

*Annual Comprehensive  
Financial Report*

ACCOMACK-NORTHAMPTON  
TRANSPORTATION DISTRICT COMMISSION

FOR THE FISCAL YEAR ENDED  
September 30, 2024

**ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

**TABLE OF CONTENTS**

---

<b>LISTING OF OFFICERS AND COMMISSION MEMBERS</b>	i
---------------------------------------------------	---

---

**FINANCIAL SECTION**

---

<b>Independent Auditor's Report</b>	1-2
-------------------------------------	-----

**Basic Financial Statements**

**Government-wide Financial Statements**

Statement of Net Position	3
Statement of Activities	4

**Fund Financial Statements**

**Government Funds - General Fund**

Balance Sheet	5
Statements of Revenues, Expenditures and Changes in Fund Balances	6

**Proprietary Funds**

Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Net Position	8
Statement of Cash Flows	9

<b>Notes to the Financial Statements</b>	10-16
------------------------------------------	-------

---

**COMPLIANCE SECTION**

---

Schedule of Expenditures of Federal Awards	17
Notes to the Schedule of Expenditures of Federal Awards	18
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
Independent Auditor's Report on Internal Control for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	20-21
Schedule of Findings and Questioned Costs	22

---

## **OFFICERS AND COMMISSION MEMBERS**

**SEPTEMBER 30, 2024**

### **COMMISSION MEMBERS**

Oliver H. Bennett	C. Reneta Major
John Coker	H. Jackie Phillips
Donald L. Hart, Jr.	Ernest L. Smith, Jr.

### **OFFICERS**

Donald L. Hart, Jr., Chairman  
John Coker, Vice Chairman  
C. Reneta Major, Secretary/Treasurer  
Janice K. Williams, Assistant Secretary/Treasurer

### **EX - OFFICIO**

Virginia Department of Rail and Public Transportation  
Jennifer DeBruhl, Agency Director  
Kyle Trissel, Transit Projects Manager  
Linda Balderson, Manager of Rail Capital Programs

# MITCHELL, BURNS & Co., P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

JEFFREY D. MITCHELL, CPA  
SANDRA M. TONDREAU, CPA  
W. MATTHEW BURNS, CPA  
KARA J. DOYLE, CPA

TONJI M. LEISS, CPA  
JOHN S. WALKER, CPA

110 EAST MARKET STREET | SUITE 200  
LEESBURG, VIRGINIA 20176  
P 703.777.4900 | F 703.771.3082  
WWW.MCOCPA.COM

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

VIRGINIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

### INDEPENDENT AUDITOR'S REPORT

To The Commission Members  
Accomack-Northampton Transportation District Commission  
Eastville, Virginia

#### Report on the Audit of the Financial Statements

##### *Opinions*

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Accomack-Northampton Transportation District Commission as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Accomack-Northampton Transportation District Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Accomack-Northampton Transportation District Commission, as of September 30, 2024, 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.

##### *Emphasis of Matter*

As discussed in Note 8 to the financial statements, ANTDC is negotiating the settlement of a previously unknown outstanding loan. Our opinion is not modified with respect to this matter.

##### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Accomack-Northampton Transportation District Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

##### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Accomack-Northampton Transportation District Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

##### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Accomack-Northampton Transportation District Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Accomack-Northampton Transportation District Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Management has omitted management's discussion and analysis and budgetary comparison information 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.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the the Accomack-Northampton Transportation District Commission's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor fund financial statements 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.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards* we have also issued our report dated January 7, 2025 on our consideration of the Accomack-Northampton Transportation District Commission'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 the effectiveness of Accomack-Northampton Transportation District Commission'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 Accomack-Northampton Transportation District Commission's internal control over financial reporting and compliance.

Leesburg, Virginia  
January 7, 2025

*Mitchell, Burns & Co., P.C.*

**ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION**  
**GOVERNMENT WIDE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2024**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 188,737	\$ 2,093,269	\$ 2,282,006
Investments	-	214,244	214,244
Due from other governments	-	309,735	309,735
Accounts receivable	-	11,138	11,138
Prepaid and other assets	-	73,580	73,580
Lease receivable	-	182,508	182,508
Capital assets			
Land	-	2,731,905	2,731,905
Buildings	-	466,075	466,075
Roadbed	-	8,042,864	8,042,864
Equipment/vehicles	-	2,761,131	2,761,131
Marine terminals	-	880,596	880,596
Marine equipment	-	826,536	826,536
Transit facility	-	1,165,745	1,165,745
Less: accumulated depreciation	-	(9,214,953)	(9,214,953)
<b>Total Assets</b>	<b>188,737</b>	<b>10,544,373</b>	<b>10,733,110</b>
<b>Liabilities</b>			
Accounts payable	6,147	29,082	35,229
Accrued liabilities	-	20,594	20,594
<b>Total Liabilities</b>	<b>6,147</b>	<b>49,676</b>	<b>55,823</b>
<b>Deferred Inflows</b>			
Unavailable revenue	-	13,950	13,950
Leases	-	173,888	173,888
	-	187,838	187,838
<b>Net Position</b>			
Unrestricted			
Net investment in capital assets	-	7,659,899	7,659,899
Unassigned	71,952	2,646,960	2,718,912
Restricted	-	-	-
Committed	110,638	-	110,638
<b>Total Net Position</b>	<b>\$ 182,590</b>	<b>\$ 10,306,859</b>	<b>\$ 10,489,449</b>

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

**ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION**  
**GOVERNMENT WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Functions/Programs	Expense	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Capital Grants	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities:							
Transportation development/management	\$ 12,913	\$ -	\$ 13,408	\$ -	\$ 495	\$ -	\$ 495
Rail trail operations	93,264	-	2,141	-	(91,123)	-	(91,123)
Total Governmental Activities	106,177	-	15,549	-	(90,628)	-	(90,628)
Business-type activities:							
Railroad Fund	913,526	-	104,043	-	-	(809,483)	(809,483)
Public Transportation Fund	1,620,549	-	1,463,811	1,010,113	-	853,375	853,375
Total Business-Type Activities	2,534,075	-	1,567,854	1,010,113	-	43,892	43,892
Total Primary Government	\$ 2,640,252	\$ -	\$ 1,583,403	\$ 1,010,113	(90,628)	43,892	(46,736)
General Revenues:							
Rental and lease fees					-	52,380	52,380
Advertising service/other					-	15,295	15,295
Gain on asset sales					-	3,396	3,396
Other					-	379	379
Interest income					-	51,678	51,678
Donated property					-	9,938	9,938
Transfers					100,000	(100,000)	-
Total general revenues and transfers					100,000	33,066	133,066
Changes in net position					9,372	76,958	86,330
Net Position - beginning					173,218	10,229,901	10,403,119
Net Position - ending					\$ 182,590	\$ 10,306,859	\$ 10,489,449

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

**ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2024**

---

	General Fund	Special Revenue Fund - ESRTF	Total Governmental
<b>Assets</b>			
Banking cash deposits	\$ 71,952	\$ 116,785	\$ 188,737
Due from other governments	-	-	-
<b>Total Assets</b>	<u>71,952</u>	<u>116,785</u>	<u>188,737</u>
<b>Liabilities</b>			
Accounts payable	-	6,147	6,147
<b>Total Liabilities</b>	<u>-</u>	<u>6,147</u>	<u>6,147</u>
<b>Fund Balance</b>			
Unassigned	71,952	-	71,952
Committed for rail trail operations	-	110,638	110,638
<b>Total Fund Balances</b>	<u>71,952</u>	<u>110,638</u>	<u>182,590</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 71,952</u>	<u>\$ 116,785</u>	<u>\$ 188,737</u>

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



**ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

---

	General Fund	Special Revenue Fund - ESRTF	Total Governmental
<b>Revenues</b>			
Accomack County	\$ 6,704	\$ -	\$ 6,704
Northampton County	6,704	-	6,704
Direct public support	-	2,141	2,141
<b>Total Revenues</b>	<u>13,408</u>	<u>2,141</u>	<u>15,549</u>
<b>Expenditures</b>			
Administration	12,913	93,264	106,177
<b>Total Expenditures</b>	<u>12,913</u>	<u>93,264</u>	<u>106,177</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	100,000	100,000
<b>Net change in fund balances</b>	495	8,877	9,372
<b>Fund balances - beginning</b>	<u>71,457</u>	<u>101,761</u>	<u>173,218</u>
<b>Fund balances - ending</b>	<u>\$ 71,952</u>	<u>\$ 110,638</u>	<u>\$ 182,590</u>

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

**ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2024**

	<b>Business-type Activities - Proprietary Funds</b>		
	<b>Public</b>		
	<b>Railroad</b>	<b>Transportation</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 736,063	\$ 1,357,206	\$ 2,093,269
Investments	214,244	-	214,244
Due from other governments	154,548	155,187	309,735
Accounts receivable	7,642	3,496	11,138
Prepaid and other assets	52,878	20,702	73,580
Lease receivable	182,508	-	182,508
Property and equipment, net	5,905,844	1,754,055	7,659,899
<b>Total Assets</b>	<b>7,253,727</b>	<b>3,290,646</b>	<b>10,544,373</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	-	29,082	29,082
Accrued payroll	-	20,594	20,594
<b>Total Liabilities</b>	<b>-</b>	<b>49,676</b>	<b>49,676</b>
<b>Deferred Inflows</b>			
Unavailable revenue	10,000	3,950	13,950
Leases	173,888	-	173,888
	<b>183,888</b>	<b>3,950</b>	<b>187,838</b>
<b>Net Position</b>			
Unrestricted			
Net investment in capital assets	5,905,844	1,754,055	7,659,899
Unassigned	1,163,995	1,482,965	2,646,960
Restricted	-	-	-
<b>Total Net Position</b>	<b>\$ 7,069,839</b>	<b>\$ 3,237,020</b>	<b>\$ 10,306,859</b>

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

**ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Business-type Activities - Proprietary Funds				
	Public Transportation			Totals	
	Railroad	Operating	Capital	Total	
<b>Operating revenue</b>					
Public support					
Virginia State	\$ -	\$ 362,005	\$ 178,409	\$ 540,414	\$ 540,414
Northampton County	-	137,124	-	137,124	137,124
Accomack County	-	291,152	-	291,152	291,152
Eastern Shore Community College	-	8,000	-	8,000	8,000
Local private funds	-	1,350	-	1,350	1,350
Federal funds	-	664,180	831,704	1,495,884	1,495,884
Total public support	-	1,463,811	1,010,113	2,473,924	2,473,924
Revenue					
Lease income	49,380	-	-	-	49,380
Advertising service	-	15,295	-	15,295	15,295
Other	-	379	-	379	379
Total revenue	49,380	15,674	-	15,674	65,054
Total operating revenue	49,380	1,479,485	1,010,113	2,489,598	2,538,978
<b>Operating expenses</b>					
Salaries, wages and payroll taxes	-	717,273	-	717,273	717,273
Employee benefits	-	57,164	-	57,164	57,164
Management	187,476	33,600	-	33,600	221,076
Vehicle operating costs	-	277,163	-	277,163	277,163
Office expense	5,863	34,416	-	34,416	40,279
Travel expense	4,357	1,920	-	1,920	6,277
Communications services	-	25,401	-	25,401	25,401
Utilities expense	6,768	7,197	-	7,197	13,965
Uniforms	-	8,387	-	8,387	8,387
Repairs & maintenance expense	5,168	57,300	-	57,300	62,468
Corridor maintenance	67,744	-	-	-	67,744
Advertising & promotions	-	2,475	-	2,475	2,475
Drug testing	-	6,580	-	6,580	6,580
Insurance expense	27,217	107,713	-	107,713	134,930
Other expenses	1,184	1,679	-	1,679	2,863
Fees and permits	8,945	-	-	-	8,945
Professional services:					
Accounting	7,828	3,824	-	3,824	11,652
Legal	26,489	-	-	-	26,489
Engineering	-	500	-	500	500
Commissions	-	5,151	-	5,151	5,151
Bad debt expense	6,152	-	-	-	6,152
Depreciation expense	310,255	-	272,806	272,806	583,061
Total operating expenses	665,446	1,347,743	272,806	1,620,549	2,285,995
Operating income (loss)	(616,066)	131,742	737,307	869,049	252,983
<b>Nonoperating revenues (expenses)</b>					
Gain on sale of vehicles	-	-	3,396	3,396	3,396
Rental income	-	3,000	-	3,000	3,000
Donated property	9,938	-	-	-	9,938
Surveys and appraisals	(77,465)	-	-	-	(77,465)
Nonroutine legal costs	(66,572)	-	-	-	(66,572)
Railyard remediation grant	104,043	-	-	-	104,043
Railyard remediation costs	(104,043)	-	-	-	(104,043)
Transfers out	(100,000)	-	-	-	(100,000)
Interest income	51,678	-	-	-	51,678
Total nonoperating revenue (expense)	(182,421)	3,000	3,396	6,396	(176,025)
Changes in net position	(798,487)	134,742	740,703	875,445	76,958
Net position, beginning of year	7,868,326	1,427,980	933,595	2,361,575	10,229,901
Net position adjustments	-	(79,757)	79,757	-	-
Net position, end of year	\$ 7,069,839	\$ 1,482,965	\$ 1,754,055	\$ 3,237,020	\$ 10,306,859

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

**ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Public</b>		
	<b>Railroad</b>	<b>Transportation</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 57,711	\$ 19,128	\$ 76,839
Operating grants	-	1,425,004	1,425,004
Payments to suppliers/contractors	(605,033)	(581,946)	(1,186,979)
Payments to employees	-	(796,832)	(796,832)
Net cash provided by (used in) operating activities	(547,322)	65,354	(481,968)
<b>Cash Flows from Non-Capital Financing Activities</b>			
Transfers out	(100,000)	-	(100,000)
Net cash (used in) non-capital financing activities	(100,000)	-	(100,000)
<b>Cash Flows from Capital and Related Financing Activities</b>			
Capital grants	-	1,010,113	1,010,113
Net cash provided by capital and related financing activities	-	1,010,113	1,010,113
<b>Cash Flows from Investing Activities</b>			
Purchases of capital assets	-	(1,093,266)	(1,093,266)
Interest received on investments	41,837	-	41,837
Vehicle sale proceeds	-	3,396	3,396
Property surveys, appraisal and special legal costs	(144,037)	-	(144,037)
Railyard remediation project	(104,043)	-	(104,043)
Net cash (used in) investing activities	(206,243)	(1,089,870)	(1,296,113)
Net (decrease) in cash and cash equivalents	(853,565)	(14,403)	(867,968)
Cash and cash equivalents - beginning of the year	1,589,628	1,371,609	2,961,237
Cash and cash equivalents - end of year	\$ 736,063	\$ 1,357,206	\$ 2,093,269
<b>Reconciliation of operating income to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ (616,066)	\$ 869,049	\$ 252,983
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	310,255	272,806	583,061
Capital grants	-	(1,010,113)	(1,010,113)
Rental income	-	3,000	3,000
Net changes in assets and liabilities:			
Accounts and grants receivable	16,951	(42,303)	(25,352)
Prepaid and other assets	(41,491)	(1,877)	(43,368)
Lease receivable	(8,620)	-	(8,620)
Accounts payable	(208,351)	(6,763)	(215,114)
Unearned income	-	3,950	3,950
Accrued liabilities	-	(22,395)	(22,395)
Total adjustments	68,744	(803,695)	(734,951)
Net cash provided by operating activities	\$ (547,322)	\$ 65,354	\$ (481,968)

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

## **ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION**

### **NOTES TO FINANCIAL STATEMENTS**

---

#### **Note 1. Organization, Description of the Entity and its Activities**

##### **Nature of Activities**

The Accomack-Northampton Transportation District Commission (ANTDC) was created as a political subdivision of the Commonwealth of Virginia on March 2, 1976, in accordance with and pursuant to the Transportation District Act of 1964 as amended. The commission consists of six (6) members including three commissioners from the component governments and one ex-officio member appointed by the State. It is authorized to acquire, own, lease, and dispose of properties so that such activities develop, promote and provide for the transportation needs in the area of the Virginia Eastern Shore.

In 1976, ANTDC organized a Railroad Fund to establish The Eastern Shore Railroad, Inc. (ESHR) to operate and maintain the 90 plus mile rail line through Accomack and Northampton Counties, Virginia. The ESHR was leased to and managed and operated by Canonie Atlantic, Co., (CAC). In 1985, ANTDC sold the ESHR to CAC. CAC operated the Eastern Shore Railroad until 1987 when ANTDC, by agreement, purchased CAC and its subsidiary ESHR. In 2021, the Eastern Shore Rail Trail Foundation (ESRTF), a 501(c)(3), was organized with ANTDC as the sole member.

ANTDC was primarily formed to ensure continued rail service on the Virginia Eastern Shore. ANTDC owns through CAC the rail system including rolling stock, rail lines, and a ship docking port known as the Eastern Shore Rail Road. CAC leases the rail system to rail operators for day to day operations. The ANTDC through CAC continues to operating the rail line and coordinate and assist in funding various rail maintenance and repair projects. ESRTF was established to support the lease, development, improvement, financing, use, operation, promotion, marketing, maintenance and good repair of the Eastern Shore Rail Trail extending between Hallwood, Virginia in Accomack County and Cape Charles, Virginia in Northampton County.

The ANTDC additionally maintains and operates the public bus transportation system on the Virginia Eastern Shore, Shore Transit and Rideshare - STAR Transit. The Virginia Department of Rail and Public Transportation has coordinated and provided the majority of funding for STAR Transit.

#### **Note 2. Significant Accounting Policies**

The financial statements of the Accomack Northampton Transportation District Commission have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of the more significant policies is presented to assist the reader in interpreting the financial statements and other data contained in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

##### **Basic Financial Statements**

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Government-wide financial statements report information about the reporting unit as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the Commission as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

## ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION

### NOTES TO FINANCIAL STATEMENTS

---

#### **Note 2. Significant Accounting Policies (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity. Other items not reported as program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. The Authority reports both governmental and proprietary type funds.

#### **Management's Discussion and Analysis**

GASB Statement No. 34 requires that 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). Management has elected to omit the MD&A.

#### **Measurement Focus, Basis of Accounting, and Basis of Presentation**

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 the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. A forty-five day availability period is used for revenue recognition. Expenditures are recorded when the related fund liability is incurred.

The commission reports deferred revenue on its governmental fund balance sheet when a potential revenue does not meet both the measurable and available criteria for recognition on the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary fund financial statements are reporting using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating 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. The principal operating revenues and expenses of the Commission's enterprise funds are transportation fare revenues, operating, general and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Commission reports the following funds:

*General Fund:* This is the general operating fund of the Commission. It is used to account for all financial resources concerned with transportation development and those not required to be accounted for in another fund.

## ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION

### NOTES TO FINANCIAL STATEMENTS

---

#### **Note 2. Significant Accounting Policies (Continued)**

*Special Revenue Fund:* This is a governmental fund that is used to account for the activities of the Eastern Shore Rail Trail Foundation.

*Railroad Fund:* This is a business-type proprietary fund that is used to account for the activities that are associated with the operations of the Eastern Shore Railroad through Canonie Atlantic Company.

*Public Transportation Fund:* This is a business-type proprietary fund that is used to account for the activities that are associated with the operations of "Shore Transit and Rideshare", i.e., STAR Transit.

#### **Assets, Liabilities, and Net Position or Fund Balances**

*Cash and Cash Equivalents:* The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*Investments:* Investments are stated at fair value based on quoted market prices. Investments at September 30, 2024 consisted of certificates of deposit with original maturities of greater than 3 months. All are Level 1 investments.

*Accounts receivable:* Accounts receivable are shown net of allowance for doubtful accounts. The allowance for doubtful accounts is determined using historical collection data and account analysis. As of September 30, 2024, all receivables were deemed fully collectible and there was no allowance recorded.

*Prepaid and other assets:* Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements using the consumption method.

*Capital Assets:* Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Commission defines capital assets as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of three years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets, if any, are recorded at their estimated fair market value on the date of the donation. The cost 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. Depreciation of exhaustible assets is provided on the straight-line basis over their estimated useful lives.

*Deferred Outflows/Inflows of Resources:* In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resource (expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until then.

*Compensated absences:* Employees of STAR Transit are granted paid time off. The allowed accumulated leave that has been earned but not yet paid is reported on the Statement of Net Position as a part of accrued liabilities.

## ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION

### NOTES TO FINANCIAL STATEMENTS

---

#### Note 2. Significant Accounting Policies (Continued)

*Fund Balances:* The Governmental Accounting Standards Board (GASB) has issued and the Commission has adopted Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires that fund balance amounts to be properly reported within one of the fund balance categories list as follows: *nonspendable fund balance* – balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned); *restricted fund balance* – balances include amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation; *committed fund balance* – balances include amounts that can be used only for the specific purposes determined by a formal action of the Commission (the Town’s highest level of decision-making authority); *assigned fund balance* – balances intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed; and, *unassigned fund balance* – residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications.

*Net Position:* Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net position caption “net investment in capital assets” consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. At September 30, 2024, there were no outstanding borrowings. Net position is reported as restricted when there are limitations imposed on their use. ANTDC first applies restricted resources when an expense is incurred for purposes for both with restricted and unrestricted net position is available.

When fund balance resources are available for a specific purpose in more than one classification, it is the Commission’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

*Long-term Obligations:* Long-term liabilities to be financed by proprietary fund operations are accounted for in that fund.

*Revenue:* General fund revenue may be received from various government entities and from administrative fees earned from the proprietary funds. The general fund has no taxing authority.

*Use of Estimates:* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Leases:* For new or modified contracts, ANTDC determines whether the contract is a lease. If a contract is determined to be, or contain, a lease with a non-cancellable term in excess of 12 months (including any options to extend or terminate the lease when exercise is reasonably certain), ANTDC will record a lease receivable and a deferred inflow of resources which is calculated based on the value of the discounted future lease payments over the term of the lease. If the interest rate implicit in the lease is not clear, ANTDC may apply the guidance for imputation of interest as a means of determining the interest rate. ANTDC will not recognize a lease receivable and a deferred inflow of resources for leases with a noncancellable term of less than 12 months, and income is recognized as incurred.



## ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION

### NOTES TO FINANCIAL STATEMENTS

---

#### Note 2. Significant Accounting Policies (Continued)

At the commencement of a lease, ANTDC will measure the lease receivable as the present value of payments expected to be received during the lease term and will reduce the receivable by the principal portion of lease payments received after satisfaction of accrued interest on the lease receivable, calculated using the effective interest method. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date, then recognized on a straight-line basis as revenue over the lease term.

STAR Transit leases building space on a month-to-month basis. Monthly rental income under the lease is \$250.

*New Accounting Policies:* the Government Accounting Standards Board's Statement No. 100, Accounting Changes and Error Corrections went into effect on October 1, 2023. This statement's objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

#### Note 3. Deposits and Investments

##### *Deposits*

As of September 30, 2024, the carrying amount of the consolidated entity total deposits with banks and savings institutions was \$2,282,006 and the bank balance was \$2,292,646. Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et., seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

*Custodial credit risk:* This is the risk that in the event of a bank failure, the Commission's deposits may not be returned to the Commission. The Commission requires deposits to comply with the Virginia Security for Public Deposits Act. At year-end, none of the Commission's deposits are exposed to custodial credit risk.

##### *Investments*

Statutes authorize local governments and other public bodies 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, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

As of September 30, 2024, the Commission, through Canonic Atlantic Co., held investments totaling \$214,244, summarized as follows: (1) An original \$100,000 certificate of deposit with Atlantic Union Bank, stated interest rate of 3.93%, renewed in March 2024 with a stated interest rate of 4.41% and a new maturity date of January 2025; (2) An original \$100,000 certificate of deposit with Atlantic Union Bank, stated interest rate of 3.69%, renewed in 2024 with a stated interest rate of 4.41% and a new maturity date of February 2025.

# ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Due From Other Governments

At June 30, 2024, due from other governments consisted of the following:

Description	Railroad	Public Transportation	Total
Virginia Economic Development Partnership Authority	\$ 154,548	\$ -	\$ 154,548
Department of Rail and Public Transportation			
Operating	-	153,476	153,476
Capital	-	1,711	1,711
	<u>\$ 154,548</u>	<u>\$ 155,187</u>	<u>\$ 309,735</u>

### Note 5. Capital Assets

The major classes of property and equipment and accumulated depreciation at September 30, 2024 are as follows:

	Fund		2024	2023	Changes
	Railroad	Transportation			
Land	\$ 2,608,688	\$ 123,217	\$ 2,731,905	\$ 2,721,967	\$ 9,938
Buildings	466,075	-	466,075	466,075	-
Roadbed	8,042,864	-	8,042,864	8,042,864	-
Equipment/vehicles	669,217	2,091,914	2,761,131	1,989,035	772,096
Marine terminals	880,596	-	880,596	880,596	-
Marine equipment	826,536	-	826,536	826,536	-
Transit facility	-	1,165,745	1,165,745	1,068,553	97,192
	<u>13,493,976</u>	<u>3,380,876</u>	<u>16,874,852</u>	<u>15,995,626</u>	<u>879,226</u>
Less: Accumulated Depreciation	<u>(7,588,132)</u>	<u>(1,626,821)</u>	<u>(9,214,953)</u>	<u>(8,855,870)</u>	<u>(359,083)</u>
	<u>\$ 5,905,844</u>	<u>\$ 1,754,055</u>	<u>\$ 7,659,899</u>	<u>\$ 7,139,756</u>	<u>\$ 520,143</u>

ANTDC manages and leases the Rail Road Fund assets to rail lease operators. ANTDC through Canonic Atlantic, Co., manages all railroad operations. For the year ended September 30, 2024, depreciation expense amounted to \$310,255.

The Transportation Fund continues to report annual depreciation expense charge on equipment, buses and transit facilities. For the year ended September 30, 2024, depreciation expense amounted to \$272,806.

### Note 6. Railroad Operating Lease Agreements

The ANTDC, through Canonic Atlantic, Co. (CAC) leases to local rail operators Railroad Fund assets including rolling stock, rail lines, roadbeds, buildings, marine port and equipment. Leases in effect during fiscal year September 30, 2024 are summarized as follows: (1) Effective July 1, 2018, Delmarva Central Railroad Company (DCR) to manage and operate the northern section of the rail line. 20 year lease commitment with three 10 year automatic renewals, minimum annual rent of \$10,000 with additional of \$20 per carload over 500 carloads, adjusted yearly. (2) Effective August 1, 2018, lease to Buckingham Branch Railroad Company to manage and operate all remaining sections of the rail line on the southern Norfolk side. 20 year lease commitment with 10 year automatic renewal, minimum annual rent of \$3,000, increasing to \$8,000 after five years.

# ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Railroad Operating Lease Agreements (Continued)

Lease receivables and the corresponding deferred inflows are summarized as follows:

Leassor	Balance June 30, 2023	FY24 Activity		Balance June 30, 2024
		Additions	Retirements & Repayments	
Delmarva Central Railroad Company	\$ 107,225	\$ -	\$ (5,832)	\$ 101,393
Buckingham Branch Railroad Company	85,780	-	(4,665)	81,115
Total Lease Receivable	<u>\$ 193,005</u>	<u>\$ -</u>	<u>\$ (10,497)</u>	<u>\$ 182,508</u>
Delmarva Central Railroad Company	\$ 103,631	\$ -	\$ (7,026)	\$ 96,605
Buckingham Branch Railroad Company	82,904	-	(5,621)	77,283
Total Deferred Inflows	<u>\$ 186,535</u>	<u>\$ -</u>	<u>\$ (12,647)</u>	<u>\$ 173,888</u>

For the year ended September 30, 2024, lease and interest income under these leases were \$7,981 and \$7,870, respectively.

There were other leases which are not considered material to the financial statements, and the effects of GASB 87 have not been determined. The total lease revenue from those leases for the year ended September 30, 2024 was \$30,631.

### Note 7. Interfund Transfers

During fiscal year ended September 30, 2024, the Railroad fund (Canonie Atlantic Co.) transferred \$100,000 to the Special Revenue fund (Eastern Shore Rail Trail Foundation). These transfers are for administration and project costs.

### Note 8. Contingent Liabilities

The Virginia Resources Authority (VRA) recently discovered, and is seeking to collect upon, an undischarged outstanding loan originally made to the ANTDC, Canonie Atlantic Co. and the Eastern Shore Railroad, predecessor in interest in rail property, by the Virginia Resources Authority. Said loan had an unpaid principal balance of \$4,637,846 as of April 1, 2001. Settlement proposals made by the VRA suggest that interest be paid for the 23-year period that intervened between April 1, 2001 and the VRA “re-discovering” the loan in 2024. The matter is currently with Canonie Atlantic’s attorneys, and it is possible that some settlement amount will be negotiated and paid in the future. As of the date of these financial statements, it is not possible to estimate a settlement amount, and as such, no adjustment has been made to these financial statements.

### Note 9. Subsequent Events

ANTDC has evaluated events and transactions subsequent to September 30, 2024 through January 7, 2025, the date these financial statements were available to be issued. Based on the definitions and requirements of the U.S. generally accepted accounting principles, management has not identified any events that have occurred subsequent to September 30, 2024 that require adjustment to, or disclosure in, the financial statements for the year ended September 30, 2024.

**ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended September 30, 2024**

---

Grant Information	Federal Assistance Listing Number	Federal Expenditures
U.S. Dept. of Transportation – Federal Transit Administration		
State Pass-through Program		
Commonwealth of Virginia		
Department of Rail and Public Transportation		
FTA Section 5311 Program - Mass Transit - Operating	20.509	\$ 664,180
FTA Section 5311 Program - Mass Transit - Capital/Vehicle	20.509	831,704
		<u>\$ 1,495,884</u>

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

## ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended September 30, 2024

---

#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of ANTDC under programs of the federal government for the year ended September 30, 2024. 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 Requirement for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of ANTDC, it is not intended to and does not present the financial position, changes in net assets or cash flows of ANTDC.

#### **Note 2. Summary of Significant Accounting Policies**

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.

#### **Note 3. Indirect Cost Rate**

ANTDC maintains approved USDOT - FTA approved cost reimbursement direct programs.

# MITCHELL, BURNS & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JEFFREY D. MITCHELL, CPA  
SANDRA M. TONDREAU, CPA  
W. MATTHEW BURNS, CPA  
KARA J. DOYLE, CPA

110 EAST MARKET STREET | SUITE 200  
LEESBURG, VIRGINIA 20176  
P 703.777.4900 | F 703.771.3082  
WWW.MCOCPA.COM

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

VIRGINIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

TONJI M. LEISS, CPA  
JOHN S. WALKER, CPA

## INDEPENDENT AUDITOR'S 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 Commission Members  
Accomack-Northampton Transportation District Commission  
Eastville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental and business-type activities of Accomack-Northampton Transportation District Commission (ANTDC), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise ANTDC's basic financial statements, and have issued our report thereon dated January 7, 2025.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ANTDC's internal control over financial reporting (internal control) to determine the 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 ANTDC's internal control. Accordingly, we do not express an opinion on the effectiveness of ANTDC'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether ANTDC'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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### 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.

Leesburg, Virginia  
January 7, 2025

*Mitchell, Burns & Co., P.C.*

# MITCHELL, BURNS & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JEFFREY D. MITCHELL, CPA  
SANDRA M. TONDREAU, CPA  
W. MATTHEW BURNS, CPA  
KARA J. DOYLE, CPA

110 EAST MARKET STREET | SUITE 200  
LEESBURG, VIRGINIA 20176  
P 703.777.4900 | F 703.771.3082  
WWW.MCOCPA.COM

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

VIRGINIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

TONJI M. LEISS, CPA  
JOHN S. WALKER, CPA

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

To The Commission Members  
Accomack-Northampton Transportation District Commission  
Eastville, Virginia

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited the Accomack-Northampton Transportation District Commission (ANTDC)'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of ANTDC's major federal programs for the year ended September 30, 2024. ANTDC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, ANTDC 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 September 30, 2024.

#### *Basis for Opinion on Each Major Federal Program*

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of ANTDC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of ANTDC's compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to ANTDC's federal programs.

#### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on ANTDC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ANTDC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding ANTDC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ANTDC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 ANTDC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Leesburg, Virginia  
January 7, 2025

*Mitchell, Burns & Co., P.C.*



ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended September 30, 2024

---

**Section I – Summary of Auditor’s Results**

*Financial Statements:*

Type of auditor’s report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting

· Material weakness(es) identified:

\_\_\_ yes      ✓ no

· Significant deficiency(ies) identified:

\_\_\_ yes      ✓ no

Noncompliance material to financial statements noted:

\_\_\_ yes      ✓ no

*Federal Awards:*

Internal control over major programs

· Material weakness(es) identified:

\_\_\_ yes      ✓ no

· Significant deficiency(ies) identified:

\_\_\_ yes      ✓ no

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance section 510(a) of 2CFR.516(a):

\_\_\_ yes      ✓ no

Identification of major programs:

Federal Assistance Listing Number

Name of Federal Program Cluster

20.509

Federal Transit Administration

Dollar threshold to distinguish between type A and type B programs:

\$750,000

Auditee qualified as a low-risk auditee:

\_\_\_ yes      ✓ no

**Section II – Financial Statement Findings**

There are no current year questioned costs or prior year findings requiring follow-up.

**Section III – Federal Award Findings and Questioned Costs**

There are no current year questioned costs or prior year findings requiring follow-up.