

**MIDDLE PENINSULA PLANNING  
DISTRICT COMMISSION**

**AUDITED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**DUNHAM, AUKAMP & RHODES, PLC**  
Certified Public Accountants  
Chantilly, Virginia

# MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

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**MIDDLE PENINSULA PLANNING DISTRICT COMMISSION**  
**BOARD OF COMMISSIONERS**  
**JUNE 30, 2010**

Margaret H. Davis – Essex County

Edwin E. Smith – Essex County

David S. Whitlow – Essex County

Roy M. Gladding – Town of Tappahannock

Brenda Garton – Gloucester County

Maurice P. Lynch – Gloucester County

John Northstein – Gloucester County

Louise D. Theberge – Gloucester County

Sherrin C. Alsop – King and Queen County

Wallicia Gaines – King and Queen County

James M. Milby, Jr. – King and Queen County

Thomas J. Swartzwelder – King and Queen County

Robert F. Brake – King William County

William C. Porter – King William County

Cecil L. Schools – King William County

Otto O. Williams – King William County

Charles D. Gordon – Town of West Point

Janine F. Burns – Mathews County

O. J. Cole, Jr. – Mathews County

Thornton Hill. – Matthews County

Wayne H. Jessie, Sr. – Middlesex County

Carlton Revere – Middlesex County

Kenneth W. Williams – Middlesex County

Lewis Filling – Town of Urbanna

Mayor Donald Richwine – Town of Urbanna

**Dunham, Aukamp & Rhodes, PLC**  
*Certified Public Accountants*

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Winchester, VA 22604

**INDEPENDENT AUDITORS' REPORT**

To the Commissioners  
Middle Peninsula Planning District Commission  
Saluda, Virginia

We have audited the accompanying financial statements of the Middle Peninsula Planning District Commission, as of and for the year ended June 30, 2010 as listed in the table on contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit 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 *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 2010, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2010 on our consideration of the 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 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 on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and budgetary comparison information on pages 4 through 7 and 22 be present to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. We have applied certain limited procedures to the required supplementary information, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Middle Peninsula Planning District Commission basic financial statements. The accompanying schedule of revenues and expenses by program is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

*Dunkan, Ashcraft & Madsen, PLLC*

Certified Public Accountants  
Chantilly, Virginia

November 4, 2010

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

In this section of the annual financial report of the Middle Peninsula Planning District Commission (the "Commission"), management provides a narrative discussion and an analysis of its financial activities for the fiscal year that ended June 30, 2010. Responsibility for the accuracy of the data as well as the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly represent the Commission's financial position and the result of operations of its various funds. All disclosures necessary to enable the reader gain an accurate understanding of the Commission's financial activities have been included. The Commission's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### **Overview of the Financial Statements**

The financial statements presented herein included all of the activities of the Commission using the integrated approach as prescribed by GASB Statement No. 34. Management's Discussion and Analysis (MD&A) is intended to introduce the Commission's financial statements. In addition to this Management's Discussion and Analysis (MD&A), the report consists of the enterprise fund financial statements, and the notes to the financial statements. These financial statements are designed to be more corporate-like in that all activities of the Commission are considered to be business-type activities.

### **Required Financial Statements**

The Statement of Net Assets focuses on resources available for future operations. In simple terms, this statement presents a snap shot view of the assets the Commission has, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Business-type activities are reported on the accrual basis of accounting. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets details the Commission's revenues and expenses by functional type, and the net operating result of the current year. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

The Statement of Cash Flows shows the cash flows from the Commission's operating, capital and related financing, and investing activities.

The notes to the financial statements provide additional disclosure required by governmental accounting standards and provide information to assist the reader in understanding the Commission's financial condition.

The MD&A is intended to explain the significant changes in financial position and the differences in operation between the current year and prior years. Significant changes from the prior year are explained in the following paragraphs.

## Financial Analysis

### Summary Statement of Net Assets June 30,

	2010	2009
Current Assets	\$956,326	\$1,039,984
Capital Assets (net)	<u>35,410</u>	<u>29,458</u>
Total Assets	<u>991,736</u>	<u>1,069,442</u>
Current Liabilities	283,385	246,871
Long-Term Liabilities	<u>100,000</u>	<u>112,500</u>
Total Liabilities	<u>383,385</u>	<u>359,371</u>
Invested in Capital Assets	35,410	29,458
Unrestricted	<u>572,941</u>	<u>680,613</u>
Total Net Assets	<u>\$608,351</u>	<u>\$ 710,071</u>

Current assets decreased during the year by approximately \$84,000 primarily as a result of decreases in local and base funding and interest income in conjunction with increased provision of regional services and studies. Current liabilities increased during the year by approximately \$24,000 primarily as a result of an increase in deferred revenue from projects that were unable to be completed during the time originally anticipated.

Long-term liabilities decreased by approximately \$12,500 during the current year, as the Commission made scheduled principal payments on the microenterprise and wastewater loans.

Total net assets decreased by approximately \$101,000 this year. This reflects the overall current state of the economy.

**Summary Statement of Activities  
For the Year Ended  
June 30,**

	<u><b>2010</b></u>	<u><b>2009</b></u>
Revenues		
Operating revenues	\$884,381	\$918,228
Interest	<u>7,504</u>	<u>19,566</u>
Total Revenues	<u>891,885</u>	<u>937,794</u>
Expenses		
General and administration	113,839	85,716
Project costs	<u>879,766</u>	<u>866,393</u>
Total expenses	<u>993,605</u>	<u>952,109</u>
Change in net assets	(101,720)	(14,315)
Net assets at beginning of year	<u>710,071</u>	<u>724,386</u>
Net assets at end of year	<u>\$608,351</u>	<u>\$710,071</u>

Operating revenues decreased by approximately \$34,000 while expenses increased by approximately \$41,000 from the prior year. It is not uncommon for these figures to change substantially from year to year due to the timing of the start and/or finish of grant projects and the potential for significant differences in the Commission's work program based on changes in the Commission's priorities.

Interest income decreased by approximately \$12,000 from the previous year as a result of decreased interest rates on deposits.

### **Capital Assets**

The capital assets in the governmental funds consist of computer equipment and furniture used in the business-type activities of the Commission.

### **Long-Term Debt**

Long-term debt consists of a loan from the Virginia Water Facilities Revolving Fund. The loan was originally made in the amount of \$250,000, but through regular annual payments has been reduced to \$112,500.



### **Economic Factors and Future Outlook**

Presently, management of the Commission is not aware of any significant changes in conditions that would have a significant effect on the financial position or results of activity of the Commission in the near future.

### **Contacting the Commission's Financial Management Staff**

This financial report is designed to provide a general overview of the Commission's finances and show the Commission's accountability for the funds it receives. If you have questions about this report or need additional information, contact the Commission's Executive Director at 125 Bowden Street in Saluda, Virginia.

**Middle Peninsula Planning District Commission**  
**Statement of Net Assets**  
**June 30, 2010**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 700,424
Accounts receivable	107,626
Loans receivable	147,342
Employee advances	934
Total Current Assets	<u>956,326</u>

**Capital Assets**

Property and equipment	99,747
Accumulated depreciation	<u>(64,337)</u>
Total Capital Assets	<u>35,410</u>

Total Assets	<u><u>991,736</u></u>
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**LIABILITIES**

**Current Liabilities**

Accounts payable	568
Deferred revenue	240,017
Accrued leave payable	30,300
Current portion of notes payable	<u>12,500</u>
Total Current Liabilities	<u>283,385</u>

**Long-Term Liabilities**

Notes payable, net of current portion	<u>100,000</u>
Total Liabilities	<u>383,385</u>

**NET ASSETS**

**Net Assets**

Invested in capital assets, net of related debt	35,410
Unrestricted	<u>572,941</u>
Total Net Assets	<u>608,351</u>

Total Liabilities and Net Assets	<u><u>\$ 991,736</u></u>
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See accompanying notes

**Middle Peninsula Planning District Commission**  
**Statement of Revenue, Expenses, and Changes in Net Assets**  
**For the Year Ended June 30, 2010**

**Operating Revenues**

Grants and appropriations	
Federal grants	\$ 377,199
State grants and appropriations	183,651
Local grants and appropriations	170,845
Miscellaneous	152,686
	<hr/>
Total Operating Revenues	884,381

**Operating Expenses**

Salaries	477,840
Fringe benefits	166,281
Consultant and contractual	136,672
Construction	60,300
Rent and utilities	27,459
Promotion and advertising	17,177
Printing and duplicating	16,788
Depreciation	14,444
Office supplies	11,416
Legal and accounting	10,477
Meeting supplies and expenses	9,790
Miscellaneous	8,967
Workshops and conferences	8,587
Telephone	6,947
Insurance	5,352
Vehicle costs	5,131
Postage	3,414
Travel	2,304
Equipment and maintenance	1,425
Lodging and staff expense	1,318
Dues and memberships	843
Deferred/forgiven loan expense	491
Subscriptions and publications	182
	<hr/>
Total Operating Expenses	993,605

Operating Income (Loss) (109,224)

**Non-Operating Revenues (Expenses)**

Interest income 7,504

Change in Net Assets (101,720)

Net Assets - Beginning of Year 710,071

Net Assets - End of Year \$ 608,351

See accompanying notes

**Middle Peninsula Planning District Commission**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2010**

**Cash Flows from Operating Activities**

Received from customers	\$ 934,957
Paid to suppliers for goods and services	(507,794)
Paid to employees for services	(477,840)
Net Cash Flows from Operating Activities	<u>(50,677)</u>

**Cash Flows from Capital and Related Financing Activities**

Purchase of property and equipment	(19,638)
Principal paid on notes payable	(12,500)
Net Cash Flows from Capital and Related Financing Activities	<u>(32,138)</u>

**Cash Flows from Investing Activities**

Net loans made	(18,481)
Interest income	7,504
Net Cash Flows from Investing Activities	<u>(10,977)</u>

Net Change in Cash and Cash Equivalents	(93,792)
Cash and Cash Equivalents - Beginning of Year	<u>794,216</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 700,424</u></u>

**Reconciliation of Operating Income to Net Cash  
Flows from Operating Activities**

Operating income	\$ (109,224)
Depreciation	13,686
Changes in Assets and Liabilities	
Accounts receivable	21,906
Employee advances	748
Accounts payable	(5,089)
Deferred revenue	27,922
Accrued annual leave	(626)
Net Cash Flows from Operating Activities	<u><u>\$ (50,677)</u></u>

See accompanying notes

# MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - Organization and Summary of Accounting Policies

The Middle Peninsula Planning District Commission (the "Commission") was established April, 1972, pursuant to the provisions of Section 15.1-1403 of the Virginia code (the 1968 Virginia Area Development Act) as an authorized regional planning district commission. The Commission's primary duty is to promote orderly and efficient development of the physical, social and economic elements of the district by planning, encouraging and assisting governmental subdivisions to plan for the future. The Commission is a subsidiary organization of the counties of Essex, Gloucester, King and Queen, King William, Mathews, Middlesex and the towns of Tappahannock, Urbanna and West Point. Commission funding is obtained from member jurisdictions' contributions, from funds provided by the Commonwealth of Virginia, and from Federal, state and local grants and contracts for specified projects designed to further the Commission's goals and objectives.

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) (prior to the adoption of GASB 34) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies followed in the preparation of these financial statements:

- (a) Financial Statement Presentation – In June 1999 GASB issued Statement #34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." This Statement established new financial reporting requirements for state and local governments. The objective of this statement is to enhance the understanding and usefulness of the external financial reports of state and local governments to the citizenry, legislative and oversight bodies, and investors and creditors.
- (b) Basis of Accounting – The accounting and reporting policies of the Commission relating to the accompanying basic financial conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) the American Institute of Certified Public Accountants in the Publication entitled Audits of State and Local Government Units and by the Financial Accounting Standards Board (when applicable).

Management believes that the periodic determination of revenues earned, expenses incurred and net income is desirable for purposes of facilitating management control and accountability. Therefore, the activities of the Commission are accounted for as a proprietary fund which uses the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned. The Commission considers grant revenue as earned when the grant expenditure is incurred. Expenditures are recorded when the related liability is incurred.

Private-sector standards of accounting and financial reporting issued prior to December 31, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

# MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 - Organization and Summary of Accounting Policies (Continued)

- (c) Project Expenditures - The costs of goods and services that are identifiable for indirect costs are allocated to projects as described in Note 7. Personnel costs for Commission employees, including overtime and compensatory time, are direct charges to the appropriate projects. Expenses of annual, sick, and other types of paid leave and fringe benefits are allocated to projects as described in Notes 6 and 8.
- (d) Concentrations of Credit and Market Risk - Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions which, at times, may exceed federally insured limits. Credit exposure is limited to any one institution. The Commission has not experienced any losses on its cash equivalents.
- (e) Deposits and Investments - State statute authorizes the Commission to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, repurchase agreements, certificates of deposit or time deposits insured by the FDIC, and the local government investment pool. Deposits are carried at cost, which approximates fair value.
- (f) Accounts Receivable - Accounts receivable are reported at their gross value when earned as the underlying exchange transaction occurs. Receivables related to non-exchange transactions are recognized when their eligibility requirements have been met. Receivables are reduced by the estimated portion that is expected to be uncollectible. This estimate is made based on collection history and current information regarding the credit worthiness of the debtors. When continued collection activity results in receipts of amounts previously written off, revenue is recognized for the amount collected. Management considers all of the receivables collectible at June 30, 2010, and no allowance for doubtful accounts has been provided.
- (g) Employee Leave Benefits - Commission policy allows employees to accumulate unused vacation leave up to certain maximum hours. Commission employees earn from twelve to eighteen vacation days a year, depending on the length of their employment. Annual leave may be carried over from one fiscal year to the next, subject to certain limitations. The liability for accrued vacation is \$19,739 as of June 30, 2010.

All employees receive fifteen sick days a year. Sick leave may be carried over from one fiscal year to the next. Upon termination or retirement, employees with five or more years of continuous salaried service may receive up to 25% of their unused sick leave balances up to a maximum of \$5,000. The liability for accrued sick leave is \$10,561 as of June 30, 2010.
- (h) Management Estimates - The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 - Organization and Summary of Accounting Policies (Continued)

- (i) Capital Assets - Capital assets are recorded at historical or estimated historical cost if actual historical cost is not available for items exceeding \$1,000. Depreciation is taken on the straight-line method over the estimated useful life of the respective asset.

The estimated lives are as follows:

Equipment	3-5 years
Furniture	7 years

Assets that have been purchased with grantor funds may revert to the grantor in the event the program is discontinued.

- (j) Budgets and Budgetary Accounting - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds.

All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the adopted budgets as amended.

- (k) Advertising Costs - Advertising costs are expensed as incurred.

### NOTE 2 - Cash and Investments

Deposits are carried at cost, which approximates fair market value. At June 30, 2010 the carrying amount of the Commission's deposits with banks was \$666,701 and the bank balances were \$687,613. All of the bank balances were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

Investments in 2a7-like pools are valued based on the value of pool shares. The Commission invests a 2a7-like pool, the Local Government Investment Pool, managed by the Virginia Department of Treasury. Permitted investments in the pool include U.S. government obligations, repurchase agreements, certificates of deposit, banker's acceptances, commercial paper, short-term corporate notes, and short-term taxable municipal obligations. The investment pool has not been assigned a risk category since the Commission is not issued securities, but rather owns an undivided interest in the assets of the pool. The Commission's balance in the investment pool was \$33,723 at June 30, 2010.

# MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 3 - Pension Plans

The Commission maintains an IRC Section 457 deferred compensation plan. The Commission contributes 15% of qualified employee salaries. Participants are vested in the Commission's contributions at the rate of 33 1/3% per year of plan eligibility. The pension expense for this plan for the year ended June 30, 2010 was \$2,092.

Effective July 1, 2008 the Commission began contributing to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia. All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with five years of service or at age 50 with 30 years of service if elected by the employer payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.0% per year. AFC is defined as the highest consecutive 36 months of reported compensation. The VRS plan also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report is available on their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Funding Policy** - Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.0% of their annual reported compensation to the VRS. This 5.0% member contribution has been assumed by the employer. In addition, the Commission is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The Commission's contribution rate for the fiscal year ended June 30, 2010 was 11.25% of the annual covered payroll.

**Annual Pension Cost** - For the year ended June 30, 2010, the Commission's annual pension cost of \$75,626 for VRS was equal to the Commission's required and actual contributions.

#### Three-Year Trend Information

Fiscal Year <u>Ended</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/09	\$75,626	100%	\$75,626



# MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 3 - Pension Plans (Continued)

The FY10 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60%, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%. The actuarial value of the Commission's assets is equal to the modified market value of the assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Commission's unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period for the June 30, 2009 actuarial valuation was 20 years.

**Funded Status and Funding Progress** - The schedule of funding progress presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UUAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/09	\$128,115	\$352,764	\$224,648	36.32%	\$480,030	46.80%

### NOTE 4 - Property and Equipment

A summary of property and equipment as of June 30, 2010 is as follows:

	Balance July 1, 2009	Additions	Disposals	Balance June 30, 2010
Equipment	\$80,109	\$19,638	\$ -	\$99,747
Accumulated Depreciation	<u>50,651</u>	<u>13,686</u>	<u>-</u>	<u>64,337</u>
Net	<u>\$29,458</u>	<u>\$ 5,952</u>	<u>\$ -</u>	<u>\$35,410</u>

# MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 5 - Lease Commitments

The Commission was obligated under a non-cancelable operating lease for office facilities. The ten-year facility lease expired in March 2006. The lease has been continued on a month-to-month basis in the amount of \$1,800. Rent expense for the year ended June 30, 2010 was \$22,202.

### NOTE 6 - Fringe Benefit Allocation

Fringe benefit expense is allocated using the percentage of benefits to total salaries. The fringe benefit rate for the fiscal year ended June 30, 2010 was 34.81%, and is calculated as follows:

Fringe benefit expense	<u>\$166,281</u>
Total salaries	\$477,840 = 34.8%

Components of fringe benefit expense for the year ended June 30, 2010, are shown below:

Fringe benefits	
Retirement and special pension	\$ 76,545
Group health insurance	50,682
Social Security taxes	35,132
Group life insurance	2,623
Workers compensation insurance	892
Unemployment	<u>407</u>
Total Fringe Benefits	<u>\$166,281</u>

# MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### NOTE 7 - Indirect Costs

Indirect costs, which support all projects, are allocated based on the ratio of the individual project's direct salaries, leave, and fringe benefits to total direct salaries, leave, and fringe benefits (excluding temporary help). The indirect cost rate for the fiscal year ended June 30, 2010, was 51.97%, and is calculated as follows:

Indirect costs	<u>\$254,538</u>
Total direct salaries, leave, and fringe benefits	\$489,638 = 52.0%

The following are included in indirect costs allocated to projects:

Salaries	\$114,183
Fringe benefits	40,132
Rental	22,202
Printing and duplicating	16,788
Consulting/contractual services	14,515
Depreciation	11,981
Accounting	5,858
Telephone	5,440
Utilities	5,257
Office supplies	4,187
Facility insurance	3,226
Postage	3,194
Vehicle operating costs	2,139
Vehicle lease	1,924
Equipment/supplies expense	1,425
Vehicle insurance	1,068
Miscellaneous	765
Subscriptions and publications	152
Lodging and staff expenses	<u>102</u>
Total	<u>\$254,538</u>

# MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Concluded)

### NOTE 8 - Leave Allocation

The leave allocation includes annual leave expense which is based on the amount of leave earned during the year. Other types of leave (i.e., holiday leave, administrative leave, etc.) are based on the amount of leave actually taken. Components for the leave allocation for the year ended June 30, 2010, are shown below:

Leave	
Annual	\$30,713
Sick	19,992
Holiday	<u>25,475</u>
Total	<u>\$76,180</u>

The leave allocation rate for the fiscal year ended June 30, 2010, is calculated as follows:

Leave allocation	\$ 76,180
Total salaries excluding leave	\$401,493 = 19.0%

### NOTE 9 - Notes Payable

On October 1, 1997 the Commission entered into a financing agreement with the Virginia Water Facilities Revolving Fund to receive a \$250,000 loan to finance project costs of small water facility projects. The loan is non-interest bearing, and calls for semi-annual repayments of \$6,250 commencing on November 1, 1999. The balance of this loan was \$112,500 at June 30, 2010.

The following is a summary of changes in long-term debt for the year ended June 30, 2010:

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
Note payable	\$125,000	\$ -	\$12,500	\$112,500

Mandatory debt service requirements consist of the following:

Year ending June 30,	Total
2011	\$ 12,500
2012	12,500
2013	12,500
2014	12,500
2015	12,500
Thereafter	<u>50,000</u>
Total	<u>\$112,500</u>

# **MIDDLE PENINSULA PLANNING DISTRICT COMMISSION**

## **NOTES TO FINANCIAL STATEMENTS (Concluded)**

### **NOTE 10 - Commitments**

The Commission participates in a number of programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Commission may be required to reimburse. As of June 30, 2010, the Commission believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Commission.

### **NOTE 11 –Evaluation of Subsequent Events**

The Commission has evaluated subsequent events through November 5, 2010, the date which the financial statements were available to be issued.

**MIDDLE PENINSULA PLANNING DISTRICT COMMISSION**

**SCHEDULE OF REVENUES AND EXPENSES BY PROGRAM**

**For the Year Ended June 30, 2010**

## MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

## SCHEDULE OF REVENUES AND EXPENSES BY PROGRAM

For the Year Ended June 30, 2010

	Local Programs	Rural Trans- portation Planning	Rideshare Project	Water Supply Planning	Emergency Management	Onsite Loan Management
Revenues						
Federal	\$ -	\$ 58,000	\$ -	\$ -	\$ 48,282	\$ -
State	69,948	-	50,000	7,000	-	795
Local	55,001	-	-	42,437	44,086	-
Interest	3,977	-	-	-	-	3,524
Other	4,471	-	-	-	-	10,130
Total Revenues	<u>133,397</u>	<u>58,000</u>	<u>50,000</u>	<u>49,437</u>	<u>92,368</u>	<u>14,449</u>
Expenses						
Salaries	36,561	34,533	19,865	10,144	51,129	3,400
Fringe benefits	12,844	12,132	6,979	3,564	17,962	1,195
Telephone	-	-	866	-	-	-
Office supplies	1,113	181	-	-	4	-
Meeting supplies	650	-	-	-	96	-
Private mileage	70	173	154	175	53	-
Lodging and staff expense	762	35	17	30	10	5
Travel	-	-	18	-	-	7
Dues and memberships	160	48	575	-	-	-
Subscriptions and publications	-	-	-	-	-	-
Workshops	-	561	-	-	-	-
Conferences	54	1,159	3,122	-	-	-
Professional development	20	-	-	-	-	-
Accounting and audit	-	-	-	-	-	537
Legal services	2,554	-	-	-	-	153
Consultant and contractual	27,134	-	-	28,400	9,928	-
Construction	-	-	-	-	-	6,273
Postage	21	-	-	-	-	-
Promotion and advertising	-	-	17,129	-	-	-
Insurance	657	-	-	-	-	-
Miscellaneous	(867)	-	-	-	-	-
Deferred/forgiven loan expense	-	-	-	-	-	491
Quarterly meeting	5,669	-	-	-	-	-
Depreciation	763	-	-	-	-	-
Indirect expense	25,674	24,250	13,950	7,124	35,904	2,388
Total Expenses	<u>113,839</u>	<u>73,072</u>	<u>62,675</u>	<u>49,437</u>	<u>115,086</u>	<u>14,449</u>
Revenues Over (Under) Expenses	19,558	(15,072)	(12,675)	-	(22,718)	-
General Fund Support	<u>(121,278)</u>	<u>15,072</u>	<u>12,675</u>	<u>-</u>	<u>22,718</u>	<u>-</u>
Revenues and General Fund Support Over (Under) Expenses	\$ <u>(101,720)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

WQIF	Local PAA Stewardship Public Safety	Energy Efficient CDBG	Septic Pumpout	Middle Peninsula Disability Service Board	VADSB Employment Grant	Middle Peninsula Regional Airport Authority	Climate Change
\$ -	\$ -	\$ 5,338	\$ -	\$ 4,296	\$ 57,918	\$ -	\$ 27,656
45,507	-	-	10,401	-	-	-	-
-	-	-	-	19,795	-	-	-
-	-	-	-	-	-	-	-
-	1,806	-	-	-	-	31,481	-
<u>45,507</u>	<u>1,806</u>	<u>5,338</u>	<u>10,401</u>	<u>24,091</u>	<u>57,918</u>	<u>31,481</u>	<u>27,656</u>
1,773	-	2,664	1,664	8,972	10,118	15,948	25,594
623	-	936	584	3,152	3,555	3,995	8,991
-	-	-	-	-	-	-	-
-	106	-	-	264	-	-	2,635
-	-	-	-	96	288	-	-
-	-	-	-	65	-	-	37
-	-	-	-	29	-	-	22
-	-	9	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	180
-	-	-	-	-	-	-	-
-	-	-	-	-	36,832	-	-
43,796	-	-	9,950	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	5,212	20	1,174	-
-	-	-	-	-	-	-	-
-	1,700	-	-	-	-	-	-
1,246	-	1,870	1,168	6,301	7,105	10,364	17,974
<u>47,438</u>	<u>1,806</u>	<u>5,479</u>	<u>13,366</u>	<u>24,091</u>	<u>57,918</u>	<u>31,481</u>	<u>55,433</u>
(1,931)	-	(141)	(2,965)	-	-	-	(27,777)
<u>1,931</u>	<u>-</u>	<u>141</u>	<u>2,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,777</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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



## MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

## SCHEDULE OF REVENUES AND EXPENSES BY PROGRAM

For the Year Ended June 30, 2010

	Aquaculture and Working Waterfronts	Climate Change	OSDS Inventory Land Use	Dragon Run Day	Shallow Water Dredging	Dragon Run Samp
Revenues						
Federal	\$ 63,318	\$ 11,393	\$ 8,645	\$ -	\$ 5,000	\$ 23,457
State	-	-	-	-	-	-
Local	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	-	-	-	450	214	1,527
Total Revenues	<u>63,318</u>	<u>11,393</u>	<u>8,645</u>	<u>450</u>	<u>5,214</u>	<u>24,984</u>
Expenses						
Salaries	25,841	7,422	4,073	-	2,539	9,867
Fringe benefits	9,078	2,608	1,431	-	892	3,466
Telephone	-	-	-	-	-	-
Office supplies	153	-	121	-	-	1,089
Meeting supplies	-	-	-	450	-	1,980
Private mileage	217	-	-	-	-	-
Lodging and staff expense	111	-	25	-	-	49
Travel	-	-	-	-	-	-
Dues and memberships	-	-	-	-	-	-
Subscriptions and publications	-	-	-	-	-	-
Workshops	-	(580)	580	-	-	-
Conferences	156	-	-	-	-	100
Professional development	-	-	-	-	-	-
Accounting and audit	-	-	-	-	-	-
Legal services	-	-	-	-	-	-
Consultant and contractual	10,833	-	-	-	-	330
Construction	-	-	-	-	-	-
Postage	30	-	-	-	-	-
Promotion and advertising	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	1,175
Deferred/forgiven loan expense	-	-	-	-	-	-
Quarterly meeting	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Indirect expense	18,146	5,212	2,860	-	1,783	6,928
Total Expenses	<u>64,565</u>	<u>14,662</u>	<u>9,090</u>	<u>450</u>	<u>5,214</u>	<u>24,984</u>
Revenues Over (Under) Expenses	(1,247)	(3,269)	(445)	-	-	-
General Fund Support	<u>1,247</u>	<u>3,269</u>	<u>445</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and General Fund Support Over (Under) Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Middle Peninsula Business Development Partnership	PAA Administration	Conservation Corridors Plan	Costal TA	Floating Homes Law and Policy	Mount Olive	General Assembly Lobby	Total
\$ -	\$ -	\$ 27,603	\$ 31,539	\$ 4,754	\$ -	\$ -	\$ 377,199
-	-	-	-	-	-	-	183,651
-	-	-	-	-	4,275	5,251	170,845
-	3	-	-	-	-	-	7,504
95,473	7,134	-	-	-	-	-	152,686
<u>95,473</u>	<u>7,137</u>	<u>27,603</u>	<u>31,539</u>	<u>4,754</u>	<u>4,275</u>	<u>5,251</u>	<u>891,885</u>
45,958	466	13,349	26,744	2,315	2,718	-	363,657
16,145	164	4,690	9,395	813	955	-	126,149
641	-	-	-	-	-	-	1,507
-	760	-	803	-	-	-	7,229
-	419	-	121	-	21	-	4,121
-	110	12	482	-	-	-	1,548
-	30	-	142	-	-	51	1,318
-	-	28	276	-	-	-	338
-	-	-	60	-	-	-	843
-	30	-	-	-	-	-	30
-	-	-	-	-	-	-	561
-	1,325	150	1,780	-	-	-	8,026
-	-	-	-	-	-	-	20
455	-	-	-	-	-	-	992
-	920	-	-	-	-	-	3,627
-	500	-	3,000	-	-	5,200	122,157
-	281	-	-	-	-	-	60,300
-	154	-	15	-	-	-	220
-	48	-	-	-	-	-	17,177
-	1,380	-	-	-	-	-	2,037
-	222	-	1,651	-	-	-	8,587
-	-	-	-	-	-	-	491
-	-	-	-	-	-	-	5,669
-	-	-	-	-	-	-	2,463
32,274	328	9,374	18,780	1,626	1,909	-	254,538
<u>95,473</u>	<u>7,137</u>	<u>27,603</u>	<u>63,249</u>	<u>4,754</u>	<u>5,603</u>	<u>5,251</u>	<u>993,605</u>
-	-	-	(31,710)	-	(1,328)	-	(101,720)
-	-	-	31,710	-	1,328	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (101,720)</u>

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

**Middle Peninsula Planning District Commission  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2010**

	Actual	Budget	Favorable (Unfavorable)
<b>Operating Revenues</b>			
Grants and appropriations			
Federal grants	\$ 377,199	\$ 416,915	\$ (39,716)
State grants and appropriations	183,651	170,329	13,322
Local grants and appropriations	170,845	162,401	8,444
Miscellaneous	152,686	321,359	(168,673)
Total Operating Revenues	884,381	1,071,004	(186,623)
<b>Operating Expenses</b>			
Salaries	477,840	474,487	(3,353)
Fringe benefits	166,281	169,997	3,716
Construction	60,300	62,680	2,380
Consultant and contractual	136,672	198,104	61,432
Rent and utilities	27,459	27,802	343
Promotion and advertising	17,177	14,750	(2,427)
Printing and duplicating	16,788	16,500	(288)
Deferred/forgiven loan expense	491	-	(491)
Depreciation	14,444	11,749	(2,695)
Office supplies	11,416	8,500	(2,916)
Telephone	6,947	6,000	(947)
Workshops and conferences	8,587	6,000	(2,587)
Legal and accounting	10,477	21,500	11,023
Vehicle costs	5,131	7,966	2,835
Meeting supplies and expenses	9,790	8,000	(1,790)
Insurance	5,352	5,810	458
Postage	3,414	3,500	86
Lodging and staff expense	1,318	2,500	1,182
Equipment and maintenance	1,425	-	(1,425)
Private mileage	2,304	1,500	(804)
Miscellaneous	8,967	950	(8,017)
Dues and memberships	843	750	(93)
Subscriptions and publications	182	-	(182)
Total Operating Expenses	993,605	1,049,045	55,440
Operating Income (Loss)	(109,224)	21,959	(131,183)
<b>Non-Operating Revenues (Expenses)</b>			
Interest income	7,504	3,790	3,714
Change in Net Assets	(101,720)	25,749	(127,469)
Net Assets - Beginning of Year	710,071	710,071	-
Net Assets - End of Year	\$ 608,351	\$ 735,820	\$ (127,469)

See accompanying notes

**Dunham, Aukamp & Rhodes, PLC**  
*Certified Public Accountants*

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Winchester, VA 22604

**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 Commissioners  
Middle Peninsula Planning District Commission:

We have audited the financial statements of the Middle Peninsula Planning District Commission as of and for the year ended June 30, 2010, and have issued our report thereon dated November 4, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Middle Peninsula Planning District Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

*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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Middle Peninsula Planning District Commission's financial statements are free of 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*.

This report is intended solely for the information and use of the Executive Committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants  
Chantilly, Virginia

November 4, 2010