



Certified Public Accountants  
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Budget and Audit Committee  
Transportation District Commission of Hampton Roads

We have audited the financial statements of the Transportation District Commission of Hampton Roads (Commission) for the year ended June 30, 2009, and have issued our report thereon. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated May 26, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the Commission's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the Commission's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the Commission's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Commission's compliance with those requirements.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Commission 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 2009. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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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 may be 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 consolidated financial statements was management's estimate of the self-insurance liability and the funded reserves. We evaluated the key factors and assumptions used to develop the self-insurance liability and the funded reserves in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

#### *Difficulties Encountered in Performing the Audit*

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

#### *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. In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Commission either individually or in the aggregate indicate matters that could have significant effect on the Commission's financial reporting process.

#### *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 no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in their management representation letter to us.

#### *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 Commission'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 check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

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 occur in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Budget and Audit Committee 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.

*Goodman & Company Z.T.P.*

Newport News, Virginia  
December 8, 2009



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Audit Committee  
Transportation District Commission of Hampton Roads

In planning and performing our audit of the financial statements of the Transportation District Commission of Hampton Roads (Commission) as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

However, during our audit we became aware of the following matters. These circumstances and the possible solutions have been reviewed with the President and Chief Executive Officer, Senior Vice President for Finance, and Chief Accounting Officer, and we believe they present an opportunity to strengthen internal controls and improve operating efficiency.

**Money Room Cash Reconciliation**

In connection with our audit, it came to our attention that there was a discovery of fraud involving the money room from the Southside location. The GFI receivers that were located at the Trolley Base Facility that were transported to the money room were not analyzed with GFI reports on a consistent basis. As a result, it was noted by the Commission's staff that cash was being taken over a period of six months. The total amount of cash that was taken approximated \$80,000. While the Commission has strengthened procedures after the fraud was discovered, we recommend that these procedures be continually updated and the money room cash is analyzed with GFI reports on a daily basis.

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

*Goodman & Company F.T.P.*

Newport News, Virginia  
December 8, 2009