DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Board of Commissioners
Transportation District Commission of Hampton Roads

We have audited the financial statements of ***Transportation District Commission of Hampton Roads*** for the year ended June 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated July 13, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by ***Transportation District Commission of Hampton Roads*** are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the Commission's financial statements relates to the estimated liability for self-insurance claims. Management accrues an amount for self-insurance claims based on responses from its attorneys and evaluation of each case. We evaluated the factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures concerning debt balances and terms.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 24, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Comments

Following are additional comments not required by professional standards. Nevertheless, we thought we would bring it to your attention.

During the testing of disposals of property and equipment, it was noted that two assets were sold for amounts greater than $5,000. Per FTA regulations, any assets that were originally purchased with federal funds and subsequently sold for greater than $5,000 in proceeds, then such must be remitted to the FTA. We recommend that someone review all sale amounts at auctions and any funds required to be returned to the FTA are done so promptly.

During our testing of cash and accounts payable, we noted that accounts were not reconciled timely to subsidiary ledgers, particularly cash and accounts payable. We noted several unexplained reconciling items on the reconciliations that were made in order to reconcile the subsidiary ledgers to the recorded trial balance. We believe that this represents a reportable condition in the Authority's internal control over account reconciliation. If accounts are not properly reconciled on a regular basis, internally generated statements could be misleading. We recommend that all account balances be reconciled to the recorded amounts in the general ledger on a regular basis and that this documentation is retained for easy retrieval.

This information is intended solely for the use of the Board of Directors and management of ***Transportation District Commission of Hampton Roads*** and is not intended to be and should not be used by anyone other than these specified parties.

Dixon Hughes Goodman LLP

Newport News, Virginia
October 24, 2011

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ASB-CX-12.2: Audit Difference Evaluation Form

Entity: Transportation District Commission of Hampton Roads

Balance Sheet Date: June 30, 2011

Completed by:

Date: 14-Oct-10

Instructions: This form should be used to accumulate known audit differences detected by nonsampling substantive procedures (including differences in accounting estimates) and projected audit differences from substantive procedures that used sampling. All known and likely misstatements greater than the amount considered trivial (documented at **Step 5** of ASB-CX-2) should be listed. The auditor should review the guidance beginning at paragraph 1812.29 before concluding whether to reflect the effect of prior-year unadjusted audit differences in evaluating audit differences in the current period. This form should not include normal closing entries. At the end of the audit, the auditor should evaluate all uncorrected audit differences, individually and in the aggregate, in relation to individual amounts, subtotals, or totals in the financial statements and conclude on whether they materially misstate the financial statements taken as a whole. See Section 1812. The notes following the table provide a listing of qualitative considerations in evaluating materiality.

Description (Nature) of Audit Difference	Known (K) or Likely (L)	Cause	Workpaper Ref.	Financial Statements Effect—Amount of Over (Under) Statement of: Total Assets	Total Liabilities	Working Capital	Equity	Income Before Taxes	FIT% Income Taxes	Net Income
									$0	$0
Cash bank reconcilaition does not agree to trial balance. Unreconciled difference noted.	(K)	Client could not reconcile amount on bank recon	A-01	$152,758			$152,758	$152,758	$0	$152,758
Accounts payable differences	K	A/P not reconciled	M-03		$75,543			-$75,543	$0	-$75,543
A/P does not agree to G/L	L	Adjustment for voided check and grants payable was not adjusted on G/L	PY					$73,459	$0	$73,459
Cash bank reconcilaition does not agree to trial balance. Unreconciled difference noted.	K	Client could not reconcile amount on bank recon	PY					-$59,788	$0	-$59,788
Self insurance per overstated when compared to support schedule	K	Client reconciled liability to G/L and detailed scheduled.	PY					-$248,844	$0	-$248,844
									$0	$0
									$0	$0
Total				$152,758	$75,543	$0	$152,758	-$157,958	$0	-$157,958
Less Audit Adjustments Subsequently Booked									$0	$0
Net Unadjusted Audit Differences—This Year				$152,758	$75,543	$0	$152,758	-$157,958	$0	-$157,958
Effect of Unadjusted Audit Differences—Prior Years									$0	$0
Total Audit Differences				$152,758	$75,543	$0	$152,758	-$157,958	$0	-$157,958
Financial Statement Caption Totals				$402,687,477	$38,703,598		$363,983,879	$89,165,997	$0	$89,165,997
Audit Differences as % of F/S Captions				0.04%	0.20%	0.00%	0.04%	-0.18%	0.00%	-0.18%

Conclusion: Based on the results of the evaluation performed above, as well the consideration of qualitative factors, uncorrected audit differences, individually and in the aggregate, cause the financial statements as a whole to be materially misstated.