Report to the Board of Directors of

Hampton Roads Planning District Commission

September 15, 2014

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

DIXON HUGHES GOODMAN LLP

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September 15, 2014

To the Board of Directors
Hampton Roads Planning District Commission

We have audited the financial statements of ***Hampton Roads Planning District Commission*** (the "Commission") for the year ended June 30, 2014, and have issued our report thereon dated September 15, 2014. Professional standards require that we provide you with information about our responsibilities in accordance with auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 1, 2014. 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 ***Hampton Roads Planning District Commission*** are described in Note 2 to the financial statements. The Commission adopted GASB Statement No. 63 and 65, *GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB 63) and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities (GASB 65).* The application of existing policies was not changed during 2014. We noted no transactions entered into by the governmental unit 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. We noted no estimates that were particularly sensitive because of their significance to the financial statements.

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 disclosure affecting the financial statements were the disclosures concerning retirement plans and postretirement benefits other than pensions.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements as summarized in the attached journal entry listing in Appendix B and reclassification entries listing in Appendix C.

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 included in Appendix A.

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 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.

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

- During single audit testing procedures we noted that the receptionist uses the Chief Financial Officer's login and password when assisting with entering certain grant reimbursement requests electronically. While there are compensating controls in place through review of input and output, we recommend that the receptionist enters the grant reimbursements using her personal login and password rather than another employee's credentials, if possible.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Sincerely,

Dixon Hughes Goodman LLP

Newport News, VA

HAMPTON ROADS PDC
PLANNING DISTRICT COMMISSION

KENNETH I. WRIGHT, CHAIRMAN • CLYDE HAULMAN, VICE-CHAIR • JAMES O. MCREYNOLDS - TREASURER
RANDY KEATON, INTERIM EXECUTIVE DIRECTOR

MEMBER JURISDICTIONS

CHESAPEAKE
FRANKLIN
GLOUCESTER
HAMPTON
ISLE OF WIGHT
JAMES CITY
NEWPORT NEWS
NORFOLK
POQUOSON
PORTSMOUTH
SMITHFIELD
SOUTHAMPTON
SUFFOLK
SURRY
VIRGINIA BEACH
WILLIAMSBURG
YORK

September 15, 2014

Dixon Hughes Goodman, L.L.P.
440 Monticello Avenue, Suite 1400
Norfolk, Virginia 23510

This representation letter is provided in connection with your audits of the financial statements of the Hampton Roads Planning District Commission, which comprise the statements of net position as of June 30, 2014 and 2013 the respective statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S.GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 1, 2014, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.

3) We acknowledge our responsibility 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.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

8) There are no uncorrected misstatements or omitted disclosures. A copy of the summary of unadjusted audit differences showing no current year unadjusted audit differences and the current year impact of the prior year unadjusted audit differences is attached.

9) We are in agreement with the adjusting journal entries you have recommended, and they have been posted to the Commission's accounts.

10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

11) Guarantees, whether written or oral, under which the Commission is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

12) We have provided you with:

    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.

    b) Additional information that you have requested from us for the purpose of the audit.

    c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

d) Minutes of the meetings of the Board of Commissioners and the Executive Committee, or summaries of actions of recent meetings for which minutes have not yet been prepared.

13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

15) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

a) Management,

b) Employees who have significant roles in internal control, or

c) Others where the fraud could have a material effect on the financial statements.

16) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others except as made known to you.

17) We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

19) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—Specific

20) We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.

21) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

22) We have a process to track the status of audit findings and recommendations.

23) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

24) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

25) The Commission has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

26) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts.

27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

28) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

29) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

30) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

31) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards and the submission of the data collection form to the Federal Clearing House. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards and the data collection form.

32) The Commission has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

33) The Commission has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

34) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

35) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.

36) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

37) Provisions for uncollectible receivables have been properly identified and recorded.

38) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

39) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

40) With respect to federal award programs:

a) We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* including requirements relating to preparation of the schedule of expenditures of federal awards.

b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with OMB Circular A-133 §310.b. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

d) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133, and included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.

f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

h) We have received no requests from a federal agency to audit one or more specific programs as a major program.

i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards.

j) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.*

m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n) We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.

r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

t) We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133.

u) We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements and have ensured that subrecipients have taken the appropriate and timely corrective action on findings.

v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.

w) We have charged costs to federal awards in accordance with applicable cost principles.

x) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

y) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.

z) We are responsible for preparing and implementing a corrective action plan for each audit finding.

Signed: _____

Randy Keaton
Interim Executive Director, Hampton Roads
Planning District Commission

Signed: _____

Nancy K. Collins
Chief Financial Officer, Hampton Roads
Planning District Commission

Signed: _____

Camelia Ravanbakht
Interim Executive Director, Hampton Roads
Transportation Planning Organization

Appendix B – Adjusting Journal Entries

Client: *Hampton Roads Planning District Commission*
Engagement: *Hampton Roads Planning District Commission*
Period Ending: *6/30/2014*
Workpaper: *Adjusting Journal Entries*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**1482**		
PBC entry to adjust grandfather sick leave.				
20600	ACCRUED GRANDFATHER LEAVE		65,166.00	
50000	SALARIES			65,166.00
Total			**65,166.00**	**65,166.00**
Adjusting Journal Entries JE # 7		**1482**		
PBC entry to adjust GASB 45 Retiree Liability				
90000	OPEB expenses		237,100.00	
22400	GASB 45 RETIREE			237,100.00
Total			**237,100.00**	**237,100.00**
Adjusting Journal Entries JE # 8		**1385**		
Entry to adjust GASB 45 Liability to actual				
90000	OPEB expenses		8,951.00	
22400	GASB 45 RETIREE			8,951.00
Total			**8,951.00**	**8,951.00**
Adjusting Journal Entries JE # 9		**PBC**		
PBC Entry: To correct the HRT Match				
46000	SUSTAINABILITY CONTACT 3987		1,804.00	
45200	HRT MATCH			1,804.00
Total			**1,804.00**	**1,804.00**

Appendix C – Reclassification Entries

Client: *Hampton Roads Planning District Commission*
Engagement: *Hampton Roads Planning District Commission*
Period Ending: *6/30/2014*
Workpaper: *Reclassifying Journal Entries*

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries JE # 2		**5212**		
To reclass LT investments.				
11401	FIXED INCOME BONDS - LT		650,870.00	
11400	FIXED INCOME BONDS			650,870.00
Total			**650,870.00**	**650,870.00**
Reclassifying Journal Entries JE # 4		**1482**		
PBC entry to adjust reserve contributions				
39500	FUND BALANCE		80,000.00	
39501	VEHICLE REPLACEMENT RESERVE			5,000.00
39502	EQUIPMENT RESERVE			7,000.00
39503	NETWORK SERVERS/SOFTWARE RESERVE			10,000.00
39504	CAPITAL BUILDING REPLACEMENT RESERVE			50,000.00
39505	BUILDING OPER & MAINT RESERVE			5,000.00
39506	INTERIOR UPGRADES RESERVES			3,000.00
Total			**80,000.00**	**80,000.00**
Reclassifying Journal Entries JE # 5		**1482**		
PBC entry to adjust reserve balances				
39508	HAMPTON RECOVERY CENTER RESERVE		18,000.00	
39503	NETWORK SERVERS/SOFTWARE RESERVE			18,000.00
Total			**18,000.00**	**18,000.00**
Reclassifying Journal Entries JE # 6		**1482**		
PBC entry to adjust fund balances				
39601	DEBRIS MANAGEMENT DESIGNATED		1,060.00	
39500	FUND BALANCE			1,060.00
Total			**1,060.00**	**1,060.00**