



Transportation District Commission of Hampton Roads

Report to the Commission

June 30, 2024



Independent Auditor's Report on Comments and Suggestions

To the Board of Directors
Transportation District Commission of Hampton Roads
Hampton, Virginia

In planning and performing our audit of the financial statements of the Transportation District Commission of Hampton Roads (the "Commission") as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in circumstances for the purpose of expressing our opinions on the financial statements and to comply with any other applicable standards, such as *Government Auditing Standards*, 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.

Our consideration of internal control was for the limited purpose described in the first paragraph 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

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.

If material weaknesses or significant deficiencies were identified during our procedures they are appropriately designated as such in this report. Additional information on material weaknesses or significant deficiencies and compliance and other matters is included in ***the 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*** which should be read in conjunction with this report.

Additionally, during our audit, we may have become aware of certain other matters that provide opportunities for improving your financial reporting system and/or operating efficiency. Such comments and suggestions regarding these matters, if any, are also included in the attached report, but are not designated as a material weakness or significant deficiency. Since our audit is not designed to include a detailed review of all systems and procedures, these comments should not be considered as being all-inclusive of areas where improvements might be achieved. We also have included information on accounting and other matters that we believe is important enough to merit consideration by management

and those charged with governance. It is our hope that our suggestions will be taken in the constructive light in which they are offered.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 20, 2025

Transportation District Commission of Hampton Roads

Comments on Internal Control for Your Consideration

June 30, 2024

Liability Balance

During our testing over liabilities, we noted a \$598,001 liability balance that has been on the books since fiscal year 2019 related to the funds received by the Commission from the State that were originally unclaimed property. The balance appears to be related to retirement contributions to Prudential. Management is in the process of researching this matter in order to determine next steps. We recommend that the Commission determine how to dispose of the balance and ensure that it is appropriately addressed in the near term.

Grant Draws

During our testing over federal and state grants receivable, we noted a total of four grants with significant delays between the incurring of the expenditures and the draw-downs of the related awards. Two were federal grants, and two were state grants. For the two federal grants, one was last drawn in March 2021, and the other was last drawn in January 2023. For the two state grants, one was last drawn in August 2022, and the other did not have any grant funds drawn down. The total of these four grants receivable as of June 30, 2024, was \$2,921,562. We recommend management implement processes and procedures to ensure grant draws are performed timely.