



**Report to the Board of Directors of  
Williamsburg Area Transit Authority of James  
City County, Virginia**

June 30, 2015

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## **Contacts**

### **Leslie F. Roberts, CPA**

Partner

Dixon Hughes Goodman LLP  
701 Town Center Drive, Suite 700  
Newport News, VA 23606  
757.316.3220  
[leslie.roberts@dhgllp.com](mailto:leslie.roberts@dhgllp.com)

### **Cheri D. Spencer, CPA**

Manager

Dixon Hughes Goodman LLP  
440 Monticello Avenue, Suite 1400  
Norfolk, VA 23510  
757.624.5217  
[cheri.spencer@dhgllp.com](mailto:cheri.spencer@dhgllp.com)

## Communications with Those Charged with Governance

November 3, 2015

### To the Board of Directors

#### Williamsburg Area Transit Authority of James City County, Virginia

We have audited the financial statements of Williamsburg Area Transit Authority of James City County, Virginia (the "Authority") for the year ended June 30, 2015, and have issued our report thereon dated November 3, 2015. 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 January 19, 2015. Professional standards also require that we communicate to you the following information related to our audit.

### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Williamsburg Area Transit Authority of James City County, Virginia are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, Williamsburg Area Transit Authority of James City County, Virginia changed accounting policies related to its financial statement presentation by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68, *accounting and Financial Reporting for Pensions – An Amendment of GASB Statement 27 (GASB 68)*, in 2015. No new accounting policies were adopted and the application of existing policies was not changed during 2015. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

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. The most sensitive estimates affecting the financial statements were:

Management's estimate of the depreciable lives is based on the James City County policy. We evaluated the key factors and assumptions used to determining assets lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the OPEB liability is based on the valuation received from the independent actuary. We evaluated the key factors and assumptions used to develop the OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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

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

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We are happy to report that there were no audit adjustments posted or uncorrected misstatements.

### **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 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 Authority'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 Significant Matters, 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 Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



This information is intended solely for the use of the Board of Directors and management of Williamsburg Area Transit Authority of James City County, Virginia, 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, Virginia*

# **Appendix A**

## **Management Representation Letter**



November 3, 2015

Dixon Hughes Goodman, L.L.P.  
701 Town Center Drive, Suite 700  
Newport News, VA 23606-4295

This representation letter is provided in connection with your audit of the financial statements of the Williamsburg Area Transit Authority (the Authority), as of June 30, 2015, and the related notes to the financial statements, for the purpose of expressing opinions 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 that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

***Financial Statements***

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 19, 2015, including our responsibility for the preparation and fair presentation of the financial statements 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 and include all properly classified funds and other financial information required by generally accepted accounting principles to be included in the financial reporting entity.
- 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 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.
- 8) There are no corrected or uncorrected misstatements or omitted disclosures.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.

***Information Provided***

- 11) 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.

701 Town Center Drive

[www.goWATA.org](http://www.goWATA.org)

[info@goWATA.org](mailto:info@goWATA.org)

7229 Poplarwood Trail, Williamsburg, VA 23192

- b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the Authority or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) 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.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of 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.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments, whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

**Government—specific**

- 18) We have made available to you all financial records and related data.
- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) 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.
- 21) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) 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; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 23) 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.
- 24) The Authority 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.
- 25) The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 26) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 27) Components of net position (net investment in capital assets; restricted; and unrestricted) and fund balance amounts are properly classified and, if applicable, approved.
- 28) Provisions for uncollectible receivables have been properly identified and recorded.
- 29) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 30) Revenues are appropriately classified in the statement of activities within program revenues or general revenues.
- 31) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 32) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

(757) 220-5495

[www.gowata.org](http://www.gowata.org)

[info@gowata.org](mailto:info@gowata.org)

7233 Pocanontas Trail, Williamsburg, VA 23135

- 33) We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 34) 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.
- 35) 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) We have prepared the schedule of expenditures of federal awards in accordance with OMB Circular A-133, and have identified and disclosed in the schedule 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 assistance.
  - d) 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.
  - e) 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.
  - f) 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.
  - g) We have received no requests from a federal agency to audit one or more specific programs as a major program.
  - h) We have complied with the direct and material compliance requirements, 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.
  - i) 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.
  - j) 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.
  - k) 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*.
  - l) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
  - m) 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.
  - n) 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.
  - o) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.

757.223-5193

[www.goWATA.org](http://www.goWATA.org)

[info@goWATA.org](mailto:info@goWATA.org)

7239 Pocahontas Trail, Williamsburg, VA 23185

- p) 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), subsequent to the date as of which compliance was audited.
- q) 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.
- r) The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- s) We have charged costs to federal awards in accordance with applicable cost principles.
- t) 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.
- u) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
- v) We are responsible for preparing and implementing a corrective action plan for each audit finding.

  
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William C. Porter  
Executive Director

  
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Tara E. Woodruff  
Director of Budget & Accounting, James City County