921	\$ 135,263,339	\$ 71,203,574	\$ 2,413,091
Deferred inflows of resources					
Deferred tax revenues	\$ 15,732,587	\$ -	\$ 15,732,587	\$ -	\$ -
Pension related	254,382	57,055	311,437	3,481,325	-
OPEB related	355,660	67,183	422,843	358,534	-
Total deferred inflows of resources	\$ 16,342,629	\$ 124,238	\$ 16,466,867	\$ 3,839,859	\$ -
Net position					
Net investment in capital assets	\$ 24,721,379	\$ 87,385,960	\$ 112,107,339	\$ 30,683,218	\$ -
Restricted	-	1,940,886	1,940,886	-	-
Unrestricted	(10,894,163)	45,599,715	34,705,552	(49,066,369)	(1,295,157)
Total net position	\$ 13,827,216	\$ 134,926,561	\$ 148,753,777	\$ (18,383,151)	\$ (1,295,157)

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, 2021**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government administration	\$ 10,903,286	\$ 10,348	\$ 297,737	\$ -
Judicial administration	3,418,816	49,221	862,734	-
Public safety	22,254,212	1,483,422	9,528,051	-
Public works	5,639,212	-	4,136,257	1,450,294
Health and welfare	7,218,615	-	4,302,087	-
Education	13,011,905	-	-	-
Parks, recreation, and cultural	2,749,831	30,849	11,195	-
Community development	1,643,618	-	326,263	-
Interest on long-term debt	2,368,334	-	-	-
Total governmental activities	\$ 69,207,829	\$ 1,573,840	\$ 19,464,324	\$ 1,450,294
Business-Type activities:				
Hopewell Regional Wastewater Facilities Fund	\$ 17,705,908	\$ 25,683,028	\$ -	\$ -
Sewer Service Fund	10,886,085	8,974,509	-	-
Solid Waste Fund	2,213,535	2,079,281	-	-
Storm Water Fund	905,814	619,817	-	98,900
Beacon Theatre Fund	813,814	622,544	-	-
Total Business-Type activities	\$ 32,525,156	\$ 37,979,179	\$ -	\$ 98,900
Total Primary Government	\$ 101,732,985	\$ 39,553,019	\$ 19,464,324	\$ 1,549,194
Component units:				
School Board	\$ 59,627,086	\$ 21,597	\$ 44,922,116	\$ -
Children's Services Act Board	3,055,468	-	2,025,281	-
Total component units	\$ 62,682,554	\$ 21,597	\$ 46,947,397	\$ -
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, as restated				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	School Board	Comprehensive Services Act Board	
\$ (10,595,201)	\$ -	\$ (10,595,201)	\$ -	\$ -	
(2,506,861)	-	(2,506,861)	-	-	
(11,242,739)	-	(11,242,739)	-	-	
(52,661)	-	(52,661)	-	-	
(2,916,528)	-	(2,916,528)	-	-	
(13,011,905)	-	(13,011,905)	-	-	
(2,707,787)	-	(2,707,787)	-	-	
(1,317,355)	-	(1,317,355)	-	-	
(2,368,334)	-	(2,368,334)	-	-	
<u>\$ (46,719,371)</u>	<u>\$ -</u>	<u>\$ (46,719,371)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ 7,977,120	\$ 7,977,120	\$ -	\$ -	
-	(1,911,576)	(1,911,576)	-	-	
-	(134,254)	(134,254)	-	-	
-	(187,097)	(187,097)	-	-	
-	(191,270)	(191,270)	-	-	
<u>\$ -</u>	<u>\$ 5,552,923</u>	<u>\$ 5,552,923</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (46,719,371)</u>	<u>\$ 5,552,923</u>	<u>\$ (41,166,448)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (14,683,373)	\$ -	
-	-	-	-	(1,030,187)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,683,373)</u>	<u>\$ (1,030,187)</u>	
\$ 25,483,008	\$ -	\$ 25,483,008	\$ -	\$ -	
2,364,557	-	2,364,557	-	-	
1,880,977	-	1,880,977	-	-	
2,526,011	-	2,526,011	-	-	
620,934	-	620,934	-	-	
602,151	-	602,151	-	-	
583,536	-	583,536	-	-	
81,459	302,517	383,976	-	-	
1,642,282	-	1,642,282	-	-	
4,773,532	4,000	4,777,532	680,147	36,700	
-	-	-	14,625,842	608,227	
<u>\$ 40,558,447</u>	<u>\$ 306,517</u>	<u>\$ 40,864,964</u>	<u>\$ 15,305,989</u>	<u>\$ 644,927</u>	
\$ (6,160,924)	\$ 5,859,440	\$ (301,484)	\$ 622,616	\$ (385,260)	
19,988,140	129,067,121	149,055,261	(19,005,767)	(909,897)	
<u>\$ 13,827,216</u>	<u>\$ 134,926,561</u>	<u>\$ 148,753,777</u>	<u>\$ (18,383,151)</u>	<u>\$ (1,295,157)</u>	

Fund Financial Statements

CITY OF HOPEWELL, VIRGINIA

Balance Sheet
Governmental Funds
June 30, 2021

	General	Virginia Public Assistance	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 4,112,954	\$ 383,816	\$ 6,893,791	\$ 537,793	\$ 11,928,354
Receivables (net of allowance for uncollectibles):					
Taxes receivable	26,280,215	-	-	-	26,280,215
Accounts receivable	1,345,200	-	-	23,027	1,368,227
Interest receivable	287	-	4	-	291
Due from other funds	4,561,541	-	-	-	4,561,541
Due from School Board	8,179,137	-	-	-	8,179,137
Note receivable-School Board	-	-	862,712	-	862,712
Due from other governments	655,606	428,632	427,417	-	1,511,655
Inventories	74,433	-	-	-	74,433
Prepaid items	10,800	-	-	-	10,800
Total assets	<u>\$ 45,220,173</u>	<u>\$ 812,448</u>	<u>\$ 8,183,924</u>	<u>\$ 560,820</u>	<u>\$ 54,777,365</u>
Liabilities					
Accounts payable	\$ 1,200,430	\$ 44,938	\$ 409,785	\$ 135,058	\$ 1,790,211
Accrued liabilities	916,413	139,932	4	116,910	1,173,259
Unearned revenue	445,716	-	-	-	445,716
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
Total liabilities	<u>\$ 9,224,717</u>	<u>\$ 562,661</u>	<u>\$ 6,577,996</u>	<u>\$ 389,912</u>	<u>\$ 16,755,286</u>
Deferred inflows of resources					
Unavailable tax revenues - first half	\$ 7,777,380	\$ -	\$ -	\$ -	\$ 7,777,380
Unavailable tax revenues - second half	15,732,587	-	-	-	15,732,587
Total deferred inflows of resources	<u>\$ 23,509,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,509,967</u>
Fund balances:					
Nonspendable:					
Prepaid items	\$ 10,800	\$ -	\$ -	\$ -	\$ 10,800
Inventories	74,433	-	-	-	74,433
Due from School Board	-	-	862,712	-	862,712
Assigned:					
Fire department equipment	160,000	-	-	-	160,000
Recreation	-	-	-	179,595	179,595
Rainy day emergency	5,261,768	-	-	-	5,261,768
Perpetual care	1,037,346	-	-	-	1,037,346
Self-insurance	500,000	-	-	-	500,000
VPA	-	344,831	-	-	344,831
Anti-Litter	-	-	-	104,253	104,253
Unassigned	5,441,142	(95,044)	743,216	(112,940)	5,976,374
Total fund balances	<u>\$ 12,485,489</u>	<u>\$ 249,787</u>	<u>\$ 1,605,928</u>	<u>\$ 170,908</u>	<u>\$ 14,512,112</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,220,173</u>	<u>\$ 812,448</u>	<u>\$ 8,183,924</u>	<u>\$ 560,820</u>	<u>\$ 54,777,365</u>

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, 2021**

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	14,512,112
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		67,418,850
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned in the funds.		
Uncollected taxes receivable		7,777,380
Deferred items:		
Deferred outflows related to debt	\$	904,630
Deferred outflows related to pension		5,709,517
Deferred inflows related to pension		(254,382)
Deferred outflows related to OPEB		4,528,479
Deferred inflows related to OPEB		(355,660)
		<u>10,532,584</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		(43,442,183)
Capital leases		(559,023)
Landfill closure liability		(612,028)
Net pension liability		(20,213,646)
Net OPEB liabilities		(19,476,245)
Compensated absences		(1,517,688)
Accrued interest payable		(592,898)
		<u>(86,413,711)</u>
Net position of governmental activities	\$	<u><u>13,827,216</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, 2021

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
General property taxes	\$ 26,798,380	\$ -	\$ -	\$ -	\$ 26,798,380
Other local taxes	6,052,154	-	2,526,011	-	8,578,165
Permits, privilege fees, and regulatory licenses	569,104	-	-	-	569,104
Fines and forfeitures	708,164	-	-	-	708,164
Revenues from use of money and property	45,554	1	6,279	29,625	81,459
Charges for services	265,537	-	-	30,849	296,386
Miscellaneous	4,134,363	7,085	589,508	42,575	4,773,531
Recovered costs	382,500	-	-	-	382,500
Intergovernmental revenues:					
Commonwealth	8,707,704	1,448,251	1,450,294	22,006	11,628,255
Federal	7,754,653	2,853,836	-	320,344	10,928,833
Total revenues	\$ 55,418,113	\$ 4,309,173	\$ 4,572,092	\$ 445,399	\$ 64,744,777
EXPENDITURES					
Current:					
General government administration	\$ 10,001,264	\$ -	\$ -	\$ -	\$ 10,001,264
Judicial administration	2,773,294	-	-	-	2,773,294
Public safety	19,684,908	-	-	-	19,684,908
Public works	4,881,972	-	-	-	4,881,972
Health and welfare	1,091,893	5,481,583	-	-	6,573,476
Education	10,906,404	-	-	-	10,906,404
Parks, recreation, and cultural	640,515	-	-	1,815,300	2,455,815
Community development	1,106,500	-	-	431,307	1,537,807
Nondepartmental	1,591,759	-	-	-	1,591,759
Capital projects	-	-	4,123,288	-	4,123,288
Debt service:					
Principal retirement	-	-	3,752,560	-	3,752,560
Interest and other fiscal charges	-	-	2,132,480	-	2,132,480
Total expenditures	\$ 52,678,509	\$ 5,481,583	\$ 10,008,328	\$ 2,246,607	\$ 70,415,027
Excess (deficiency) of revenues over (under) expenditures	\$ 2,739,604	\$ (1,172,410)	\$ (5,436,236)	\$ (1,801,208)	\$ (5,670,250)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	\$ -	\$ 982,243	\$ 1,333,320	\$ 1,735,135	\$ 4,050,698
Operating transfers out	(4,050,698)	-	-	-	(4,050,698)
Total other financing sources (uses), net	\$ (4,050,698)	\$ 982,243	\$ 1,333,320	\$ 1,735,135	\$ -
Net change in fund balances	\$ (1,311,094)	\$ (190,167)	\$ (4,102,916)	\$ (66,073)	\$ (5,670,250)
Fund balance - beginning, as restated	13,796,583	439,954	5,708,844	236,981	20,182,362
Fund balance - ending	\$ 12,485,489	\$ 249,787	\$ 1,605,928	\$ 170,908	\$ 14,512,112

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, 2021**

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

Net change in fund balances per Exhibit 5 - total governmental funds	\$	(5,670,250)
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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	\$	5,030,594	
Jointly-owned assets adjustment		(1,694,487)	
Depreciation expense		<u>(3,989,374)</u>	(653,267)

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

Property taxes			(1,315,372)
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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	\$	3,752,560	
Amortization of deferred amount of refunding		(276,083)	<u>3,476,477</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		40,229	
Decrease (increase) in landfill closure liability		(292)	
Decrease (increase) in compensated absences		(162,362)	
Decrease (increase) in net OPEB liabilities		(925,531)	
Decrease (increase) in net pension liability		(4,333,313)	
Decrease (increase) in deferred inflows related to OPEB		56,178	
Decrease (increase) in deferred inflows related to pension		1,215,256	
Increase (decrease) in deferred outflows related to OPEB		225,464	
Increase (decrease) in deferred outflows related to pension		<u>1,885,859</u>	<u>(1,998,512)</u>

Change in Net Position of Governmental Activities	\$	<u><u>(6,160,924)</u></u>
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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, 2021

	Business-Type Activities - Enterprise Funds					
	Hopewell Regional Wastewater Treatment Facilities Fund	Sewer Service Fund	Solid Waste Fund	Storm Water Fund	Beacon Theatre Fund	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 22,944,154	\$ 11,368,534	\$ 2,157,099	\$ (540,194)	\$ 44,065	\$ 35,973,658
Accounts receivable, net of allowance for uncollectibles	3,624,928	3,243,562	491,755	117,339	124,619	7,602,203
Due from other funds	-	6,000,000	-	-	-	6,000,000
Due from Commonwealth of Virginia	-	-	-	1,018,886	-	1,018,886
Notes receivable	-	61,189	-	-	-	61,189
Interest receivable	-	504	104	31	-	639
Inventories	1,643,893	-	-	-	-	1,643,893
Total current assets	\$ 28,212,975	\$ 20,673,789	\$ 2,648,958	\$ 596,062	\$ 168,684	\$ 52,300,468
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	1,359,812	3,728,968	621,372	-	-	5,710,152
Total restricted assets	\$ 1,359,812	\$ 3,728,968	\$ 621,372	\$ -	\$ -	\$ 5,710,152
Note receivable, net of current portion	\$ -	\$ 2,544,127	\$ -	\$ -	\$ -	\$ 2,544,127
Capital assets:						
Land	216,026	188,820	-	113,710	284,473	803,029
Utility plant in service and buildings	96,185,805	501,878	-	-	5,210,027	101,897,710
Sewer main improvements	-	42,015,971	-	3,641,174	-	45,657,145
Machinery and equipment	54,743,869	1,165,249	51,075	275,335	599,797	56,835,325
Construction in progress	5,494,284	113,849	-	610,266	-	6,218,399
Accumulated depreciation	(73,532,292)	(17,752,754)	(51,075)	(531,708)	(1,521,469)	(93,389,298)
Total capital assets	\$ 83,107,692	\$ 26,233,013	\$ -	\$ 4,108,777	\$ 4,572,828	\$ 118,022,310
Total noncurrent assets	\$ 84,467,504	\$ 32,506,108	\$ 621,372	\$ 4,108,777	\$ 4,572,828	\$ 126,276,589
Total assets	\$ 112,680,479	\$ 53,179,897	\$ 3,270,330	\$ 4,704,839	\$ 4,741,512	\$ 178,577,057
Deferred outflows of resources						
Loss on refunding	\$ 15,759	\$ -	\$ -	\$ -	\$ -	\$ 15,759
Pension related	1,040,271	105,754	26,122	108,424	-	1,280,571
OPEB related	684,162	69,551	17,148	71,307	-	842,168
Total deferred outflows of resources	\$ 1,740,192	\$ 175,305	\$ 43,270	\$ 179,731	\$ -	\$ 2,138,498
Liabilities						
Current liabilities:						
Accounts payable	\$ 1,336,358	\$ 334,312	\$ 98,771	\$ 14,339	\$ -	\$ 1,783,780
Accrued liabilities	269,916	44,125	25,722	181,654	(10,020)	511,397
Refund credits payable	1,471,005	3,272	-	-	-	1,474,277
Accrued interest payable	72,034	483,101	-	-	-	555,135
Due to other funds	27,500	-	-	964,335	-	991,835
Compensated absences	19,413	2,327	38	1,336	-	23,114
Unearned revenues	-	-	-	-	124,619	124,619
Bonds payable	996,702	608,439	-	-	-	1,605,141
Total current liabilities	\$ 4,192,928	\$ 1,475,576	\$ 124,531	\$ 1,161,664	\$ 114,599	\$ 7,069,298
Noncurrent liabilities:						
Bonds payable, net of current portion	\$ 7,158,977	\$ 21,529,700	\$ -	\$ -	\$ -	\$ 28,688,677
Net pension liability	3,682,918	374,402	92,481	383,855	-	4,533,656
Net OPEB liability	3,548,533	360,741	88,940	369,849	-	4,368,063
Compensated absences, net of current portion	174,714	20,942	347	12,026	-	208,029
Total noncurrent liabilities	\$ 14,565,142	\$ 22,285,785	\$ 181,768	\$ 765,730	\$ -	\$ 37,798,425
Total liabilities	\$ 18,758,070	\$ 23,761,361	\$ 306,299	\$ 1,927,394	\$ 114,599	\$ 44,867,723
Deferred inflows of resources						
Pension related	\$ 46,348	\$ 4,712	\$ 1,164	\$ 4,831	\$ -	\$ 57,055
OPEB related	54,578	5,549	1,368	5,688	-	67,183
Unavailable revenues	-	797,033	-	-	-	797,033
Total deferred inflows of resources	\$ 100,926	\$ 807,294	\$ 2,532	\$ 10,519	\$ -	\$ 921,271
Net position						
Net investment in capital assets	\$ 74,609,481	\$ 4,094,874	\$ -	\$ 4,108,777	\$ 4,572,828	\$ 87,385,960
Restricted	-	1,641,859	299,027	-	-	1,940,886
Unrestricted	20,952,194	23,049,814	2,705,742	(1,162,120)	54,085	45,599,715
Total net position	\$ 95,561,675	\$ 28,786,547	\$ 3,004,769	\$ 2,946,657	\$ 4,626,913	\$ 134,926,561

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, 2021

	Business-Type Activities - Enterprise Funds					Total
	Hopewell Regional Wastewater Treatment Facilities Fund	Sewer Service Fund	Solid Waste Fund	Storm Water Fund	Beacon Theatre Fund	
OPERATING REVENUES						
Charges for services:						
Wastewater treatment revenues	\$ 25,683,028	\$ -	\$ -	\$ -	\$ -	\$ 25,683,028
Sewer revenues	-	8,974,509	-	-	-	8,974,509
Refuse collection	-	-	2,079,281	-	-	2,079,281
Fees	-	-	-	619,817	-	619,817
Rental income	-	-	-	-	622,544	622,544
Total operating revenues	\$ 25,683,028	\$ 8,974,509	\$ 2,079,281	\$ 619,817	\$ 622,544	\$ 37,979,179
OPERATING EXPENSES						
Personnel services	\$ 3,189,237	\$ 344,356	\$ 98,164	\$ 283,413	\$ -	\$ 3,915,170
Fringe benefits	1,594,332	180,802	60,737	165,540	-	2,001,411
Contractual services	1,848,085	4,260,929	1,532,142	169,511	424,922	8,235,589
Administrative services	3,364	-	1,500	505	576	5,945
Materials and supplies	376,588	164,482	2,600	12,503	3,482	559,655
Repairs and maintenance	181,295	1,580,474	701	7,503	75	1,770,048
Utilities	2,576,837	146,333	13,515	-	25,936	2,762,621
Fuel	14,764	9,182	746	5,876	-	30,568
Insurance	-	-	-	-	12,984	12,984
Chemicals	4,126,735	1,416	-	-	-	4,128,151
Miscellaneous	528,470	1,415,867	503,430	48,299	154,328	2,650,394
Depreciation	2,975,156	1,760,844	-	212,664	191,511	5,140,175
Total operating expenses	\$ 17,414,863	\$ 9,864,685	\$ 2,213,535	\$ 905,814	\$ 813,814	\$ 31,212,711
Operating income (loss)	\$ 8,268,165	\$ (890,176)	\$ (134,254)	\$ (285,997)	\$ (191,270)	\$ 6,766,468
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	\$ 59,762	\$ 242,755	\$ -	\$ -	\$ -	\$ 302,517
Governmental grants	-	-	-	98,900	-	98,900
Miscellaneous revenue	-	-	-	4,000	-	4,000
Interest expense	(291,045)	(1,021,400)	-	-	-	(1,312,445)
Total nonoperating revenues (expenses), net	\$ (231,283)	\$ (778,645)	\$ -	\$ 102,900	\$ -	\$ (907,028)
Income (loss) before contributions	\$ 8,036,882	\$ (1,668,821)	\$ (134,254)	\$ (183,097)	\$ (191,270)	\$ 5,859,440
Change in net position	\$ 8,036,882	\$ (1,668,821)	\$ (134,254)	\$ (183,097)	\$ (191,270)	\$ 5,859,440
Total net position - beginning of year	87,524,793	30,455,368	3,139,023	3,129,754	4,818,183	129,067,121
Total net position - end of year	\$ 95,561,675	\$ 28,786,547	\$ 3,004,769	\$ 2,946,657	\$ 4,626,913	\$ 134,926,561

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, 2021

	Business-Type Activities - Enterprise Funds					
	Hopewell Regional Wastewater Treatment Facilities Fund	Sewer Service Fund	Solid Waste Fund	Storm Water Fund	Beacon Theatre Fund	Total
Cash flows from operating activities						
Receipts from customers and users	\$ 27,575,516	\$ 3,117,451	\$ 2,054,313	\$ 752,826	\$ 622,545	\$ 34,122,651
Payments to suppliers	(9,479,698)	(7,559,435)	(2,100,824)	(267,386)	(622,305)	(20,029,648)
Payments to employees	(4,319,505)	(477,519)	(146,753)	(401,697)	-	(5,345,474)
Net cash provided by (used in) operating activities	<u>\$ 13,776,313</u>	<u>\$ (4,919,503)</u>	<u>\$ (193,264)</u>	<u>\$ 83,743</u>	<u>\$ 240</u>	<u>\$ 8,747,529</u>
Cash flows from capital and related financing activities						
Purchase of capital assets	\$ (4,494,229)	\$ (681,168)	\$ -	\$ (801,790)	\$ -	\$ (5,977,187)
Capital contributions and grants	-	-	-	103,000	-	103,000
Principal payments on bonds and refunding	(966,702)	(588,440)	-	-	-	(1,555,142)
Interest payments	(303,233)	(1,044,813)	-	-	-	(1,348,046)
Net cash provided by (used in) capital and related financing activities	<u>\$ (5,764,164)</u>	<u>\$ (2,314,421)</u>	<u>\$ -</u>	<u>\$ (698,790)</u>	<u>\$ -</u>	<u>\$ (8,777,375)</u>
Cash flows from investing activities						
Interest and dividends received	\$ 59,762	\$ 242,755	\$ -	\$ -	\$ -	\$ 302,517
Net cash provided by investing activities	<u>\$ 59,762</u>	<u>\$ 242,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,517</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 8,071,911</u>	<u>\$ (6,991,169)</u>	<u>\$ (193,264)</u>	<u>\$ (615,047)</u>	<u>\$ 240</u>	<u>\$ 272,671</u>
Cash and cash equivalents - beginning, including restricted	<u>\$ 16,232,055</u>	<u>\$ 22,088,671</u>	<u>\$ 2,971,735</u>	<u>\$ 74,853</u>	<u>\$ 43,825</u>	<u>\$ 41,411,139</u>
Cash and equivalents - ending, including restricted	<u><u>\$ 24,303,966</u></u>	<u><u>\$ 15,097,502</u></u>	<u><u>\$ 2,778,471</u></u>	<u><u>\$ (540,194)</u></u>	<u><u>\$ 44,065</u></u>	<u><u>\$ 41,683,810</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 8,268,165	\$ (890,176)	\$ (134,254)	\$ (285,997)	\$ (191,270)	\$ 6,766,468
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	2,975,156	1,760,844	-	212,664	191,511	5,140,175
Changes in asset and liabilities						
Pension and OPEB related	472,518	48,038	11,856	49,248	-	581,660
Accounts receivable	1,892,488	(6,654,091)	(24,968)	133,009	44,528	(4,609,034)
Inventories	(138,378)	-	-	-	-	(138,378)
Accounts payable and accrued liabilities	314,818	19,248	(46,190)	(23,189)	(2)	264,685
Compensated absences	(8,454)	(399)	292	(1,992)	-	(10,553)
Unearned revenues	-	797,033	-	-	(44,527)	752,506
Net cash provided by (used in) operating activities	<u><u>\$ 13,776,313</u></u>	<u><u>\$ (4,919,503)</u></u>	<u><u>\$ (193,264)</u></u>	<u><u>\$ 83,743</u></u>	<u><u>\$ 240</u></u>	<u><u>\$ 8,747,529</u></u>
Schedule of noncash capital and related financing activities						
Increase in AP related to construction in progress	\$ 342,532	\$ -	\$ -	\$ -	\$ -	\$ 342,532

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, 2021

	Custodial Funds
Assets	
Cash and cash equivalents	\$ 103,871
Total assets	<u>\$ 103,871</u>
Liabilities	
Reconciled overdraft	\$ 151,461
Total liabilities	<u>\$ 151,461</u>
Net Position	
Restricted for:	
Amounts held for others	\$ (47,590)
Total net position	<u>\$ (47,590)</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, 2021

	Custodial Funds
Additions:	
Private contributions	\$ 380,232
Total additions	\$ 380,232
Deductions:	
Recipient payments	\$ 340,856
Total deductions	\$ 340,856
Change in fiduciary net position	\$ 39,376
Net position - beginning, as restated	(86,966)
Net position - ending	\$ (47,590)

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, 2021

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, 2021 (Continued)

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, 2021 (Continued)

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 2021.

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

D. Other Related Organizations: (Continued)

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.

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 \$630,515 to the Library for fiscal year 2021. 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 \$144,081 and \$23,910, respectively, during fiscal year 2021 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, 2021, 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, 2021 (Continued)

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.

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

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

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.

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.

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

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.

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 \$24,057 at June 30, 2021, 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 50% each date	February 15
Lien Date	January 1	January 1

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

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

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.

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

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.

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).

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

N. Fund Balance: (Continued)

- 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.

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.

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

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, 2021, 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.

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”).

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 2—Deposits and Investments: (Continued)

C. Credit Risk of Debt Securities

The City's rated debt investments as of June 30, 2021, 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	\$ 16,251,377	\$ -	\$ 16,251,377	\$ -	\$ -
SNAP	1,409,465	-	1,409,465	-	-
U.S. Government Issues	13,977,300	-	-	13,977,300	-
Total	\$ 31,638,142	\$ -	\$ 17,660,842	\$ 13,977,300	\$ -

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, 2021:

- 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, 2021 (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	\$ 16,251,377	\$ 16,251,377
SNAP	1,409,465	1,409,465
U.S. Government Issues	13,977,300	13,977,300
Total	<u>\$ 31,638,142</u>	<u>\$ 31,638,142</u>

Note 3—Due from Other Governments and Component Units

At June 30, 2021, 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
Commonwealth of Virginia:							
Local sales tax	\$ 366,185	\$ -	\$ -	\$ -	\$ 366,185	\$ 654,912	\$ -
Communications tax	96,849	-	-	-	96,849	-	-
VPA funds	-	428,632	-	-	428,632	-	-
Constitutional officer reimbursements	96,043	-	-	-	96,043	-	-
Railroad rolling stock tax	23,508	-	-	-	23,508	-	-
Other State grants	73,021	-	-	1,018,886	1,091,907	862,629	-
Children's Services Act Board	-	-	-	-	-	-	465,986
Federal Government							
School fund grants	-	-	-	-	-	1,505,721	-
Economic Development Authority	<u>-</u>	<u>-</u>	<u>427,417</u>		<u>427,417</u>	<u>-</u>	<u>-</u>
Total due from other governments	<u>\$ 655,606</u>	<u>\$ 428,632</u>	<u>\$ 427,417</u>	<u>\$ 1,018,886</u>	<u>\$ 2,530,541</u>	<u>\$ 3,023,262</u>	<u>\$ 465,986</u>

CITY OF HOPEWELL, VIRGINIA

**Notes to Financial Statements
As of June 30, 2021 (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, 2021, 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, 2021:

	<u>Balance June 30, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2021</u>
Government Activities:				
Capital assets not subject to depreciation:				
Land	\$ 7,381,964	\$ -	\$ -	\$ 7,381,964
Work in progress	2,206,903	3,273,034	(2,655,352)	2,824,585
Total capital assets not subject to depreciation	<u>\$ 9,588,867</u>	<u>\$ 3,273,034</u>	<u>\$ (2,655,352)</u>	<u>\$ 10,206,549</u>
Capital assets subject to depreciation:				
Buildings, improvements, and infrastructure	\$ 62,755,502	\$ 3,559,799	\$ -	\$ 66,315,301
Machinery and equipment	17,648,277	853,113	-	18,501,390
Jointly-owned assets	22,314,537	-	(2,615,779)	19,698,758
Total capital assets being depreciated	<u>\$ 102,718,316</u>	<u>\$ 4,412,912</u>	<u>\$ (2,615,779)</u>	<u>\$ 104,515,449</u>
Less accumulated depreciation for:				
Buildings, improvements, and infrastructure	\$ (25,494,790)	\$ (2,161,777)	\$ -	\$ (27,656,567)
Machinery and equipment	(12,515,997)	(1,416,583)	-	(13,932,580)
Jointly-owned assets	(6,224,279)	(411,014)	921,292	(5,714,001)
Total accumulated depreciation	<u>\$ (44,235,066)</u>	<u>\$ (3,989,374)</u>	<u>\$ 921,292</u>	<u>\$ (47,303,148)</u>
Total capital assets being depreciated, net	<u>\$ 58,483,250</u>	<u>\$ 423,538</u>	<u>\$ (1,694,487)</u>	<u>\$ 57,212,301</u>
Capital assets, net	<u>\$ 68,072,117</u>	<u>\$ 3,696,572</u>	<u>\$ (4,349,839)</u>	<u>\$ 67,418,850</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 5—Capital Assets: (Continued)

Component Unit - School Board	Balance June 30, 2020	Increase	Decrease	Balance June 30, 2021
Government Activities:				
Capital assets not subject to depreciation:				
Land	\$ 474,629	\$ -	\$ -	\$ 474,629
Work in progress	-	139,373	-	139,373
Total capital assets not subject to depreciation	\$ 474,629	\$ 139,373	\$ -	\$ 614,002
Capital assets subject to depreciation:				
Buildings and improvements	\$ 65,788,265	\$ 111,865	\$ -	\$ 65,900,130
Machinery and equipment	10,334,513	342,265	-	10,676,778
Jointly-owned assets	(23,928,474)	-	4,229,716	(19,698,758)
Total capital assets being depreciated	\$ 52,194,304	\$ 454,130	\$ 4,229,716	\$ 56,878,150
Less accumulated depreciation for:				
Buildings and improvements	\$ (24,349,218)	\$ (1,447,777)	\$ -	\$ (25,796,995)
Machinery and equipment	(5,981,276)	(605,291)	-	(6,586,567)
Jointly-owned assets	6,224,279	411,014	(921,292)	5,714,001
Total accumulated depreciation	\$ (24,106,215)	\$ (1,642,054)	\$ (921,292)	\$ (26,669,561)
Total capital assets being depreciated, net	\$ 28,088,089	\$ (1,187,924)	\$ 3,308,424	\$ 30,208,589
Capital assets, net	\$ 28,562,718	\$ (1,048,551)	\$ 3,308,424	\$ 30,822,591

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	\$ 3,989,374
Component Unit: School Board	\$ 1,642,054

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, 2021, is School-financed assets in the amount of \$13,984,757 being reported by the Primary Government for financial reporting purposes.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 5—Capital Assets: (Continued)

A summary of changes in proprietary fund capital assets for the year ended June 30, 2021, follows:

HRWTF	Balance June 30, 2020	Increase	Decrease	Balance June 30, 2021
Capital assets not subject to depreciation:				
Land	\$ 216,026	\$ -	\$ -	\$ 216,026
Construction in progress	5,076,151	4,752,059	(4,333,926)	5,494,284
Total capital assets not subject to depreciation	<u>\$ 5,292,177</u>	<u>\$ 4,752,059</u>	<u>\$ (4,333,926)</u>	<u>\$ 5,710,310</u>
Capital assets subject to depreciation:				
Utility plant in service	\$ 91,851,879	\$ 4,333,926	\$ -	\$ 96,185,805
Machinery and equipment	54,659,167	84,702	-	54,743,869
Total capital assets being depreciated	<u>\$ 146,511,046</u>	<u>\$ 4,418,628</u>	<u>\$ -</u>	<u>\$ 150,929,674</u>
Less accumulated depreciation for:				
Utility plant in service	\$ (16,293,516)	\$ (2,834,963)	\$ -	\$ (19,128,479)
Machinery and equipment	(54,263,620)	(140,193)	-	(54,403,813)
Total accumulated depreciation	<u>\$ (70,557,136)</u>	<u>\$ (2,975,156)</u>	<u>\$ -</u>	<u>\$ (73,532,292)</u>
Total capital assets being depreciated, net	<u>\$ 75,953,910</u>	<u>\$ 1,443,472</u>	<u>\$ -</u>	<u>\$ 77,397,382</u>
HRWTF Fund capital assets, net	<u>\$ 81,246,087</u>	<u>\$ 6,195,531</u>	<u>\$ (4,333,926)</u>	<u>\$ 83,107,692</u>
Sewer Service Fund	Balance June 30, 2020	Increase	Decrease	Balance June 30, 2021
Capital assets not subject to depreciation:				
Land	\$ 97,920	\$ 90,900	\$ -	\$ 188,820
Work in progress	36,933	76,916	-	113,849
Total capital assets not subject to depreciation	<u>\$ 134,853</u>	<u>\$ 167,816</u>	<u>\$ -</u>	<u>\$ 302,669</u>
Capital assets subject to depreciation:				
Utility plant in service	\$ 501,878	\$ -	\$ -	\$ 501,878
Machinery and equipment	1,133,026	32,223	-	1,165,249
Sewer main improvements	41,464,415	551,561	-	42,015,976
Total capital assets being depreciated	<u>\$ 43,099,319</u>	<u>\$ 583,784</u>	<u>\$ -</u>	<u>\$ 43,683,103</u>
Less accumulated depreciation for:				
Utility plant in service	\$ (501,878)	\$ -	\$ -	\$ (501,878)
Machinery and equipment	(817,444)	(75,479)	-	(892,923)
Sewer main improvements	(14,672,588)	(1,685,365)	-	(16,357,953)
Total accumulated depreciation	<u>\$ (15,991,910)</u>	<u>\$ (1,760,844)</u>	<u>\$ -</u>	<u>\$ (17,752,754)</u>
Total capital assets being depreciated, net	<u>\$ 27,107,409</u>	<u>\$ (1,177,060)</u>	<u>\$ -</u>	<u>\$ 25,930,349</u>
Sewer Service Fund, net	<u>\$ 27,242,262</u>	<u>\$ (1,009,244)</u>	<u>\$ -</u>	<u>\$ 26,233,018</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)**Note 5—Capital Assets: (Continued)**

	Balance June 30, 2020	Increase	Decrease	Balance June 30, 2021
Solid Waste Fund				
Capital assets subject to depreciation:				
Machinery and equipment	\$ 51,075	\$ -	\$ -	\$ 51,075
Less accumulated depreciation for:				
Machinery and equipment	(51,075)	-	-	(51,075)
Solid Waste Fund capital assets, net	\$ -	\$ -	\$ -	\$ -
Stormwater Fund				
Capital assets not subject to depreciation:				
Land	\$ 113,710	\$ -	\$ -	\$ 113,710
Work in progress	201,550	408,716	-	610,266
Total capital assets not subject to depreciation	\$ 315,260	\$ 408,716	\$ -	\$ 723,976
Capital assets subject to depreciation:				
Machinery and equipment	\$ 236,062	\$ 39,273	\$ -	\$ 275,335
Stormwater improvements	3,287,373	353,801	-	3,641,174
Total capital assets being depreciated	\$ 3,523,435	\$ 393,074	\$ -	\$ 3,916,509
Less accumulated depreciation for:				
Machinery and equipment	\$ (121,248)	\$ (42,580)	\$ -	\$ (163,828)
Stormwater improvements	(197,796)	(170,084)	-	(367,880)
Total accumulated depreciation	\$ (319,044)	\$ (212,664)	\$ -	\$ (531,708)
Total capital assets being depreciated, net	\$ 3,204,391	\$ 180,410	\$ -	\$ 3,384,801
Stormwater Fund capital assets, net	\$ 3,519,651	\$ 589,126	\$ -	\$ 4,108,777
Beacon Theatre Fund				
Capital assets not subject to depreciation:				
Land	\$ 284,473	\$ -	\$ -	\$ 284,473
Total capital assets not subject to depreciation	\$ 284,473	\$ -	\$ -	\$ 284,473
Capital assets subject to depreciation:				
Buildings	\$ 5,210,027	\$ -	\$ -	\$ 5,210,027
Machinery and equipment	599,797	-	-	599,797
Total capital assets being depreciated	\$ 5,809,824	\$ -	\$ -	\$ 5,809,824
Less accumulated depreciation for:				
Buildings	\$ (926,363)	\$ (145,237)	\$ -	\$ (1,071,600)
Machinery and equipment	(403,595)	(46,274)	-	(449,869)
Total accumulated depreciation	\$ (1,329,958)	\$ (191,511)	\$ -	\$ (1,521,469)
Total capital assets being depreciated, net	\$ 4,479,866	\$ (191,511)	\$ -	\$ 4,288,355
Beacon Theatre Fund capital assets, net	\$ 4,764,339	\$ (191,511)	\$ -	\$ 4,572,828

CITY OF HOPEWELL, VIRGINIA

**Notes to Financial Statements
As of June 30, 2021 (Continued)**

Note 6—Interfund Transfers

Interfund transfer for the year ended June 30, 2021, consisted of the following:

<u>Transfer Out</u>	<u>Transfer in</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Virginia Public Assistance	Local Share	\$ 982,243
General Fund	Recreation Fund	Budgetary	1,735,135
General Fund	Capital Projects Fund	Budgetary	1,333,320
Total			<u>\$ 4,050,698</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 July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Governmental Activities Obligations:					
Incurred by City:					
General obligation bonds	\$ 30,954,435	\$ -	\$ (1,497,011)	\$ 29,457,424	\$ 1,799,476
Capital Leases	709,073	-	(150,050)	559,023	153,005
Compensated absences	1,355,326	297,895	(135,533)	1,517,688	151,767
Landfill closure liability	611,736	292	-	612,028	-
Net OPEB liability	18,550,714	1,741,924	(816,393)	19,476,245	-
Net pension liability	15,880,332	8,743,780	(4,410,467)	20,213,645	-
Total incurred by City	<u>\$ 68,061,616</u>	<u>\$ 10,783,891</u>	<u>\$ (7,009,454)</u>	<u>\$ 71,836,053</u>	<u>\$ 2,104,248</u>
Incurred for School Board:					
State Literary Loans payable	\$ 375,000	\$ -	\$ (375,000)	\$ -	\$ -
General obligation bonds payable	15,715,258	-	(1,730,499)	13,984,759	1,895,792
Total incurred for School Board	<u>\$ 16,090,258</u>	<u>\$ -</u>	<u>\$ (2,105,499)</u>	<u>\$ 13,984,759</u>	<u>\$ 1,895,792</u>
Total Governmental Activities Obligations	<u>\$ 84,151,874</u>	<u>\$ 10,783,891</u>	<u>\$ (9,114,953)</u>	<u>\$ 85,820,812</u>	<u>\$ 4,000,040</u>
Business-type Activities:					
Revenue bonds payable	\$ 31,325,000	\$ -	\$ (1,530,000)	\$ 29,795,000	\$ 1,580,000
Issuance premium	523,960	-	(25,142)	498,818	25,141
Compensated absences	241,696	13,617	(24,170)	231,143	23,114
Net OPEB liability	4,160,489	390,672	(183,098)	4,368,063	-
Net pension liability	3,561,750	1,961,116	(989,210)	4,533,656	-
Total Business-type Activities Obligations	<u>\$ 39,812,895</u>	<u>\$ 2,365,405</u>	<u>\$ (2,751,620)</u>	<u>\$ 39,426,680</u>	<u>\$ 1,628,255</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Due Within One Year
Compensated absences	\$ 1,234,981	\$ -	\$ (136,537)	\$ 1,098,444	\$ 10,984
Net OPEB liability	11,251,459	1,954,531	(1,614,078)	11,591,912	-
Net pension liability	42,889,228	17,166,105	(13,207,987)	46,847,346	-
Note payable to the City	1,000,458	-	(137,746)	862,712	129,390
	<u>\$ 56,376,126</u>	<u>\$ 19,120,636</u>	<u>\$ (15,096,348)</u>	<u>\$ 60,400,414</u>	<u>\$ 140,374</u>

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

Governmental Activities Obligations:

Year Ending June 30	Incurred For City Obligations	
	General Obligation Bonds	
	Principal	Interest
2022	\$ 1,799,476	\$ 921,504
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>\$ 29,457,424</u>	<u>\$ 6,916,003</u>

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 7—Long-term Obligations: (Continued)

Governmental Activities Obligations: (Continued)

Year Ending June 30	Incurred For School Obligations	
	General Obligation Bonds	
	Principal	Interest
2022	\$ 1,895,792	\$ 914,751
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	\$ 13,984,760	\$ 5,866,288

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 Ending June 30	Business-type Activities Obligations	
	Revenue Bonds	
	Principal	Interest
2022	\$ 1,580,000	\$ 1,318,686
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	\$ 29,795,000	\$ 16,858,482

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 7—Long-term Obligations: (Continued)

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2022	\$ 162,414
2023	410,193
Total minimum lease payments	\$ 572,607
less amounts representing interest	(13,584)
	<u>559,023</u>
Present value of minimum lease payments	\$ <u>559,023</u>

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%.	\$ 1,560,000
\$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%	3,290,000
\$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%.	715,000

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 7—Long-term Obligations: (Continued)

Governmental Activities Obligations: (Continued)

Incurred for City: (Continued)

Governmental Activities Bonds: (Continued)

\$2,380,000 general obligation payable Series 2011, principal payable in various annual installments through May 1, 2022; interest payable semi-annually at various rates from 2.50%-3.50%.	\$ 90,000
\$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%.	2,265,000
\$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%.	7,015,000
\$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%.	1,591,066
\$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>12,036,358</u>
Total General Obligation Bonds	\$ 29,457,424
Capital Leases	559,023
Landfill closure liability (payable from the General Fund)	612,028
Compensated absences (payable from the General Fund)	1,517,688
Net OPEB liability (payable from the General Fund)	19,476,245
Net pension liability (payable from the General Fund)	<u>20,213,645</u>
Total Incurred for City	\$ <u><u>71,836,053</u></u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 7—Long-term Obligations: (Continued)

Governmental Activities Bonds: (Continued)

Incurred for School Board:

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

\$4,862,705 VPSA Subsidy Bonds issued 2001, principal due in annual installments of varying amounts through July 15, 2021; interest payable annually at varying rates 3.10% - 5.10%.	\$	301,915
\$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%.		257,533
\$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%.		746,670
\$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%.		3,275,000
\$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		715,000
\$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%.		2,500,002
\$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%.		2,700,000
\$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%.		<u>3,488,640</u>
Total Virginia Public Authority School Subsidy and Other Bonds	\$	<u>13,984,760</u>
Total Incurred for School Board	\$	<u>13,984,760</u>
Total Governmental Activities Obligations	\$	<u><u>85,820,813</u></u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 7—Long-term Obligations: (Continued)

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%.	\$ 2,885,000
\$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%.	4,955,000
\$2,790,000 revenue bond issued August 1, 2012, principal payable in various annual installments through October 1, 2021; interest payable semi-annually at varying rates 2.14% - 2.38%.	320,000
\$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%.	17,415,000
\$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%.	760,000
\$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>3,460,000</u>
Total Revenue Bond Obligations	\$ 29,795,000
Issuance premium	498,818
Compensated absences (Payable from the Enterprise Funds)	231,143
Net OPEB liability (Payable from the Enterprise Funds)	4,368,063
Net pension liability (Payable from the Enterprise Funds)	<u>4,533,656</u>
Total Business-type Activities	<u>\$ 39,426,680</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, 2021, \$862,712 of the loan was still outstanding.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2021 (Continued)

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 \$612,028. 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 Revenue</u>	<u>Deferred Revenue</u>	<u>Total</u>
General Fund			
Real Estate Tax	\$ 3,103,917	\$ 8,234,498	\$ 11,338,415
Personal Property	4,339,084	-	4,339,084
Personal Service Corporations	214	4,194,779	4,194,993
Machinery & Tools Tax	334,165	3,303,310	3,637,475
	<u>\$ 7,777,380</u>	<u>\$ 15,732,587</u>	<u>\$ 23,509,967</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, 2021 (Continued)

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, 2021, 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, 2021 (Continued)

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

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
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, 2021 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 \$2,689,050 and \$2,587,661 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, 2021 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 \$216,560 and \$240,855 for the years ended June 30, 2021 and June 30, 2020, respectively.

Notes to Financial Statements
As of June 30, 2021 (Continued)

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, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

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, 2019, 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, 2020.

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*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 13—Pension Plan: (Continued)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Note 13–Pension Plan: (Continued)

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, 2019, 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, 2020.

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*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Notes to Financial Statements
As of June 30, 2021 (Continued)

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:

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, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	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 rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit 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, 2021 (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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, 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, 2020, the rate contributed by the school division for the VRS Teacher Retirement

Notes to Financial Statements
As of June 30, 2021 (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, 2020 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 Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 117,143,835	\$ 97,701,753	\$ 19,442,082
Changes for the year:			
Service cost	\$ 2,397,904	\$ -	\$ 2,397,904
Interest	7,675,177	-	7,675,177
Benefit changes	-	-	-
Differences between expected and actual experience	565,275	-	565,275
Assumption changes	-	-	-
Contributions - employer	-	2,588,972	(2,588,972)
Contributions - employee	-	961,524	(961,524)
Net investment income	-	1,849,181	(1,849,181)
Benefit payments, including refunds	(6,875,012)	(6,875,012)	-
Administrative expenses	-	(64,371)	64,371
Other changes	-	(2,168)	2,168
Net changes	\$ 3,763,344	\$ (1,541,874)	\$ 5,305,218
Balances at June 30, 2020	\$ 120,907,179	\$ 96,159,879	\$ 24,747,300

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 8,980,457	\$ 7,164,047	\$ 1,816,410
Changes for the year:			
Service cost	\$ 205,661	\$ -	\$ 205,661
Interest	586,226	-	586,226
Benefit changes	-	-	-
Differences between expected and actual experience	(145,644)	-	(145,644)
Assumption changes	-	-	-
Contributions - employer	-	240,346	(240,346)
Contributions - employee	-	113,881	(113,881)
Net investment income	-	134,607	(134,607)
Benefit payments, including refunds	(591,261)	(591,261)	-
Administrative expenses	-	(4,699)	4,699
Other changes	-	(171)	171
Net changes	\$ 54,982	\$ (107,297)	\$ 162,279
Balances at June 30, 2020	\$ 9,035,439	\$ 7,056,750	\$ 1,978,689

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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
City Net Pension Liability	\$ 38,946,439	\$ 24,747,300	\$ 12,866,100
Component Unit School Board (nonprofessional)			
Net Pension Liability	\$ 2,860,602	\$ 1,978,689	\$ 1,226,354

Notes to Financial Statements
As of June 30, 2021 (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, 2021, the City and Component Unit School Board (nonprofessional) recognized pension expense of \$3,429,694 and \$476,154, respectively. At June 30, 2021, 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:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 367,626	\$ 311,437	\$ 119,403	\$ 90,891
Change in assumptions	1,052,005	-	54,241	-
Net difference between projected and actual earnings on pension plan investments	2,881,407	-	211,159	-
Employer contributions subsequent to the measurement date	2,689,050	-	216,560	-
Total	<u>\$ 6,990,088</u>	<u>\$ 311,437</u>	<u>\$ 601,363</u>	<u>\$ 90,891</u>

\$2,689,050 and \$216,560 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, 2022. 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:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	\$ 983,506	\$ 121,957
2023	1,090,102	30,963
2024	989,746	72,830
2025	926,247	68,162
2026	-	-
Thereafter	-	-
	<u>\$ 3,989,601</u>	<u>\$ 293,912</u>

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 13—Pension Plan: (Continued)

Pension Plan Data

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

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, 2021 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 \$4,183,345 and \$4,097,008 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$44,868,657 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was .30832% as compared to .31209% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$4,950,677. 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, 2021 (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, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,629,995
Change in assumptions	3,062,849	-
Net difference between projected and actual earnings on pension plan investments	3,412,758	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	700,335	760,439
Employer contributions subsequent to the measurement date	<u>4,183,345</u>	<u>-</u>
Total	<u>\$ 11,359,287</u>	<u>\$ 3,390,434</u>

\$4,183,345 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, 2022. 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>	
2022	\$ 70,643
2023	1,212,816
2024	1,460,346
2025	1,114,965
2026	(73,262)
Thereafter	-
	<u>\$ 3,785,508</u>

Notes to Financial Statements
As of June 30, 2021 (Continued)

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, 2019, 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, 2020.

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*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 13—Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	51,001,855
Plan Fiduciary Net Position		36,449,229
Employers' Net Pension Liability (Asset)	\$	<u>14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.47%

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, 2021 (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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 65,832,397	\$ 44,868,657	\$ 27,528,994

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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	\$ 6,990,088	\$ 311,437	\$ 24,747,300	\$ 3,429,694
Component Unit School Board				
Nonprofessional	\$ 601,363	\$ 90,891	\$ 1,978,689	\$ 476,154
Professional	11,359,287	3,390,434	44,868,657	4,950,677
Totals	\$ 11,960,650	\$ 3,481,325	\$ 46,847,346	\$ 5,426,831

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, safety belt 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 \$8,616 as of June 30, 2021.

Notes to Financial Statements
As of June 30, 2021 (Continued)

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, 2021 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 \$104,737, \$12,593 and \$141,453 and \$104,577, \$12,799 and \$141,004 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, the primary government, school board nonprofessional and school board professional reported a liability of \$1,630,787, \$199,593 and \$2,198,859, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the primary government, school board nonprofessional and school board professional's proportion was .09772%, 0.01196%, 0.13176% as compared to .09864%, 0.01102%, 0.13434% at June 30, 2019.

For the year ended June 30, 2021, the primary government, school board nonprofessional and school board recognized GLI OPEB expense of \$74,456, \$12,276 and \$94,229, 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, 2021 (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, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government		
Differences between expected and actual experience	\$ 104,600	\$ 14,647
Net difference between projected and actual earnings on GLI OPEB program investments	48,987	-
Change in assumptions	81,558	34,052
Changes in proportionate share	35,353	11,739
Employer contributions subsequent to the measurement date	104,737	-
Total Primary Government	\$ 375,235	\$ 60,438
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 12,802	\$ 1,793
Net difference between projected and actual earnings on GLI OPEB program investments	5,996	-
Change in assumptions	9,982	4,168
Changes in proportionate share	19,947	-
Employer contributions subsequent to the measurement date	12,593	-
Total Component Unit School Board (nonprofessional)	\$ 61,320	\$ 5,961
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ 141,037	\$ 19,751
Net difference between projected and actual earnings on GLI OPEB program investments	66,052	-
Change in assumptions	109,968	45,913
Changes in proportionate share	65,874	55,537
Employer contributions subsequent to the measurement date	141,453	-
Total Component Unit School Board (professional)	\$ 524,384	\$ 121,201

Notes to Financial Statements
As of June 30, 2021 (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)

\$104,737, \$12,593 and \$141,453 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, 2022. 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 Government</u>	<u>Component Unit School Board (nonprofessional)</u>	<u>Component Unit School Board (professional)</u>
2022	\$ 36,831	\$ 7,671	\$ 43,497
2023	50,665	9,364	62,151
2024	57,976	10,909	71,760
2025	52,920	10,056	70,595
2026	11,260	4,124	13,925
Thereafter	408	642	(198)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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, including inflation*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality Rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees: (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees: (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 9% of rates; females set forward 1 year.

Post-Retirement:

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 with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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%

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, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
Employers' Net GLI OPEB Liability (Asset)	\$ 1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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.

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14—Group Life Insurance (GLI) 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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, 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. More recent capital market assumptions compiled for the FY20 actuarial valuations provide a median return of 6.81%.

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 member contributions will be made per the VRS guidance 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. Through the fiscal year ended June 30, 2020, 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, 2020 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.

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
City's proportionate share of the GLI Program Net OPEB Liability	\$ 2,143,794	\$ 1,630,787	\$ 1,214,176
School Board nonprofessional's proportionate share of the GLI Program Net OPEB Liability	\$ 262,380	\$ 199,593	\$ 148,604
School Board professional's proportionate share of the GLI Program Net OPEB Liability	\$ 2,890,569	\$ 2,198,859	\$ 1,637,126

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

City and Component Unit School Board (Continued)

Benefits Provided (Continued)

City Contribution			Notes										
Group	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. 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. 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												

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.

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

City and Component Unit School Board: (Continued)

Benefits Provided (Continued)

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, 2021 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	368	499
Total retirees with coverage	142	156
Total	<u>510</u>	<u>655</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, 2021. The total OPEB liability was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 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	2.16%

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	2.16%

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

City and Component Unit School Board: (Continued)

Actuarial Assumptions: (Continued)

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, 2019.

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

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2020	\$ 21,106,067	\$ 4,796,447
Changes for the year:		
Service cost	1,009,676	301,677
Interest	482,406	110,018
Changes in assumptions	193,367	27,675
Benefit payments	(577,995)	(241,257)
Net changes	<u>1,107,454</u>	<u>198,113</u>
Balances at June 30, 2021	<u>\$ 22,213,521</u>	<u>\$ 4,994,560</u>

Notes to Financial Statements
As of June 30, 2021 (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 (1.16%) or one percentage point higher (3.26%) than the current discount rate:

	Rate		
	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Primary Government	\$ 26,628,301	\$ 22,213,521	\$ 18,756,427
Component Unit School Board	\$ 5,597,472	\$ 4,994,560	\$ 4,479,887

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 Trend	1% Increase
Primary Government	\$ 18,044,552	\$ 22,213,521	\$ 27,781,942
Component Unit School Board	\$ 4,462,342	\$ 4,994,560	\$ 5,660,569

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

For the year ended June 30, 2021, the City and School Board recognized OPEB expense in the amount of \$2,275,000 and \$516,949, respectively. At June 30, 2021, 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 of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,053,302	\$ -	\$ 124,698	\$ -
Changes in assumptions	1,168,682	306,295	699,922	79,381
Total	<u>\$ 4,221,984</u>	<u>\$ 306,295</u>	<u>\$ 824,620</u>	<u>\$ 79,381</u>

CITY OF HOPEWELL, VIRGINIA**Notes to Financial Statements
As of June 30, 2021 (Continued)****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 Government</u>	<u>Component Unit School Board</u>
2022	\$ 782,918	\$ 105,254
2023	782,918	105,254
2024	782,918	105,254
2025	791,842	105,254
2026	765,884	105,254
Thereafter	9,209	218,969
	<u>\$ 3,915,689</u>	<u>\$ 745,239</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, 2021 (Continued)

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, 2021 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 \$316,770 and \$324,418 for the years ended June 30, 2021 and June 30, 2020, 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 \$4,022,868 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, 2020 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, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Plan was .3084% as compared to .3124% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$340,042. 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, 2021 (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, 2021, 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 of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 53,723
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	17,828	-
Change in assumptions	79,526	21,980
Change in proportionate share	93,943	76,288
Employer contributions subsequent to the measurement date	<u>316,770</u>	<u>-</u>
Total	<u>\$ 508,067</u>	<u>\$ 151,991</u>

\$316,770 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, 2022. 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

2022	\$ 10,595
2023	12,362
2024	11,770
2025	8,096
2026	3,022
Thereafter	(6,539)

Notes to Financial Statements
As of June 30, 2021 (Continued)

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, 2019, 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, 2020.

Inflation	2.5%
Salary increases, including inflation	3.5%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

Notes to Financial Statements
As of June 30, 2021 (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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

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, 2021 (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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, 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, 2020 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, 2021 (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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 4,503,181	\$ 4,022,868	\$ 3,614,636

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 2019 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021 (Continued)

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, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
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>

Notes to Financial Statements
As of June 30, 2021 (Continued)

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, 2021 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 \$16,698 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability

The School Board Nonprofessional’s net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Notes to Financial Statements
As of June 30, 2021 (Continued)

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:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

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 with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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, 2021 (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:

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

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, 2020, the rate contributed by the entity for the HIC 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, 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.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Benefit changes	\$ 176,032	\$ -	\$ 176,032
Net changes	\$ 176,032	\$ -	\$ 176,032
Balances at June 30, 2020	\$ 176,032	\$ -	\$ 176,032

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:

Notes to Financial Statements
As of June 30, 2021 (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, 2021, the School Board recognized HIC Plan OPEB expense of \$176,032. At June 30, 2021, 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 of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions subsequent to the measurement date	\$ 16,698	\$ -
Total	<u>\$ 16,698</u>	<u>\$ -</u>

\$16,698 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, 2022. 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>	
2022	\$ -
2023	-
2024	-
2025	-
2026	-
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-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, 2021 (Continued)**

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

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net/Total OPEB Liabilities</u>	<u>OPEB Expense</u>
Primary Government				
VRS OPEB Plans:				
Group Life Insurance Plan (Note 14):				
City	\$ 375,235	\$ 60,438	\$ 1,630,787	\$ 74,456
City Stand-Alone Plan (Note 15)	306,295	4,221,984	22,213,521	2,275,000
Totals	<u>\$ 681,530</u>	<u>\$ 4,282,422</u>	<u>\$ 23,844,308</u>	<u>\$ 2,349,456</u>
Component Unit School Board				
VRS OPEB Plans:				
Group Life Insurance Plan (Note 14):				
School Board Nonprofessional	\$ 61,320	\$ 5,961	\$ 199,593	\$ 12,276
School Board Professional	524,384	121,201	2,198,859	94,229
Teacher Health Insurance Credit Plan (Note 16)	508,067	151,991	4,022,868	340,042
Nonprofessional Health Insurance Credit Plan (Note 17)	16,698	-	176,032	176,032
School Stand-Alone Plan (Note 15)	824,620	79,381	4,994,560	516,949
Totals	<u>\$ 1,935,089</u>	<u>\$ 358,534</u>	<u>\$ 11,591,912</u>	<u>\$ 1,139,528</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

VSBA – Surety (\$10,000): Melody Hackney, Superintendent of Schools, Monique Barnes, Clerk of School Board, Melody F. Bage, Deputy Clerk of School Board

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 20—Restatements

Fund Balance/Net position at June 30, 2020 was restated as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Governmental Activities</u>
Net Position/Fund Balance as reported at June 30, 2020	\$ 14,855,058	\$ 5,123,443	\$ 20,461,214
Prior year accrued liabilities for school board	(1,058,475)	-	(1,058,475)
Correction of cash balances	-	585,401	585,401
Net Position/Fund Balance as restated at June 30, 2020	<u>\$ 13,796,583</u>	<u>\$ 5,708,844</u>	<u>\$ 19,988,140</u>

Note 21—Adoption of Accounting Principles

The City implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of net position:

	<u>Custodial Funds</u>				<u>Component Unit School Board</u>
	<u>Special Welfare Fund</u>	<u>Healthy Families Fund</u>	<u>Police Evidence Fund</u>	<u>Total Custodial Funds</u>	
Net Position, beginning of year, as previously reported	\$ -	\$ -	\$ -	\$ -	\$ -
Implementation of GASB 84	<u>45,417</u>	<u>(155,132)</u>	<u>22,749</u>	<u>(86,966)</u>	<u>251,827</u>
Net Position, beginning of year, as restated	<u>\$ 45,417</u>	<u>\$ (155,132)</u>	<u>\$ 22,749</u>	<u>\$ (86,966)</u>	<u>\$ 251,827</u>

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 22—Upcoming Pronouncements

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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

Note 23—Date of Management’s Review

Management has evaluated subsequent events and transactions for potential recognition or disclosure through May 13, 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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
REVENUES				
General property taxes	\$ 33,713,098	\$ 33,713,098	\$ 26,798,380	\$ (6,914,718)
Other local taxes	6,078,000	6,078,000	6,052,154	(25,846)
Permits, privilege fees, and regulatory licenses	299,700	299,700	569,104	269,404
Fines and forfeitures	618,500	618,500	708,164	89,664
Revenues from use of money and property	76,000	76,000	45,554	(30,446)
Charges for services	601,600	601,600	265,537	(336,063)
Miscellaneous	2,111,712	2,204,572	4,134,363	1,929,791
Recovered costs	-	-	382,500	382,500
Intergovernmental revenues:				
Commonwealth	7,518,567	7,518,567	8,707,704	1,189,137
Federal	220,000	220,000	7,754,653	7,534,653
Total revenues	\$ 51,237,177	\$ 51,330,037	\$ 55,418,113	\$ 4,088,076
EXPENDITURES				
Current:				
General government administration	\$ 6,556,084	\$ 6,750,524	\$ 10,001,264	\$ (3,250,740)
Judicial administration	3,035,072	3,086,617	2,773,294	313,323
Public safety	16,152,990	16,543,388	19,684,908	(3,141,520)
Public works	5,242,673	5,645,736	4,881,972	763,764
Health and welfare	1,135,937	1,137,122	1,091,893	45,229
Education	13,378,990	13,378,990	10,906,404	2,472,586
Parks, recreation, and cultural	666,352	667,047	640,515	26,532
Community development	1,073,254	1,175,154	1,106,500	68,654
Nondepartmental	1,648,115	1,675,270	1,591,759	83,511
Total expenditures	\$ 48,889,467	\$ 50,059,848	\$ 52,678,509	\$ (2,618,661)
Excess of revenues over expenditures	\$ 2,347,710	\$ 1,270,189	\$ 2,739,604	\$ 1,469,415
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,961,027	3,768,046	-	(3,768,046)
Operating transfers out	(4,308,737)	(5,507,856)	(4,050,698)	1,457,158
Total other financing sources (uses), net	\$ (2,347,710)	\$ (1,739,810)	\$ (4,050,698)	\$ (2,310,888)
Net change in fund balances	\$ -	\$ (469,621)	\$ (1,311,094)	\$ (841,473)
Fund balances - beginning, as restated	-	469,621	13,796,583	13,326,962
Fund balances - ending	\$ -	\$ -	\$ 12,485,489	\$ 12,485,489

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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
REVENUES				
Intergovernmental revenues:				
Commonwealth	\$ 5,251,667	\$ 5,251,667	\$ 1,888,622	\$ (3,363,045)
Federal	-	-	2,853,836	2,853,836
Revenues from use of money and property		-	1	1
Miscellaneous	-	-	7,085	7,085
Total revenues	<u>\$ 5,251,667</u>	<u>\$ 5,251,667</u>	<u>\$ 4,749,544</u>	<u>\$ (502,123)</u>
EXPENDITURES				
Current -				
Health and welfare				
Welfare and social Services:				
Welfare administration	\$ 1,182,116	\$ 1,188,289	\$ 1,036,306	\$ 151,983
Public assistance	5,051,794	5,099,490	4,445,277	654,213
Total expenditures	<u>\$ 6,233,910</u>	<u>\$ 6,287,779</u>	<u>\$ 5,481,583</u>	<u>\$ 806,196</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (982,243)	\$ (1,036,112)	\$ (732,039)	\$ 304,073
OTHER FINANCING SOURCES				
Operating transfers in	982,243	982,243	982,243	-
Total other financing sources	<u>\$ 982,243</u>	<u>\$ 982,243</u>	<u>\$ 982,243</u>	<u>\$ -</u>
Net change in fund balance	-	(53,869)	250,204	304,073
Fund balances - beginning	-	53,869	439,954	386,085
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 690,158</u>	<u>\$ 690,158</u>

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, 2020

	2020	2019	2018	2017
Total Pension Liability				
Service cost	\$ 2,397,904	\$ 2,282,108	\$ 2,094,219	\$ 2,036,407
Interest	7,675,177	7,585,814	7,391,931	7,364,860
Changes in benefit terms	-	-	915,249	-
Change in assumption	-	3,135,183	-	(1,292)
Difference between expected and actual experience	565,275	(860,658)	(1,154,821)	(2,984,084)
Benefit payments, including refunds of employee contributions	(6,875,012)	(6,734,756)	(6,218,895)	(5,839,426)
Net change in total pension liability	\$ 3,763,344	\$ 5,407,691	\$ 3,027,683	\$ 576,465
Plan total pension liability - beginning	117,143,835	111,736,144	108,708,461	108,131,996
Plan total pension liability - ending	<u>\$ 120,907,179</u>	<u>\$ 117,143,835</u>	<u>\$ 111,736,144</u>	<u>\$ 108,708,461</u>
Plan fiduciary net position				
Contributions - employer	\$ 2,588,972	\$ 2,504,882	\$ 2,684,835	\$ 2,465,223
Contributions - employee	961,524	936,260	905,529	872,284
Net investment income	1,849,181	6,204,915	6,654,358	10,047,935
Benefit payments, including refunds of employee contributions	(6,875,012)	(6,734,756)	(6,218,895)	(5,839,426)
Administrative expense	(64,371)	(63,240)	(58,413)	(59,296)
Other	(2,168)	(3,900)	(5,888)	(8,883)
Net change in plan fiduciary net position	\$ (1,541,874)	\$ 2,844,161	\$ 3,961,526	\$ 7,477,837
Plan fiduciary net position - beginning	97,701,753	94,857,592	90,896,066	83,418,229
Plan fiduciary net position - ending	<u>\$ 96,159,879</u>	<u>\$ 97,701,753</u>	<u>\$ 94,857,592</u>	<u>\$ 90,896,066</u>
Total net pension liability - ending	<u>\$ 24,747,300</u>	<u>\$ 19,442,082</u>	<u>\$ 16,878,552</u>	<u>\$ 17,812,395</u>
Plan fiduciary net position as a percentage of total pension liability	80%	83%	85%	84%
Covered payroll	\$ 20,111,062	\$ 19,319,990	\$ 18,651,062	\$ 17,926,258
Net pension liability as a percentage of covered employee payroll	123%	101%	90%	99%
Employer Contributions				
Contractually required contribution	\$ 2,779,539	\$ 2,587,661	\$ 2,508,520	\$ 2,723,055
Contributions in relation to contractually required contribution	2,779,539	2,587,661	2,508,520	2,723,055
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 19,383,115	\$ 20,111,062	\$ 19,319,990	\$ 18,651,062
Contributions as a percentage of covered payroll	14.34%	12.87%	12.98%	14.60%

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, 2020

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 1,974,094	\$ 1,881,386	\$ 1,860,421
Interest	7,121,892	6,920,166	6,707,497
Changes in benefit terms	-	-	-
Change in assumption	-	-	-
Difference between expected and actual experience	475,274	120,211	-
Benefit payments, including refunds of employee contributions	(6,361,167)	(5,718,746)	(5,340,826)
Net change in total pension liability	\$ 3,210,093	\$ 3,203,017	\$ 3,227,092
Plan total pension liability - beginning	104,921,903	101,718,886	98,491,794
Plan total pension liability - ending	<u>\$ 108,131,996</u>	<u>\$ 104,921,903</u>	<u>\$ 101,718,886</u>
Plan fiduciary net position			
Contributions - employer	\$ 2,060,903	\$ 2,023,775	\$ 1,649,427
Contributions - employee	831,516	844,447	799,011
Net investment income	1,403,075	3,794,786	11,756,144
Benefit payments, including refunds of employee contributions	(6,361,167)	(5,718,746)	(5,340,826)
Administrative expense	(54,474)	(54,133)	(65,207)
Other	(613)	(798)	620
Net change in plan fiduciary net position	\$ (2,120,760)	\$ 889,331	\$ 8,799,169
Plan fiduciary net position - beginning	85,538,989	84,649,658	75,850,489
Plan fiduciary net position - ending	<u>\$ 83,418,229</u>	<u>\$ 85,538,989</u>	<u>\$ 84,649,658</u>
Total net pension liability - ending	<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	77%	82%	83%
Covered payroll	\$ 16,746,388	\$ 16,746,388	\$ 16,746,388
Net pension liability as a percentage of covered employee payroll	148%	116%	102%
Employer Contributions			
Contractually required contribution	\$ 2,423,732	\$ 2,009,066	\$ 2,023,774
Contributions in relation to contractually required contribution	2,423,732	2,009,066	2,023,774
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 17,926,258	\$ 16,746,388	\$ 16,746,388
Contributions as a percentage of covered payroll	13.52%	12.00%	12.08%

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, 2020

	2020	2019	2018	2017
Total Pension Liability				
Service cost	\$ 205,661	\$ 182,219	\$ 190,303	\$ 207,971
Interest	586,226	549,786	539,366	536,970
Change in assumptions	-	211,459	-	3,590
Difference between expected and actual experience	(145,644)	465,495	846	(127,743)
Benefit payments, including refunds of employee contributions	(591,261)	(565,187)	(598,111)	(575,011)
Net change in total pension liability	\$ 54,982	\$ 843,772	\$ 132,404	\$ 45,777
Plan total pension liability - beginning	8,980,457	8,136,685	8,004,281	7,958,504
Plan total pension liability - ending	<u>\$ 9,035,439</u>	<u>\$ 8,980,457</u>	<u>\$ 8,136,685</u>	<u>\$ 8,004,281</u>
Plan fiduciary net position				
Contributions - employer	\$ 240,346	\$ 210,476	\$ 195,270	\$ 178,610
Contributions - employee	113,881	99,626	96,478	87,895
Net investment income	134,607	455,363	492,842	753,505
Benefit payments, including refunds of employee contributions	(591,261)	(565,187)	(598,111)	(575,011)
Administrative expense	(4,699)	(4,640)	(4,425)	(4,552)
Other	(171)	(286)	(433)	(663)
Net change in plan fiduciary net position	\$ (107,297)	\$ 195,352	\$ 181,621	\$ 439,784
Plan fiduciary net position - beginning	7,164,047	6,968,695	6,787,074	6,347,290
Plan fiduciary net position - ending	<u>\$ 7,056,750</u>	<u>\$ 7,164,047</u>	<u>\$ 6,968,695</u>	<u>\$ 6,787,074</u>
Total net pension liability - ending	<u>\$ 1,978,689</u>	<u>\$ 1,816,410</u>	<u>\$ 1,167,990</u>	<u>\$ 1,217,207</u>
Plan fiduciary net position as a percentage of total pension liability	78.10%	79.77%	85.65%	84.79%
Covered payroll	\$ 2,459,189	\$ 2,123,995	\$ 2,039,146	\$ 1,846,602
Net pension liability as a percentage of covered employee payroll	80.46%	85.52%	57.28%	65.92%
Employer Contributions				
Contractually required contribution	\$ 232,148	\$ 240,855	\$ 210,476	\$ 203,099
Contributions in relation to contractually required contribution	232,148	240,855	210,476	203,099
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,319,162	\$ 2,459,189	\$ 2,123,995	\$ 2,039,146
Contributions as a percentage of covered payroll	10.01%	9.79%	9.91%	9.96%

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, 2020

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 204,573	\$ 202,475	\$ 185,137
Interest	545,104	534,282	524,469
Change in assumptions			
Difference between expected and actual experience	(240,879)	62,210	-
Benefit payments, including refunds of employee contributions	(674,980)	(613,765)	(525,083)
Net change in total pension liability	\$ (166,182)	\$ 185,202	\$ 184,523
Plan total pension liability - beginning	8,124,686	7,939,484	7,754,961
Plan total pension liability - ending	<u>\$ 7,958,504</u>	<u>\$ 8,124,686</u>	<u>\$ 7,939,484</u>
Plan fiduciary net position			
Contributions - employer	\$ 210,896	\$ 213,125	\$ 159,179
Contributions - employee	86,708	88,419	88,108
Net investment income	107,664	293,446	924,453
Benefit payments, including refunds of employee contributions	(674,980)	(613,765)	(525,083)
Administrative expense	(4,221)	(4,268)	(5,167)
Other	(47)	(60)	48
Net change in plan fiduciary net position	\$ (273,980)	\$ (23,103)	\$ 641,538
Plan fiduciary net position - beginning	6,621,270	6,644,373	6,002,835
Plan fiduciary net position - ending	<u>\$ 6,347,290</u>	<u>\$ 6,621,270</u>	<u>\$ 6,644,373</u>
Total net pension liability - ending	<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	79.75%	81.50%	83.69%
Covered payroll	\$ 1,761,986	\$ 1,761,986	\$ 1,761,986
Net pension liability as a percentage of covered employee payroll	91.44%	85.33%	73.50%
Employer Contributions			
Contractually required contribution	\$ 178,358	\$ 210,721	\$ 213,125
Contributions in relation to contractually required contribution	178,358	210,721	213,125
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,846,602	\$ 1,761,986	\$ 1,761,986
Contributions as a percentage of covered payroll	9.66%	11.96%	12.10%

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, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportionate of the net pension liability	0.30832%	0.31209%	0.30778%	0.31223%	0.30325%	0.31187%	0.31383%
Proportionate share of the net pension liability	\$ 44,868,657	\$ 41,072,818	\$ 36,195,000	\$ 38,398,000	\$ 42,498,000	\$ 39,253,000	\$ 37,926,000
Covered payroll	\$ 27,034,811	\$ 26,202,713	\$ 24,698,847	\$ 22,938,444	\$ 22,938,444	\$ 22,938,444	\$ 22,938,444
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.25%	63.80%	68.24%	59.74%	53.98%	58.44%	60.48%
Plan fiduciary net position as a percentage of the total pension liability	71.47%	73.51%	74.81%	72.92%	68.28%	70.87%	70.88%

Note: The amounts presented have a measurement date of the previous fiscal year.

Employer Contributions

Contractually required contribution	\$ 4,352,135	\$ 4,097,008	\$ 3,999,587	\$ 3,552,276	\$ 3,618,621	\$ 3,303,324	\$ 3,362,153
Contributions in relation to contractually required contribution	<u>4,352,135</u>	<u>4,097,008</u>	<u>3,999,587</u>	<u>3,552,276</u>	<u>3,618,621</u>	<u>3,303,324</u>	<u>3,362,153</u>
Contribution excess	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ 26,186,130	\$ 27,034,811	\$ 26,202,713	\$ 24,698,847	\$ 22,938,444	\$ 22,938,444	\$ 22,938,444
Contributions as a percentage of covered payroll	16.62%	15.15%	15.26%	14.38%	15.78%	14.40%	14.66%

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, 2021**

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) – Hazardous Duty:

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 rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit 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%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
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%
Component Unit School Board (nonprofessional)					
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%
Component Unit School Board (professional)					
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, 2012 through June 30, 2021

Date		Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government						
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%
2012		40,965	40,965	-	14,630,345	0.28%
Component Unit School Board (nonprofessional)						
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%
2012		4,496	4,496	-	1,605,852	0.28%
Component Unit School Board (professional)						
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%
2012		61,342	61,342	-	21,908,028	0.28%

CITY OF HOPEWELL, VIRGINIA

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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%

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, 2021

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

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, 2021

	<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>
Total OPEB liability							
Service cost	\$ 301,677	\$	230,524	\$	188,772	\$	194,926
Interest	110,018		136,030		138,747		123,979
Changes in assumptions	27,675		748,477		138,986		(134,129)
Effect of economic/demographic gains or losses	-		159,824		-		-
Benefit payments	(241,257)		(266,602)		(148,076)		(123,597)
Net change in total OPEB liability	\$ 198,113	\$	1,008,253	\$	318,429	\$	61,179
Total OPEB liability - beginning	4,796,447		3,788,194		3,469,765		3,408,586
Total OPEB liability - ending	<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>
 Covered employee payroll	 \$ 22,495,370	 \$	 22,495,370	 \$	 27,911,318	 \$	 27,911,318
 City's total OPEB liability (asset) as a percentage of covered employee payroll	 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**

Valuation Date: 7/1/2019
Measurement Date: 6/30/2021

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	2.16%
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 2072
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	2.16%
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 2072
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, 2020

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
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, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
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%
2012	129,428	129,428	-	21,571,356	0.60%

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, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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 Date of June 30, 2020

	2020
Total HIC OPEB Liability	
Changes in benefit terms	\$ 176,032
Net change in total HIC OPEB liability	\$ 176,032
Total HIC OPEB Liability - beginning	-
Total HIC OPEB Liability - ending (a)	<u>\$ 176,032</u>
 Plan fiduciary net position	
Net change in plan fiduciary net position	\$ -
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>
 School Board Nonprofessional's net HIC OPEB liability - ending (a) - (b)	\$ 176,032
 Plan fiduciary net position as a percentage of the total	
HIC OPEB liability	0.00%
 Covered payroll	\$ 2,319,162
 School Board Nonprofessional's net HIC OPEB liability as a percentage of	
covered payroll	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 Year Ended June 30, 2021

Date	Contributions in					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
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, 2021

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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
REVENUES				
Other local taxes	\$ -	\$ -	\$ 2,526,011	\$ 2,526,011
Intergovernmental revenues:				
Commonwealth	1,117,223	5,119,911	1,450,294	(3,669,617)
Revenues from use of money and property	112,777	112,777	6,279	(106,498)
Miscellaneous	-	-	589,508	589,508
Total revenues	<u>\$ 1,230,000</u>	<u>\$ 5,232,688</u>	<u>\$ 4,572,092</u>	<u>\$ (660,596)</u>
EXPENDITURES				
Capital projects	\$ 1,250,000	\$ 6,297,819	\$ 4,123,288	\$ 2,174,531
Debt service:				
Principal retirement	3,752,560	3,752,560	3,752,560	-
Interest and other fiscal charges	<u>1,414,565</u>	<u>1,414,565</u>	<u>2,132,480</u>	<u>(717,915)</u>
Total expenditures	<u>\$ 6,417,125</u>	<u>\$ 11,464,944</u>	<u>\$ 10,008,328</u>	<u>\$ 1,456,616</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,187,125)</u>	<u>\$ (6,232,256)</u>	<u>\$ (5,436,236)</u>	<u>\$ 796,020</u>
OTHER FINANCING SOURCES				
Operating transfers in	<u>5,187,125</u>	<u>5,187,125</u>	<u>1,333,320</u>	<u>(3,853,805)</u>
Total other financing sources	<u>\$ 5,187,125</u>	<u>\$ 5,187,125</u>	<u>\$ 1,333,320</u>	<u>\$ (3,853,805)</u>
Net change in fund balances	\$ -	\$ (1,045,131)	\$ (4,102,916)	\$ (3,057,785)
Fund balances - beginning	<u>-</u>	<u>1,045,131</u>	<u>5,708,844</u>	<u>4,663,713</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,605,928</u></u>	<u><u>\$ 1,605,928</u></u>

CITY OF HOPEWELL, VIRGINIA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	Recreation Fund	Community Development Block Grant Fund	Anti-Litter Fund	Total
Assets				
Cash and investments	\$ 374,197	\$ 59,345	\$ 104,251	\$ 537,793
Receivables, net of allowance for uncollectibles	2,304	20,721	2	23,027
Total assets	<u>\$ 376,501</u>	<u>\$ 80,066</u>	<u>\$ 104,253</u>	<u>\$ 560,820</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 70,573	\$ 64,485	\$ -	\$ 135,058
Accrued liabilities	113,584	3,326	-	116,910
Due to other funds	12,749	19,831	-	32,580
Due to other governments	-	105,364	-	105,364
Total liabilities	<u>\$ 196,906</u>	<u>\$ 193,006</u>	<u>\$ -</u>	<u>\$ 389,912</u>
Fund balances:				
Assigned	\$ 179,595	\$ -	\$ 99,521	\$ 279,116
Unassigned	-	(112,940)	4,732	(108,208)
Total fund balances	<u>\$ 179,595</u>	<u>\$ (112,940)</u>	<u>\$ 104,253</u>	<u>\$ 170,908</u>
Total liabilities and fund balances	<u>\$ 376,501</u>	<u>\$ 80,066</u>	<u>\$ 104,253</u>	<u>\$ 560,820</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, 2021

	Recreation Fund	Community Development Block Grant Fund	Anti-Litter Fund	Total
REVENUES				
Revenues from use of money and property	\$ 29,625	\$ -	\$ -	\$ 29,625
Charges for services	30,849	-	-	30,849
Miscellaneous	1,269	41,306	-	42,575
Intergovernmental:				
Commonwealth	11,195	5,919	4,892	22,006
Federal	-	320,344	-	320,344
Total revenues	\$ <u>72,938</u>	\$ <u>367,569</u>	\$ <u>4,892</u>	\$ <u>445,399</u>
EXPENDITURES				
Current:				
Parks, recreation, and cultural	\$ 1,815,300	\$ -	\$ -	\$ 1,815,300
Community development	-	431,147	160	431,307
Total expenditures	\$ <u>1,815,300</u>	\$ <u>431,147</u>	\$ <u>160</u>	\$ <u>2,246,607</u>
Deficiency of revenues over (under) expenditures	\$ <u>(1,742,362)</u>	\$ <u>(63,578)</u>	\$ <u>4,732</u>	\$ <u>(1,801,208)</u>
OTHER FINANCING SOURCES				
Operating transfers in	\$ <u>1,735,135</u>	\$ -	\$ -	\$ <u>1,735,135</u>
Total other financing sources	\$ <u>1,735,135</u>	\$ -	\$ -	\$ <u>1,735,135</u>
Net change in fund balances	\$ (7,227)	\$ (63,578)	\$ 4,732	\$ (66,073)
Fund balance - beginning	<u>186,822</u>	<u>(49,362)</u>	<u>99,521</u>	<u>236,981</u>
Fund balance - ending	\$ <u><u>179,595</u></u>	\$ <u><u>(112,940)</u></u>	\$ <u><u>104,253</u></u>	\$ <u><u>170,908</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, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenues from use of money and property	\$ 25,000	\$ 29,625	\$ 4,625
Charges for services	-	30,849	30,849
Miscellaneous	-	1,269	1,269
Intergovernmental:			
Federal	-	11,195	11,195
Total revenues	<u>\$ 25,000</u>	<u>\$ 72,938</u>	<u>\$ 47,938</u>
EXPENDITURES			
Current -			
Parks, recreation, and cultural	\$ 1,916,458	\$ 1,815,300	\$ 101,158
Total expenditures	<u>\$ 1,916,458</u>	<u>\$ 1,815,300</u>	<u>\$ 101,158</u>
Deficiency of revenues over (under) expenditures	<u>\$ (1,891,458)</u>	<u>\$ (1,742,362)</u>	<u>\$ 149,096</u>
OTHER FINANCING SOURCES			
Operating transfers in	\$ 1,930,635	\$ 1,735,135	\$ (195,500)
Operating transfers out	-	-	-
Total other financing sources	<u>\$ 1,930,635</u>	<u>\$ 1,735,135</u>	<u>\$ (195,500)</u>
Net change in fund balances	\$ 39,177	\$ (7,227)	\$ (46,404)
Fund balances - beginning	(39,177)	186,822	225,999
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ 179,595</u></u>	<u><u>\$ 179,595</u></u>

CITY OF HOPEWELL, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Community Development Block Grant Fund
 For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Miscellaneous	\$ 210,619	\$ 41,306	\$ (169,313)
Intergovernmental			
Commonwealth	-	5,919	5,919
Federal	565,874	320,344	(245,530)
Total revenues	<u>\$ 776,493</u>	<u>\$ 367,569</u>	<u>\$ (408,924)</u>
EXPENDITURES			
Current -			
Community development	\$ 907,479	\$ 431,147	\$ 476,332
Total expenditures	<u>\$ 907,479</u>	<u>\$ 431,147</u>	<u>\$ 476,332</u>
Net change in fund balances	\$ (130,986)	\$ (63,578)	\$ 67,408
Fund balances - beginning	<u>130,986</u>	<u>(49,362)</u>	<u>(180,348)</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ (112,940)</u></u>	<u><u>\$ (112,940)</u></u>

CITY OF HOPEWELL, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Anti-Litter Fund
For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental			
Commonwealth	\$ 6,063	\$ 4,892	\$ (1,171)
Total revenues	\$ 6,063	\$ 4,892	\$ (1,171)
EXPENDITURES			
Current -			
Community development	\$ 6,063	\$ 160	\$ 5,903
Total expenditures	\$ 6,063	\$ 160	\$ 5,903
Net change in fund balances	\$ -	\$ 4,732	\$ 4,732
Fund balances - beginning	-	99,521	99,521
Fund balances - ending	\$ -	\$ 104,253	\$ 104,253

CITY OF HOPEWELL, VIRGINIA

Combining Statement of Fiduciary Net Position
Fiduciary Funds
At June 30, 2021

	Special Welfare Fund	Healthy Families Fund	Police Evidence Fund	Total Custodial Funds
Assets				
Cash and cash equivalents	\$ 48,048	\$ -	\$ 55,823	\$ 103,871
Total assets	\$ 48,048	\$ -	\$ 55,823	\$ 103,871
Liabilities				
Reconciled overdraft	\$ -	\$ 151,461	\$ -	\$ 151,461
Total liabilities	\$ -	\$ 151,461	\$ -	\$ 151,461
Net Position				
Restricted for:				
Amounts held for others	\$ 48,048	\$ (151,461)	\$ 55,823	\$ (47,590)
Total net position	\$ 48,048	\$ (151,461)	\$ 55,823	\$ (47,590)

CITY OF HOPEWELL, VIRGINIA

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Special Welfare Fund</u>	<u>Healthy Families Fund</u>	<u>Police Evidence Fund</u>	<u>Total Custodial Funds</u>
Additions:				
Private contributions	\$ <u>23,239</u>	\$ <u>297,483</u>	\$ <u>59,510</u>	\$ <u>380,232</u>
Total additions	\$ <u>23,239</u>	\$ <u>297,483</u>	\$ <u>59,510</u>	\$ <u>380,232</u>
Deductions:				
Recipient payments	\$ <u>20,608</u>	\$ <u>293,812</u>	\$ <u>26,436</u>	\$ <u>340,856</u>
Total deductions	\$ <u>20,608</u>	\$ <u>293,812</u>	\$ <u>26,436</u>	\$ <u>340,856</u>
Change in fiduciary net position	\$ <u>2,631</u>	\$ <u>3,671</u>	\$ <u>33,074</u>	\$ <u>39,376</u>
Net position - beginning, as restated	<u>45,417</u>	<u>(155,132)</u>	<u>22,749</u>	<u>(86,966)</u>
Net position - ending	\$ <u><u>48,048</u></u>	\$ <u><u>(151,461)</u></u>	\$ <u><u>55,823</u></u>	\$ <u><u>(47,590)</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, 2021

	School Operating Fund	School Cafeteria Fund	Textbook Fund	Building and Bus Replacement Fund	School Activities Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 7,647,219	\$ -	\$ 824,298	\$ -	\$ 227,289	\$ 8,698,806
Receivables, net of allowance for uncollectibles	31,550	149	-	-	-	31,699
Due from other funds	34,794	61,187	-	-	-	95,981
Due from other governmental units	2,902,938	120,324	-	-	-	3,023,262
Inventories	-	92,204	-	-	-	92,204
Total assets	<u>\$ 10,616,501</u>	<u>\$ 273,864</u>	<u>\$ 824,298</u>	<u>\$ -</u>	<u>\$ 227,289</u>	<u>\$ 11,941,952</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 607,345	\$ 30,308	\$ -	\$ -	\$ -	\$ 637,653
Reconciled overdraft	-	99,745	-	-	-	99,745
Accrued liabilities	1,763,749	49,163	-	-	-	1,812,912
Due to other funds	88,538	7,443	-	-	-	95,981
Due to primary government	5,170,265	-	-	-	-	5,170,265
Unearned revenues	2,986,604	-	-	-	-	2,986,604
Total liabilities	<u>\$ 10,616,501</u>	<u>\$ 186,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,803,160</u>
Fund balances:						
Nonspendable	\$ -	\$ 92,204	\$ -	\$ -	\$ -	\$ 92,204
Restricted	-	(4,999)	824,298	-	-	819,299
Committed	-	-	-	-	227,289	227,289
Total fund balances	<u>\$ -</u>	<u>\$ 87,205</u>	<u>\$ 824,298</u>	<u>\$ -</u>	<u>\$ 227,289</u>	<u>\$ 1,138,792</u>
Total liabilities and fund balances	<u>\$ 10,616,501</u>	<u>\$ 273,864</u>	<u>\$ 824,298</u>	<u>\$ -</u>	<u>\$ 227,289</u>	<u>\$ 11,941,952</u>
Total fund balances per above						\$ 1,138,792
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.						30,822,591
Items related to measurement of net pension and OPEB liabilities not available to pay for current-period expenditures						
Deferred inflows related to pension						(3,481,325)
Deferred inflows related to OPEB						(358,534)
Deferred outflows related to pension						11,960,650
Deferred outflows related to OPEB						1,935,089
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				\$ (1,098,444)		
Net pension liability				(46,847,346)		
Net OPEB liabilities				(11,591,912)		
Note payable to the primary government				(862,712)		(60,400,414)
Net position of governmental activities						<u>\$ (18,383,151)</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, 2021

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Textbook Fund</u>	<u>Building and Bus Replacement Fund</u>	<u>School Activities Fund</u>	<u>Total Governmental Funds</u>
REVENUES						
Charges for services	\$ -	\$ 21,597	\$ -	\$ -	\$ -	\$ 21,597
Miscellaneous	515,072	22,000	-	-	143,075	680,147
Intergovernmental:						
Local government	10,906,404	-	-	-	-	10,906,404
Commonwealth	35,074,070	29,223	332,364	-	-	35,435,657
Federal	8,203,767	1,282,692	-	-	-	9,486,459
Total revenues	<u>\$ 54,699,313</u>	<u>\$ 1,355,512</u>	<u>\$ 332,364</u>	<u>\$ -</u>	<u>\$ 143,075</u>	<u>\$ 56,530,264</u>
EXPENDITURES						
Current:						
Administration	\$ 1,582,743	\$ 1,920,318	\$ -	\$ -	\$ -	\$ 3,503,061
Instruction	40,122,742	-	255,420	-	167,613	40,545,775
Operating	12,951,917	-	-	-	-	12,951,917
Total expenditures	<u>\$ 54,657,402</u>	<u>\$ 1,920,318</u>	<u>\$ 255,420</u>	<u>\$ -</u>	<u>\$ 167,613</u>	<u>\$ 57,000,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 41,911</u>	<u>\$ (564,806)</u>	<u>\$ 76,944</u>	<u>\$ -</u>	<u>\$ (24,538)</u>	<u>\$ (470,489)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	\$ -	\$ 14,560	\$ -	\$ 27,351	\$ -	\$ 41,911
Operating transfers out	(41,911)	-	-	-	-	(41,911)
Total other financing sources (uses), net	<u>\$ (41,911)</u>	<u>\$ 14,560</u>	<u>\$ -</u>	<u>\$ 27,351</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (550,246)	\$ 76,944	\$ 27,351	\$ (24,538)	\$ (470,489)
Fund balances - beginning, as restated	-	637,451	747,354	(27,351)	251,827	1,609,281
Fund balances - ending	<u>\$ -</u>	<u>\$ 87,205</u>	<u>\$ 824,298</u>	<u>\$ -</u>	<u>\$ 227,289</u>	<u>\$ 1,138,792</u>
Net change in fund balances - total governmental funds - per above					\$	(470,489)
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				\$	593,503	
Net change in City's interest in School assets					3,308,424	
Depreciation expense					(1,642,054)	2,259,873
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				\$	136,537	
Decrease (increase) in note payable to the primary government					137,746	
Decrease (increase) in net pension liability					(3,958,118)	
Decrease (increase) in net OPEB liabilities					(340,453)	
Decrease (increase) in deferred inflows related to pension					819,486	
Decrease (increase) in deferred inflows related to OPEB					4,161	
Increase (decrease) in deferred outflows related to pension					2,107,977	
Increase (decrease) in deferred outflows related to OPEB					(74,104)	(1,166,768)
Change in net position of governmental activities					\$	622,616

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, 2021

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues from use of money and property	\$ 200	\$ 200	\$ -	\$ (200)
Charges for services	43,000	43,000	-	(43,000)
Miscellaneous	15,000	15,000	515,072	500,072
Intergovernmental:				
Local government	13,378,990	13,378,990	10,906,404	(2,472,586)
Commonwealth	33,661,350	33,661,350	35,074,070	1,412,720
Federal	5,067,288	5,067,288	8,203,767	3,136,479
Total revenues	<u>\$ 52,165,828</u>	<u>\$ 52,165,828</u>	<u>\$ 54,699,313</u>	<u>\$ 2,533,485</u>
EXPENDITURES				
Current:				
Education	\$ 53,866,235	\$ 53,866,235	\$ 54,509,687	\$ (643,452)
Debt service	<u>147,716</u>	<u>147,716</u>	<u>147,715</u>	<u>1</u>
Total expenditures	<u>\$ 54,013,951</u>	<u>\$ 54,013,951</u>	<u>\$ 54,657,402</u>	<u>\$ (643,451)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,848,123)</u>	<u>\$ (1,848,123)</u>	<u>\$ 41,911</u>	<u>\$ 1,890,034</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	\$ -	\$ -	\$ (41,911)	\$ 41,911
Total other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (41,911)</u>	<u>\$ 41,911</u>
Net change in fund balance	\$ (1,848,123)	\$ (1,848,123)	\$ -	\$ 1,848,123
Fund balance - beginning	<u>1,848,123</u>	<u>1,848,123</u>	<u>-</u>	<u>(1,848,123)</u>
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, 2021

	School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues from use of money and property	\$ 100	\$ 100	\$ -	\$ (100)
Charges for services	88,000	88,000	21,597	(66,403)
Miscellaneous	100,000	100,000	22,000	(78,000)
Intergovernmental:				
Commonwealth	57,087	57,087	29,223	(27,864)
Federal	2,400,000	2,400,000	1,282,692	(1,117,308)
Total revenues	<u>\$ 2,645,187</u>	<u>\$ 2,645,187</u>	<u>\$ 1,355,512</u>	<u>\$ (1,289,675)</u>
EXPENDITURES				
Current:				
Education	\$ 3,660,863	\$ 3,660,863	\$ 1,920,318	\$ 1,740,545
Total expenditures	<u>\$ 3,660,863</u>	<u>\$ 3,660,863</u>	<u>\$ 1,920,318</u>	<u>\$ 1,740,545</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,015,676)</u>	<u>\$ (1,015,676)</u>	<u>\$ (564,806)</u>	<u>\$ 450,870</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	\$ -	\$ -	\$ 14,560	\$ (14,560)
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,560</u>	<u>\$ (14,560)</u>
Net change in fund balance	\$ (1,015,676)	\$ (1,015,676)	\$ (550,246)	\$ 465,430
Fund balance - beginning	1,015,676	1,015,676	637,451	(378,225)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,205</u>	<u>\$ 87,205</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, 2021

School Textbook Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues from use of money and property	\$ 100	\$ 100	\$ -	\$ (100)
Intergovernmental				
Commonwealth	329,545	329,545	332,364	2,819
Total revenues	<u>\$ 329,645</u>	<u>\$ 329,645</u>	<u>\$ 332,364</u>	<u>\$ 2,719</u>
EXPENDITURES				
Current:				
Education	\$ 500,000	\$ 500,000	\$ 255,420	\$ 244,580
Total expenditures	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 255,420</u>	<u>\$ 244,580</u>
Net change in fund balance	\$ (170,355)	\$ (170,355)	\$ 76,944	\$ 247,299
Fund balance - beginning	170,355	170,355	747,354	576,999
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 824,298</u>	<u>\$ 824,298</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, 2021

	Building and Bus Replacement Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Capital projects:				
Capital outlay	\$ 47,180	\$ 47,180	\$ -	\$ 47,180
Total expenditures	\$ 47,180	\$ 47,180	\$ -	\$ 47,180
Excess (deficiency) of revenues over (under) expenditures	\$ (47,180)	\$ (47,180)	\$ -	\$ (47,180)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	\$ -	\$ -	\$ 27,351	\$ (27,351)
Total other financing sources	\$ -	\$ -	\$ 27,351	\$ (27,351)
 Net change in fund balances	\$ (47,180)	\$ (47,180)	\$ 27,351	\$ 74,531
Fund balances - beginning	47,180	47,180	(27,351)	(74,531)
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, 2021

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	\$ 404,160
Reconciled overdraft	549,382
Accrued liabilities	2,328
Due to the Commonwealth of Virginia	1,457,221
Total liabilities	<u>\$ 2,413,091</u>

Fund balances:

Assigned	\$ (1,295,157)
Total fund balance	<u>(1,295,157)</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, 2021

REVENUES	
Miscellaneous	\$ 36,700
Intergovernmental	
Commonwealth	1,962,467
Federal	62,814
Total revenues	\$ <u>2,061,981</u>
EXPENDITURES	
Current:	
Health and welfare	\$ <u>3,055,468</u>
Total expenditures	\$ <u>3,055,468</u>
Excess of revenues over expenditures	\$ <u>(993,487)</u>
OTHER FINANCING SOURCES	
Operating transfers in	<u>608,227</u>
Total other financing sources	\$ <u>608,227</u>
Net change in fund balances	\$ (385,260)
Fund balance - beginning	<u>(909,897)</u>
Fund balance - ending	\$ <u><u>(1,295,157)</u></u>

Supporting Schedules

CITY OF HOPEWELL, VIRGINIA

Schedule of Revenues and Expenditures - Budget and Actual
Recreation Fund
For the Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
Revenues:			
Revenues from local sources:			
Revenues from use of money and property:	\$ 25,000	\$ 29,625	\$ 4,625
Total revenues from use of money and property	<u>\$ 25,000</u>	<u>\$ 29,625</u>	<u>\$ 4,625</u>
Charges for services	\$	\$ 30,849	\$ 30,849
Total charges for services	<u>\$ -</u>	<u>\$ 30,849</u>	<u>\$ 30,849</u>
Miscellaneous revenues:			
Miscellaneous refunds and grants	\$ -	\$ 1,269	\$ 1,269
Total miscellaneous revenues	<u>\$ -</u>	<u>\$ 1,269</u>	<u>\$ 1,269</u>
Total revenues from local sources	<u>\$ 25,000</u>	<u>\$ 61,743</u>	<u>\$ 36,743</u>
Revenue from the federal government			
Categorical aid -			
Summer feeding program	\$ -	\$ 11,195	\$ 11,195
Total categorical aid	<u>\$ -</u>	<u>\$ 11,195</u>	<u>\$ 11,195</u>
Total revenues from the federal government	<u>\$ -</u>	<u>\$ 11,195</u>	<u>\$ 11,195</u>
Total revenues	<u><u>\$ 25,000</u></u>	<u><u>\$ 72,938</u></u>	<u><u>\$ 47,938</u></u>
Expenditures:			
Parks, recreation, and cultural:			
Parks and recreation:			
Recreation centers and playgrounds	\$ 653,747	\$ 635,682	\$ 18,065
Events	139,922	124,907	15,015
Athletics division	109,468	94,177	15,291
Seniors' division	113,866	108,770	5,096
Pool	230,578	206,546	24,032
Parks	643,877	618,159	25,718
Marina	25,000	19,358	5,642
Grants	-	7,701	(7,701)
Total parks and recreation	<u>\$ 1,916,458</u>	<u>\$ 1,815,300</u>	<u>\$ 101,158</u>
Total expenditures	<u><u>\$ 1,916,458</u></u>	<u><u>\$ 1,815,300</u></u>	<u><u>\$ 101,158</u></u>

CITY OF HOPEWELL, VIRGINIA

Schedule of Revenues and Expenditures - Budget and Actual

Capital Projects Fund

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues			
Intergovernmental:			
Commonwealth	\$ 5,119,911	\$ 1,450,294	\$ (3,669,617)
Total revenues from other governments	\$ 5,119,911	\$ 1,450,294	\$ (3,669,617)
Local sources -			
Other local taxes:			
Hotel and motel room taxes	\$ -	\$ (17)	\$ (17)
Restaurant food taxes	-	2,526,028	2,526,028
Total other local taxes	\$ -	\$ 2,526,011	\$ 2,526,011
Revenues from use of money and property -			
Revenue from the use of money	\$ 112,777	\$ 6,279	\$ (106,498)
Total revenues from use of money and property	\$ 112,777	\$ 6,279	\$ (106,498)
Miscellaneous revenues -			
Other miscellaneous	\$ -	\$ 589,508	\$ 589,508
Total miscellaneous revenues	\$ -	\$ 589,508	\$ 589,508
Total revenue from local sources	\$ 112,777	\$ 3,121,798	\$ 3,009,021
Total revenues	\$ 5,232,688	\$ 4,572,092	\$ (660,596)
Expenditures			
Capital Projects:			
Equipment	\$ 6,297,819	\$ 64,798	\$ 6,233,021
Parks and recreation	-	317,808	(317,808)
Economic development	-	20,000	(20,000)
Other projects	-	20,741	(20,741)
Streets, curbs, and gutters	-	3,699,941	(3,699,941)
Total capital projects	\$ 6,297,819	\$ 4,123,288	\$ 2,174,531
Debt Service:			
Principal retirement	\$ 3,752,560	\$ 3,752,560	\$ -
Interest and other fiscal charges	\$ 1,414,565	\$ 2,132,480	\$ (717,915)
Total debt service	\$ 5,167,125	\$ 5,885,040	\$ (717,915)
Total expenditures	\$ 11,464,944	\$ 10,008,328	\$ 1,456,616

CITY OF HOPEWELL, VIRGINIA

Schedule of Revenues - Budget and Actual
Component Unit School Board
For the Year Ended June 30, 2021

Fund, Major, and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
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	15,000	15,000	515,072	500,072
Total revenues from local sources	<u>\$ 58,200</u>	<u>\$ 58,200</u>	<u>\$ 515,072</u>	<u>\$ 456,872</u>
Intergovernmental revenues:				
Revenues from local governments -				
Contribution from the City of Hopewell, Virginia	\$ 13,378,990	\$ 13,378,990	\$ 10,906,404	\$ (2,472,586)
Total revenues from local governments	<u>\$ 13,378,990</u>	<u>\$ 13,378,990</u>	<u>\$ 10,906,404</u>	<u>\$ (2,472,586)</u>
Revenues from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,640,632	\$ 4,640,632	\$ 4,817,596	\$ 176,964
Basic school aid	14,940,407	14,940,407	15,007,131	66,724
Remedial summer education	207,027	207,027	112,140	(94,887)
Special Education Regional	374,815	374,815	220,544	(154,271)
Special education foster care	-	-	8,639	8,639
Regular foster care	9,749	9,749	3,074	(6,675)
Homebound education	32,061	32,061	29,275	(2,786)
Gifted and talented	162,519	162,519	163,909	1,390
Remedial education	1,057,904	1,057,904	1,066,958	9,054
Special education	1,934,892	1,934,892	2,734,964	800,072
Competitive grants	-	-	37,500	37,500
Infrastructure and operations	1,143,794	1,143,794	1,289,683	145,889
Vocational	8,391	8,391	-	(8,391)
Vocational education	726,734	726,734	732,953	6,219
Social security fringe benefits	996,577	996,577	1,005,105	8,528
Retirement fringe benefits	2,318,191	2,318,191	2,338,029	19,838
Group life insurance benefits	70,527	70,527	71,131	604
Early reading intervention	231,663	231,663	234,488	2,825
At-risk payments	2,073,457	2,073,457	2,091,325	17,868
Primary class size	1,435,390	1,435,390	1,407,434	(27,956)
Year round learning	-	-	34,903	34,903
Learning loss	-	-	352,122	352,122
Education technology	322,000	322,000	335,924	13,924
Standards of Learning - Algebra Readiness	114,151	114,151	116,941	2,790
Mentor teacher program	9,690	9,690	3,827	(5,863)
English as a second language	162,524	162,524	176,211	13,687
School Security Equipment Grant	-	-	88,348	88,348
Virginia preschool	678,682	678,682	557,251	(121,431)
Industry Certification	-	-	5,650	5,650
Other state funding	-	-	21,442	21,442
Project Graduation	9,573	9,573	9,573	-
Total categorical aid	<u>\$ 33,661,350</u>	<u>\$ 33,661,350</u>	<u>\$ 35,074,070</u>	<u>\$ 1,412,720</u>
Total revenues from the Commonwealth	<u>\$ 33,661,350</u>	<u>\$ 33,661,350</u>	<u>\$ 35,074,070</u>	<u>\$ 1,412,720</u>

CITY OF HOPEWELL, VIRGINIA

Schedule of Revenues - Budget and Actual (Continued)
Component Unit School Board
For the Year Ended June 30, 2021

Revenue from the federal government:

Categorical aid:

Title I	\$ 1,750,689	\$ 1,750,689	\$ 2,018,877	\$ 268,188
Impact Aid	20,000	20,000	16,865	(3,135)
Special Ed	993,264	993,264	916,802	(76,462)
Vocational Education	108,638	108,638	215,313	106,675
Title II	221,351	221,351	212,347	(9,004)
Title III	17,058	17,058	8,500	(8,558)
Title IV - Part A	132,243	132,243	176,575	44,332
GEER WiFi	-	-	204,619	204,619
Head Start	1,321,990	1,321,990	1,578,750	256,760
CARES Act	-	-	2,097,001	2,097,001
JROTC	78,320	78,320	53,943	(24,377)
Virginia Preschool Initiative- TANF	-	-	195,605	195,605
Preschool	23,735	23,735	23,735	-
Medicaid Reimbursements	400,000	400,000	463,956	63,956
21st Century Community Learning Center	-	-	20,879	20,879
Total categorical aid	\$ 5,067,288	\$ 5,067,288	\$ 8,203,767	\$ 3,136,479
Total revenue from the federal government	\$ 5,067,288	\$ 5,067,288	\$ 8,203,767	\$ 3,136,479
Total School Operating Fund	\$ 52,165,828	\$ 52,165,828	\$ 54,699,313	\$ 2,533,485

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	88,000	88,000	21,597	(66,403)

Outside sources

Other miscellaneous	100,000	100,000	22,000	(78,000)
Total revenues from local sources	\$ 188,100	\$ 188,100	\$ 43,597	\$ (144,503)

Intergovernmental revenues:

Revenue from the Commonwealth:

Categorical aid - School food program grant	\$ 57,087	\$ 57,087	\$ 29,223	\$ (27,864)
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Revenue from the federal government:

Categorical aid:

School food program grant	\$ 2,400,000	\$ 2,400,000	\$ 1,236,065	\$ (1,163,935)
CARES Act	-	-	46,627	46,627
Total categorical aid	\$ 2,400,000	\$ 2,400,000	\$ 1,282,692	\$ (1,117,308)
Total revenues from the federal government	\$ 2,400,000	\$ 2,400,000	\$ 1,282,692	\$ (1,117,308)
Total School Cafeteria Fund	\$ 2,645,187	\$ 2,645,187	\$ 1,355,512	\$ (1,289,675)

School Textbook Fund:

Revenues from use of money and property -

Revenues from the use of money	\$ 100	\$ 100	\$ -	\$ (100)
Total revenues from use of money and property	\$ 100	\$ 100	\$ -	\$ (100)

Intergovernmental revenues:

Revenues from the Commonwealth:

Categorical aid - Textbook funds	\$ 329,545	\$ 329,545	\$ 332,364	\$ 2,819
Total revenue from the Commonwealth	\$ 329,545	\$ 329,545	\$ 332,364	\$ 2,819
Total School Textbook Fund	\$ 329,645	\$ 329,645	\$ 332,364	\$ 2,719

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	\$ 55,140,660	\$ 55,140,660	\$ 56,387,189	\$ 1,246,529

CITY OF HOPEWELL, VIRGINIA

Schedule of Expenditures - Budget and Actual
 Component Unit School Board
 For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board				
School Operating Fund				
Education:				
Administration of schools -				
Administration	\$ 1,632,094	\$ 1,632,094	\$ 1,582,743	\$ 49,351
Total administration of schools	\$ 1,632,094	\$ 1,632,094	\$ 1,582,743	\$ 49,351
Instruction costs:				
Compensation	\$ 41,443,998	\$ 41,443,998	\$ 36,385,648	\$ 5,058,350
Supplies	-	-	1,503,466	(1,503,466)
Equipment	-	-	180,151	(180,151)
Purchased services	-	-	2,053,477	(2,053,477)
Total instruction costs	\$ 41,443,998	\$ 41,443,998	\$ 40,122,742	\$ 1,321,256
Operating costs:				
Attendance and health services	\$ 1,478,302	\$ 1,478,302	\$ 1,560,289	\$ (81,987)
Pupil transportation	1,853,301	1,853,301	1,596,202	257,099
Operation and maintenance of school plant	4,999,803	4,999,803	5,563,072	(563,269)
Technology	2,458,737	2,458,737	4,084,639	(1,625,902)
Total operating costs	\$ 10,790,143	\$ 10,790,143	\$ 12,804,202	\$ (2,014,059)
Total education	\$ 53,866,235	\$ 53,866,235	\$ 54,509,687	\$ (643,452)
Operating costs -				
Debt service	\$ 147,716	\$ 147,716	\$ 147,715	\$ 1
Total School Operating Fund	\$ 54,013,951	\$ 54,013,951	\$ 54,657,402	\$ (643,451)
School Cafeteria Fund:				
Education:				
School food services -				
Administration of school food program	\$ 3,660,863	\$ 3,660,863	\$ 1,920,318	\$ 1,740,545
Total education	\$ 3,660,863	\$ 3,660,863	\$ 1,920,318	\$ 1,740,545
Total School Cafeteria Fund	\$ 3,660,863	\$ 3,660,863	\$ 1,920,318	\$ 1,740,545
School Textbook Fund:				
Education:				
Instruction	\$ 500,000	\$ 500,000	\$ 255,420	\$ 244,580
Total education	\$ 500,000	\$ 500,000	\$ 255,420	\$ 244,580
Total School Textbook Fund	\$ 500,000	\$ 500,000	\$ 255,420	\$ 244,580
Capital Projects Fund:				
Building and Bus Replacement Fund				
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	\$ 58,221,994	\$ 58,221,994	\$ 56,833,140	\$ 1,388,854

Other Statistical Information

Table 1

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Government activities:										
Net investment in capital assets	\$ 2,934,686	\$ 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
Restricted	469,962	472,833	464,911	400,000	-	-	9,113,184	3,010,198	8,416,926	-
Unrestricted	20,049,644	20,446,091	17,328,832	(698,824)	(27,852,308)	(11,967,000)	(20,864,334)	(10,935,067)	(7,254,895)	(10,894,163)
Total governmental activities net position	\$ 23,454,292	\$ 29,156,472	\$ 27,600,679	\$ 15,217,073	\$ 14,489,023	\$ 9,211,316	\$ 11,859,723	\$ 12,792,364	\$ 22,661,095	\$ 13,827,216
Business-Type activities:										
Net investment in capital assets	\$ 4,439,464	\$ 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
Restricted	502,351	-	-	-	2,928,418	5,470,622	2,513,591	1,364,176	1,930,613	1,940,886
Unrestricted	24,658,155	25,967,344	21,645,447	21,759,463	23,928,638	40,214,037	23,499,817	39,165,047	42,213,029	45,599,715
Total Business-Type activities net position	\$ 29,599,970	\$ 31,540,419	\$ 32,801,799	\$ 52,986,459	\$ 97,206,980	\$ 114,781,794	\$ 115,736,478	\$ 125,035,808	\$ 129,067,121	\$ 134,926,561
Primary Government:										
Net investment in capital assets	\$ 7,374,150	\$ 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
Restricted	972,313	472,833	464,911	400,000	2,928,418	5,470,622	11,626,775	4,374,374	10,347,539	1,940,886
Unrestricted	44,707,799	46,413,435	38,974,279	21,060,639	(3,923,670)	28,247,037	2,635,483	28,229,980	34,958,134	34,705,552
Total Primary Government net position	\$ 53,054,262	\$ 60,696,891	\$ 60,402,478	\$ 68,203,532	\$ 111,696,003	\$ 123,993,110	\$ 127,596,201	\$ 137,828,172	\$ 151,728,216	\$ 148,753,777

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Government activities:										
General government	\$ 8,303,573	\$ 8,482,373	\$ 9,598,375	\$ 7,471,201	\$ 5,065,483	\$ 6,866,234	\$ 6,215,800	\$ 8,349,380	\$ 7,348,086	\$ 10,903,286
Judicial administration	2,107,894	2,217,984	2,598,072	2,810,211	2,694,035	3,402,723	2,770,517	3,089,687	3,156,908	3,418,816
Public safety	11,841,600	11,720,652	14,012,598	16,464,074	14,031,657	17,912,446	15,882,264	17,009,696	17,567,686	22,254,212
Public works	4,203,248	711,805	1,540,362	3,227,810	5,794,089	6,673,096	5,556,497	5,505,517	6,993,775	5,639,212
Health and welfare	5,548,091	5,259,409	5,363,582	5,532,202	5,899,170	6,692,919	5,868,302	6,309,623	7,138,560	7,218,615
Education	14,701,888	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
Parks, recreation and cultural	2,311,175	2,462,345	2,530,959	2,408,566	2,421,366	2,764,579	2,622,864	2,606,604	2,569,491	2,749,831
Community development	735,236	729,140	896,763	868,640	2,301,148	2,957,552	2,675,118	1,520,487	1,443,587	1,643,618
Interest on long-term debt	1,836,461	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
Total governmental activities expenses	\$ 51,589,166	\$ 46,913,985	\$ 51,133,019	\$ 56,593,585	\$ 54,454,771	\$ 64,592,189	\$ 58,337,879	\$ 60,450,044	\$ 65,255,031	\$ 69,207,829
Business-Type activities:										
Public utilities	\$ 16,193,605	\$ 18,163,995	\$ 21,114,290	\$ 23,816,770	\$ 21,303,229	\$ 25,219,309	\$ 25,671,886	\$ 27,001,777	\$ 30,580,320	\$ 32,525,156
Total Primary Government expenses	\$ 67,782,771	\$ 65,077,980	\$ 72,247,309	\$ 80,410,355	\$ 75,758,000	\$ 89,811,498	\$ 84,009,765	\$ 87,451,821	\$ 95,835,351	\$ 101,732,985
Program Revenues										
Government activities:										
Charges for services:										
General government administration	\$ 3,913	\$ 4,464	\$ 3,718	\$ -	\$ 395,800	\$ 896,400	\$ 398,025	\$ 12,580	\$ 1,146	\$ 10,348
Judicial administration	35,492	37,325	66,938	58,951	53,913	59,483	52,586	145,354	141,325	49,221
Public Safety	580,930	534,761	555,568	541,987	520,413	502,342	791,219	2,208,548	1,900,795	1,483,422
Public Works	1	3	7	-	-	-	-	-	-	-
Parks, recreation and cultural	253,921	245,420	198,885	145,507	153,249	136,730	157,279	142,277	107,619	30,849
Community development	58,448	51,959	82,410	-	-	-	-	-	-	-
Operating grants and contributions	10,125,073	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
Capital grants and contributions	2,400,955	481,634	316,105	245,093	593,982	1,500,096	1,294,311	1,553,685	1,323,951	1,450,294
Total governmental activities program revenues	\$ 13,458,733	\$ 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
Business-Type activities:										
Charges for services:										
Public utilities	\$ 17,775,706	\$ 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
Operating grants and contributions	-	-	-	-	21,906,801	6,889,200	-	-	-	-
Capital grants and contributions	3,100,000	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	\$ 20,875,706	\$ 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
Total Primary Government program revenues	\$ 34,334,439	\$ 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
Net (expense) / revenue:										
Governmental activities	\$ (38,130,433)	\$ (35,330,465)	\$ (39,922,195)	\$ (44,986,509)	\$ (41,493,410)	\$ (49,829,742)	\$ (42,399,074)	\$ (44,310,802)	\$ (49,996,005)	\$ (46,719,371)
Business-Type activities	4,682,101	1,354,269	1,271,439	20,810,739	40,498,360	12,252,147	1,952,946	2,906,323	5,839,548	5,552,923
	\$ (33,448,332)	\$ (33,976,196)	\$ (38,650,756)	\$ (24,175,770)	\$ (995,050)	\$ (37,577,595)	\$ (40,446,128)	\$ (41,404,479)	\$ (44,156,457)	\$ (41,166,448)

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 24,250,333	\$ 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
Local sales and use taxes	1,921,273	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
Consumer utility taxes	347,966	355,950	348,009	389,249	379,052	379,052	-	-	-	602,151
Business licenses taxes	1,568,560	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
Other local taxes	6,583,703	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
Unrestricted grants and contributions	1,968,030	1,768,999	1,628,873	-	-	(64,575)	-	1,618,029	2,333,414	1,642,282
Unrestricted revenues from use of money and property	98,440	110,552	78,461	93,151	121,552	173,092	287,697	366,864	860,891	81,459
Miscellaneous	1,927,346	1,736,852	1,620,797	1,478,801	1,616,987	1,581,652	2,764,118	2,448,700	2,972,108	4,773,532
Loss on debt refunding	-	-	-	2,127,083	-	-	-	-	-	-
Transfers	-	(66,495)	(407,326)	502,000	-	-	-	-	-	-
Total governmental activities	\$ 38,665,651	\$ 39,289,246	\$ 38,842,093	\$ 44,075,400	\$ 43,259,037	\$ 44,552,035	\$ 45,112,155	\$ 45,454,957	\$ 47,796,929	\$ 40,558,447
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	460,967	303,374	268,690	247,297	318,470	214,215	572,276	572,276	23,235	302,517
Total Business-Type activities	\$ 460,967	\$ 586,180	\$ 676,016	\$ 556,783	\$ 318,470	\$ 214,215	\$ 572,276	\$ 572,276	\$ 23,235	\$ 306,517
Total Primary Government	\$ 39,126,618	\$ 39,875,426	\$ 39,518,109	\$ 44,632,183	\$ 43,577,507	\$ 44,766,250	\$ 45,684,431	\$ 46,027,233	\$ 47,820,164	\$ 40,864,964
Special item - loss on capital contributed	\$ -	\$ (1,160,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position:										
Governmental activities	\$ 535,218	\$ 2,798,781	\$ (1,080,102)	\$ (911,109)	\$ 1,721,543	\$ (5,277,707)	\$ 2,713,081	\$ 1,144,155	\$ (2,199,076)	\$ (6,160,924)
Business-Type activities	5,143,068	1,940,449	1,947,455	21,367,522	41,801,881	12,466,362	2,525,222	3,478,599	5,862,783	5,859,440
Total Primary Government	\$ 5,678,286	\$ 4,739,230	\$ 867,353	\$ 20,456,413	\$ 43,523,424	\$ 7,188,655	\$ 5,238,303	\$ 4,622,754	\$ 3,663,707	\$ (301,484)

Table 3

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Nonspendable	\$ 484,090	\$ 507,710	\$ 506,019	\$ 463,095	\$ 61,714	\$ 63,734	\$ 74,181	\$ 482,946	\$ 81,099	\$ 85,233
Assigned	7,185,036	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
Unassigned	4,084,446	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
Total General Fund	\$ 11,753,572	\$ 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
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
Restricted	5,789,508	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	8,694,433	7,758,080	15,633,457	5,290,631	2,743,722	111,740	35,423	444,626	-	628,679
Unassigned	(247)	-	-	-	-	(163,272)	(2,076,542)	(3,634,626)	(5,331,441)	535,232
Total all other Governmental funds	\$ 14,483,694	\$ 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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:											
General property taxes	\$ 23,818,310	\$ 23,481,976	\$ 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
Other local taxes	8,494,183	8,425,201	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
Permits, privilege fees/regulatory licenses	31,956	41,144	42,889	105,139	230,893	205,552	116,070	230,410	219,525	339,387	569,104
Fines and forfeitures	1,288,030	1,866,202	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
Revenue from use of money and property	369,081	293,153	275,553	220,657	93,151	121,551	173,087	287,697	366,864	860,891	81,459
Charges for services	587,937	680,400	662,134	684,206	746,445	740,875	716,256	1,020,962	1,068,754	762,471	296,386
Miscellaneous	227,644	1,148,605	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
Recovered costs	884,500	884,500	884,500	884,500	382,500	382,500	884,500	382,500	382,500	382,500	382,500
Intergovernmental	12,485,977	14,502,537	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
Total revenues	\$ 48,187,618	\$ 51,323,718	\$ 53,392,709	\$ 51,380,578	\$ 52,454,462	\$ 56,037,784	\$ 57,171,057	\$ 59,884,018	\$ 59,953,886	\$ 61,375,463	\$ 64,744,777
Expenditures:											
General government administration	\$ 2,836,083	\$ 2,946,336	\$ 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
Judicial administration	1,603,353	1,839,894	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
Public safety	10,220,079	11,107,197	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
Public works	3,414,050	3,468,258	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
Health and welfare	5,514,230	5,442,824	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
Education	20,957,047	21,060,268	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
Parks, recreation and cultural	2,080,477	2,273,806	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
Community development	793,509	657,839	718,234	889,540	868,628	1,015,885	1,384,553	920,915	1,427,528	1,351,990	1,537,807
Nondepartmental	5,075,563	4,866,933	5,153,440	1,056,007	1,563,876	1,284,415	1,903,189	1,772,438	1,686,912	1,588,595	1,591,759
Capital projects	4,167,481	3,552,164	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
Debt service:											
Principal	4,155,218	1,696,274	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
Interest	2,779,947	2,752,663	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
Total expenditures	\$ 63,597,037	\$ 61,664,456	\$ 52,213,064	\$ 56,382,797	\$ 59,427,705	\$ 57,151,348	\$ 61,269,636	\$ 61,631,407	\$ 67,448,580	\$ 65,177,275	\$ 70,415,027
Excess of revenues over (under) expenditures	\$ (15,409,419)	\$ (10,340,738)	\$ 1,179,645	\$ (5,002,219)	\$ (6,973,243)	\$ (1,113,564)	\$ (4,098,579)	\$ (1,747,389)	\$ (7,494,694)	\$ (3,801,812)	\$ (5,670,250)
Other financing sources (uses):											
Transfer in	\$ 3,986,103	\$ 3,493,901	\$ 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
Transfer out	(3,986,103)	(3,493,901)	(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)
Bonds issued	17,715,000	-	-	10,860,253	19,210,000	-	-	-	-	-	-
Premium on bonds issued	80,220	-	-	-	-	-	-	-	-	-	-
Refunded bonds redeemed	-	-	-	-	(14,285,000)	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	1,280,852	-	-	-	-	-
Interest rate subsidy	363,750	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	\$ 18,158,970	\$ -	\$ (66,495)	\$ 10,452,927	\$ 5,427,000	\$ 1,280,852	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ 2,749,551	\$ (10,340,738)	\$ 1,113,150	\$ 5,450,708	\$ (1,546,243)	\$ 167,288	\$ (4,098,579)	\$ (1,747,389)	\$ (7,494,694)	\$ (3,801,812)	\$ (5,670,250)
Debt service as a percentage of noncapital expenditures	11.77%	7.66%	11.70%	15.70%	9.11%	10.20%	9.85%	9.60%	9.56%	9.52%	8.88%

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		Personal Property		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	
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%	
2012	1.02		1,330,768,380		3.50		122,695,512		3.05		131,032,392		331,805,550		1.32		1,916,301,834		1,906,720,325		100.50%	

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		
2012	1.02	3.50	3.05	1.02	3.50		1.32
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

(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.

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

Taxpayer	Fiscal Year 2021			Fiscal Year 2012		
	2020 Assessed Valuation	% of Total Assessed Valuation		2011 Assessed Valuation	% of Total Assessed Valuation	
Virginia Electric & Power Company / 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
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%
2012	\$ 25,502,328	\$ 24,389,663	95.64%	\$ 937,291	\$ 25,326,953	99.31%

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 Bond Premium	Capital Leases	Revenue Bonds	Revenue Premium	Capital Leases					
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	-	\$ 31,860	\$ 856,226	\$ 32,825,000	\$ 549,098	\$ -		\$ 84,903,750	9.69%	\$ 3,758	
2018	\$ 52,690,350	\$ 1,125,000	-	\$ 31,928	\$ 1,000,537	\$ 34,285,000	\$ 574,238	\$ -		\$ 89,707,503	11.53%	\$ 3,971	
2017	\$ 55,321,601	\$ 1,599,200	-	\$ 31,928	\$ 1,141,791	\$ 35,725,000	\$ 601,013	\$ -		\$ 94,420,533	12.13%	\$ 4,180	
2016	\$ 57,890,852	\$ 2,073,400	-	\$ 65,154	\$ 1,280,852	\$ 37,130,000	\$ 626,155	\$ -		\$ 99,066,413	12.73%	\$ 4,385	
2015	\$ 60,602,676	\$ 2,547,600	-	\$ 79,140	\$ -	\$ 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	
2012	\$ 53,632,083	\$ 3,970,200	-	\$ 266,938	\$ -	\$ 35,405,000	\$ 725,736	\$ -		\$ 93,999,957	12.08%	\$ 4,161	

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

Fiscal Year	Gross Bonded Debt	Less Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Bonded Debt per Capita (1)
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
2012	\$ 57,869,221	\$ -	\$ 57,869,221	3.02%	\$ 2,562

(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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 133,076,838	\$ 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
Total net debt applicable to limit	57,869,221	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
Legal debt margin	\$ 75,207,617	\$ 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
Total net debt applicable to the limit as a percentage of debt limit	43.49%	42.42%	45.57%	48.48%	39.34%	37.27%	35.10%	32.14%	29.61%	26.51%
Source: Valuation bases were obtained from the Hopewell Real Estate Assessor's office. (a) Limit set by Virginia Statute.										
Legal Debt Margin calculation for Fiscal Year 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

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
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%
2012	22,591	\$ 778,341,324	\$ 34,454	10.1%

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.

City of Hopewell, Virginia
Principal Employers

Current Year and Period Nine Years Prior

Employer	Fiscal Year 2021		Fiscal Year 2012	
	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 Specialities	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

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government:										
City Clerk	2	1	1	1	1	1	1	2	2	2
City Attorney	2	2	2	2	-	-	-	-	1	2
City Manager	6	6	7	9	9	9	9	9	9	9
Finance Department	15	15	14	14	14	14	16	16	17	18
City Treasurer	5	5	5	5	5	5	5	5	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	7	6	6	6	6	6	6	6	7
Court Services	3	3	3	3	3	3	3	3	3	2
General District Court	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Sheriff Department	10	10	10	12	12	12	12	12	12	12
Fire & Rescue	45	45	45	45	47	47	53	54	54	54
Building inspections	6	6	6	6	6	6	7	7	7	7
Police Department	76	76	82	82	82	82	82	82	82	83
Animal Control	1	1	1	2	2	2	3	3	3	3
Emergency Services	1	1	1	1	1	1	1	1	1	1
Public Works:										
General Maintenance	33	33	34	36	36	36	41	43	43	43
Landfill	2	2	2	2	2	2	2	3	3	3
Engineering	4	4	3	3	3	3	4	4	4	4
Sewer Services	60	60	61	61	61	61	58	60	61	61
Health & Welfare:										
Department of Social Services	40	40	40	40	40	44	58	53	56	56
Community Services Act	1	1	1	1	2	2	2	2	2	2
Culture and Recreation:										
Parks and Recreation	15	15	15	15	15	15	17	17	17	17
Tourism	1	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	354	353	359	365	366	370	399	401	408	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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Police department:										
E911 calls answered	17,329	24,655	14,205	19,516	19,701	19,701	18,602	15,550	15,550	15,366
Animal calls answered	3,028	2,818	2,917	2,960	2,712	2,473	2,411	2,935	2,081	2,017
Physical arrests	1,388	1,031	1,394	1,297	1,306	1,141	1,000	904	792	687
Civil papers										
Fire and rescue:										
Fire calls	3,687	3,213	3,352	3,138	3,477	4,394	5,219	5,256	5,124	5,280
EMS calls	3,615	3,545	3,556	1,296	4,001	3,822	4,115	4,187	4,182	4,691
Building inspections:										
Permits issued (all)	957	957	958	1,029	980	852	598	693	730	794
Inspections done (all)	2,560	2,560	2,297	4,007	1,313	2,281	3,854	3,083	3,828	4,663
Public works										
General maintenance:										
Work orders issued	2,346	2,501	3,196	2,688	2,701	2,393	2,470	2,469	2,241	2,365
Health and welfare										
Department of Social Services:										
Caseload*	10,911	10,911	11,446	12,324	8,652	11,888	13,469	12,265	12,928	13,236
Culture and recreation										
Parks and recreation:										
Community center visits	55,565	55,565	59,845	49,167	57,864	45,533	79,292	214,400	194,494	125,481
Summer program participants	N/A	N/A	N/A	223	1,511	2,069	4,197	3,205	1,400	1,000
Youth sports participants	N/A	N/A	2,235	737	711	908	812	840	960	390
Community development										
Planning:										
Zoning permits issued	291	291	539	167	199	186	215	270	161	309
Inspections done (all)						1,026	1,891	3,733	4,691	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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Administration buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	6	6	5	5	7	9	9	9	9	9
Public Works										
Vehicles	43	46	48	48	47	49	51	51	48	50
Public Safety										
Police Department:										
Vehicles	60	60	60	53	55	59	74	80	77	106
Sheriff Department:										
Vehicles	14	16	18	18	19	23	22	27	25	30
Fire Department:										
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	6	5	5	5	7	7	6	5	5	6
Other vehicles	8	8	8	10	10	11	13	15	21	13
Building Inspectors:										
Vehicles	7	9	10	9	9	9	9	8	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	12	14	14	13	13	10
Parks acreage	161	161	161	161	161	161	226	226	226	226
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	14	14	14	14	14	14	6	6	6	6
Ballfields	20	20	20	20	20	20	6	6	6	6
Soccer fields	8	8	8	8	8	8	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***

**To the Honorable Members of the 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 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, 2021, 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 May 13, 2025.

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) as a basis for designing 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 2021-001 that we consider to be material weaknesses.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Hopewell, Virginia's Response to Findings

City of Hopewell, Virginia's response to the 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 the financial statements and, accordingly, we express no opinion on it.

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

May 13, 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**

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

Report on Compliance for Each Major Federal Program

We have audited the 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 the City of Hopewell, Virginia's major federal programs for the year ended June 30, 2021. 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 the 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 the 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 Hopewell, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, 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 major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the 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 the 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 the 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

May 13, 2025

CITY OF HOPEWELL, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2021

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:			
Summer Food Service Program for Children	Not available	10.559	\$ 878,165
Total Child Nutrition Cluster			\$ 878,165
Child and Adult Care Food Program	Not available	10.558	357,900
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	0010111/0010112/0040111/0040112	10.561	\$ 677,416
Total Department of Agriculture			\$ 1,913,481
Department of Defense:			
<u>Direct Payments:</u>			
JROTC	N/A	12.000	\$ 53,943
Total Department of Defense			\$ 53,943
Department of Housing and Urban Development:			
<u>Direct Payments:</u>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	N/A	14.228	\$ 320,344
Total Department of Housing and Urban Development			\$ 320,344
Department of Justice:			
<u>Pass Through Payments:</u>			
Department of Justice			
Crime Victim Assistance	unavailable	16.575	\$ 98,570
Total Department of Justice			\$ 98,570
Department of Transportation:			
<u>Pass Through Payments:</u>			
Virginia Department of Motor Vehicles:			
National Priority Safety Programs	FM2HVE2050181	20.616	\$ 1,816
Total Department of Transportation			\$ 1,816
Department of Treasury			
<u>Direct Payments:</u>			
Equitable Sharing	N/A	21.016	\$ 10,986
<u>Pass Through Payments:</u>			
Virginia Department of Accounts:			
COVID-19 - Coronavirus Relief Fund	N/A	21.019	7,440,658
<u>Pass Through Payments:</u>			
Virginia Department of Education:			
COVID-19 - Coronavirus Relief Fund	SLT0022	21.019	\$ 679,928
Total Department of Treasury			\$ 8,120,586
Environmental Protection Agency:			
<u>Direct Payments:</u>			
Brownfields Assessment and Cleanup Cooperative Agreements	N/A	66.818	\$ -
Total Environmental Protection Agency			\$ -

CITY OF HOPEWELL, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2021 (Continued)

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	\$ 16,865
<u>Pass Through Payments:</u>			
Department of Education:			
Title I Grants to Local Educational Agencies	S010A120046/S011A130046	84.010	\$ 2,018,877
Special Education Cluster:			
Special Education - Grants to States	H027A120107/H027A130107	84.027	\$ 916,802
Special Education - Preschool Grants	H173A120112/H173A130112	84.173	23,735
Total Special Education Cluster			\$ 940,537
Career and Technical Education - Basic Grants to States	V048A120046/V048A130046	84.048	215,313
Twenty-First Century Community Learning Centers	Not available	84.287	20,879
English Language Acquisition State Grants	T365A120046	84.365	8,500
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	S367A110044/S367A120044	84.367	212,347
Student Support and Academic Enrichment Program	Not available	84.424	176,575
COVID-19-Education Stabilization Fund:			
Governor's Emergency Education Relief Fund	Not available	84.425C	204,619
Elementary and Secondary School Emergency Relief Fund	S425D200008	84.425D	1,463,700
Total COVID-19-Education Stabilization Fund			\$ 1,668,319
Total Department of Education			\$ 5,278,212
Department of Health and Human Services:			
<u>Direct Payments:</u>			
Head Start	N/A	93.600	\$ 1,578,750
<u>Pass Through Payments:</u>			
Department of Social Services:			
Promoting Safe and Stable Families	950112	93.556	\$ 9,545
Guardianship Assistance	950112	93.090	512
TANF Cluster:			
Temporary Assistance for Needy Families	0400111/0400112	93.558	565,120
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	0500110/0500111	93.566	812
Low-Income Home Energy Assistance	0600411/0600412	93.568	59,653
Child Care and Development Fund Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	0760111/0760112	93.596	76,824
Stephanie Tubbs Jones Child Welfare Services Program	0900111/0900112	93.645	208
Foster Care-Title IV-E	1100111/1100112	93.658	326,859
Adoption Assistance	1120111/1120112	93.659	537,305
Social Services Block Grant	1000110/1000111	93.667	344,989
Chafee Foster Care Independence Program	9150111/9150112	93.674	3,713
Children's Health Insurance Program	0540111/0540112	93.767	5,788
Medicaid Cluster:			
Medical Assistance Program	1200111/1200112	93.778	503,511
Total Department of Social Services			\$ 2,434,839
Total Department of Health and Human Services			\$ 4,013,589
Department of Homeland Security:			
<u>Pass Through Payments:</u>			
Virginia Department of Emergency Services:			
Emergency Management Performance Grants	Not available	97.042	\$ 42,959
State Homeland Security Grant Program	Not available	97.067	159,664
Total Department of Homeland Security			\$ 202,623
TOTAL EXPENDITURES OF FEDERAL AWARDS - REPORTING ENTITY			\$ 20,014,150

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, 2021

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, 2021. 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	\$ 7,754,653
Virginia Public Assistance Fund	2,853,836
Nonmajor Funds	<u>320,344</u>
Total primary government	\$ <u>10,928,833</u>
Component Unit School Board:	
School Operating Fund	\$ 8,203,767
School Cafeteria Fund	<u>1,282,692</u>
Total component unit school board	\$ <u>9,486,459</u>
Component Unit - Children's Services Act Board	\$ <u>62,814</u>
Total federal expenditures per basic financial statements	\$ <u>20,478,106</u>
Medicaid charges for services - School Board	\$ <u>(463,956)</u>
Federal interest subsidy	\$ _____
School food difference	\$ <u>-</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>20,014,150</u></u>

CITY OF HOPEWELL, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

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 reported in accordance with 2 CFR Section 200.516(a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
93.660	Head Start
21.019	COVID-19 - Coronavirus Relief Fund
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A 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, 2021**

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2021-001 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, 2021**

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, 2021**

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 2021, these reconciliations were not performed in a timely manner.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021**

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, 2021

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, 2021**

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, 2021**

FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS IN INTERNAL CONTROL

Finding 2020-001 City's and School Board's Finance Organization and Financial Statement Closing Process

Condition:

City

Cash

Treasurer's 2020 bank reconciliation does not agree with adjusted general ledger and financial statements. The Auditor identified the May 16th 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, 2021**

FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS IN INTERNAL CONTROL (CONTINUED)

**Finding 2020-001 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.

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. At June 30, 2020, there was a difference between School Board cash balances recorded in the Munis System and the cash balances per School Board records in the amount of \$882,594.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS IN INTERNAL CONTROL (CONTINUED)

**Finding 2020-001 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 2021-001