



COMMONWEALTH of VIRGINIA

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
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(804) 225-3350

April 15, 2025

James Eskridge, Mayor
Elizabeth Thomas, Vice Mayor
Town of Tangier, Virginia

The Virginia Acts of Assembly and Code of Virginia direct the office of the Auditor of Public Accounts (Office) to establish a prioritized early warning system and annually monitor data and information from this system to identify whether a locality may meet the defined criteria for fiscal distress. Based on the results of our annual monitoring process, the Office may identify a locality as needing additional follow-up review, at which point we send written notification to inform the local governing body and management of our determination. If a locality chooses to participate in the follow-up review process, we further evaluate the locality using our financial assessment questionnaire. The Office's follow-up process involves a more in-depth review and discussion with local officials to better understand certain budgetary, financial, and operational aspects of the locality and any specific factors contributing to the locality's financial position. The primary objective of the follow-up review is to determine whether a locality is experiencing fiscal distress that warrants further assistance or intervention from the Commonwealth.

As part of the Office's analysis for the 2025 monitoring process, we evaluated the Town of Tangier (Tangier) based on correspondence we received directly from state entities concerning fiscal issues and budgetary challenges that Tangier is currently experiencing. Specifically, in March 2025 the Virginia Department of Environmental Quality notified the Office about their recent communications with Tangier officials related to the town's misappropriation of state grant funds provided for sea-level rise mitigation projects and noncompliance with these grant requirements. In addition, the Virginia Department of Accounts recently provided the Office with information regarding their communication with Tangier officials in February 2025 related to the town's noncompliance with the U.S. Treasury's reporting requirements for the federal Coronavirus State and Local Fiscal Recovery Funds the town received for pandemic assistance. Lastly, the Virginia Resources Authority (VRA) notified the Office on April 9, 2025, that Tangier did not make its debt service payment due April 1st to VRA for the town's Drinking Water State Revolving Fund loan. Further, town officials expressed concerns with paying future obligations and communicated other financial difficulties. Additionally, VRA communicated that Tangier is in violation of the loan terms because the town has not provided audited financial statements.

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Based on our evaluation of this information concerning Tangier's recent financial issues, the Office has made a preliminary determination that the town may meet the state's criteria for fiscal distress and identified the town for additional review. Accordingly, the Office is requesting that Tangier consider participating in the next step of our process through our financial assessment questionnaire and follow-up review. If the town would like to participate in this review process, please complete the attached questionnaire and send us a completed, electronic copy by May 16, 2025, or let us know if the town needs additional time to complete this information. We will review the town's completed questionnaire and schedule a follow-up meeting with the appropriate town officials to discuss the responses. We may also request any pertinent documents or supplemental information to assist our review.

Additional information about the Office's annual monitoring process is provided in our most recent published report, *Local Government Fiscal Distress Monitoring 2022 and 2023 Report*, available on our website, <https://www.apa.virginia.gov/local-government/reports/fiscal-distress-monitoring/21815>.

Please provide us a written acknowledgment of your receipt of this notification at your soonest convenience and confirmation on whether the town desires to participate formally in the Office's review process. Should you have any questions, please contact me at (804) 225-3350 or Staci.Henshaw@apa.virginia.gov.

Sincerely,

Staci A. Henshaw
Auditor of Public Accounts

cc: Tommy Eskridge, Town Council Member
Sharon Haynie, Town Council Member
Anna Parks, Town Council Member
Tracy Pruitt, Town Council Member
Kelly Wheatley, Town Council Member
Delegate Robert S. Bloxom, Jr., Virginia House of Delegates 100th District
Senator Bill DeSteph, Virginia State Senate District 20
Delegate Candi Mundon King, Chair of House Counties, Cities, and Towns Committee
Senator Jeremy S. McPike, Chair of Senate Local Government Committee
Stephen E. Cummings, Secretary of Finance