MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

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

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

TABLE OF CONTENTS

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION
BOARD OF COMMISSIONERS

Margaret H. Davis - Essex County

Edwin E. Smith - Essex County

R. Gary Allen - Essex County

Roy M. Gladding - Town of Tappahannock

Maurice P. Lynch - Gloucester County

John Northstein - Gloucester County

Louise D. Theberge - Gloucester County

Sherrin C. Alsop - King and Queen County

Thomas J. Swartzwelder - King and Queen County

James Milby - King and Queen County

Trenton Funkhouser - King and Queen County

Eugene Rivara - King William County

Travis J. Moskalski - King William County

Otto O. Williams - King William County

Charles D. Gordon - Town of West Point

John B. Edwards - Town of West Point

Charles E. Ingram - Mathews County

O. J. Cole, Jr. - Mathews County

Thornton Hill - Mathews County

Melinda Moran - Mathews County

Wayne H. Jessie, Sr. - Middlesex County

Elizabeth Hurd - Middlesex County

Kenneth W. Williams - Middlesex County

William H. Whitley - Middlesex County

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, 2012 as listed in the table of 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 and specifications 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, 2012, 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 October 17, 2012 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.

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Accounting principles generally accepted in the United States of America require that the management's 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 opinions on the financial statements that collectively comprise the Middle Peninsula Planning District Commission's financial statements as a whole. 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. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The schedule of revenues and expenses by program and the schedule of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

October 17, 2012

Middle Peninsula Planning District Commission
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, 2012. 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 Statements of Net Assets June 30,

	2012	2011
Current Assets	$893,207	$783,982
Capital Assets (net)	12,614	22,031
Total Assets	905,821	806,013
Current Liabilities	130,252	207,880
Long-Term Liabilities	96,784	98,659
Total Liabilities	227,036	306,539
Invested in Capital Assets	12,614	22,031
Unrestricted	666,171	477,443
Total Net Assets	$678,785	$499,474

Current assets increased during the year by approximately $109,000. Several factors contributed to this increase such as an increase in local funding, the assumption of two new loan portfolios and continued staff reductions.

Current liabilities decreased during the year by approximately $78,000 primarily as a result of decreases in accounts payable and deferred revenue as several multiyear projects were concluded.

Long-term liabilities decreased by approximately $1875 during the current year, as the Commission made scheduled principal payments on the 1997 VRA loan in the amount of $12,500, and received proceeds of $10,625 from the 2010 loan with VRA.

Total net assets increased by approximately $179,000 this year due in large part to the transfer of the small business loan portfolio from the Middle Peninsula Business Development Partnership, Inc. (MPBDP) and the assumption of a smaller housing loan portfolio associated with the completed EECBG project. The MPBDP small business loan portfolio was funded by USDA RBEG to provide loans to rural microenterprises. Upon dissolution, MPBDP Inc transferred the loan portfolio to MPPDC to service the loans. MPPDC will utilize the repaid principal to continue to assist Middle Peninsula rural enterprises in accordance with USDA guidelines. Due to concerns with the EECBG project subcontractor, the Department of Mines, Minerals and Energy directed MPPDC to service the housing loans funded by the EECBG program and provided to Middle Peninsula homeowners for weatherization projects. The repaid principal will be utilized for future housing projects as needs become apparent.

Summary Statements of Activities

	For the Years Ended June 30,	
	2012	**2011**
Revenues		
Operating revenues	$ 956,184	$720,425
Assumption of Small Business and Housing Loan Portfolios	188,480	-
Interest	3,392	4,792
Total Revenues	1,148,056	725,217
Expenses		
General and administration	39,207	111,374
Project costs	929,538	722,720
Total expenses	968,745	834,094
Change in net assets	179,311	(108,877)
Net assets at beginning of year	499,474	608,351
Net assets at end of year	$ 678,785	$499,474

Operating revenues increased by approximately $236,000 and project expenses increased by approximately $207,000 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 and availability of funding.

In FY 2012 actual revenues came in under budgeted revenues by approximately $329,000 mainly because of the rescoping of a major federal program due to issues with the subcontractor who was responsible for project promotion and construction activity and because of the dissolution of MPBDP Inc due to a lack of funding. These were offset somewhat by the addition of a large joint project with other PDCs funded by the state to assist local governments with TMDLs.

Actual expenses fell short of budgeted expenses for consultant and contractual costs by approximately $235,000 as a result of MPPDC's subcontractor's inability to complete the scope of the above referenced federal program in a timely manner. Actual expenses for construction came in approximately $60,000 less than budgeted as MPPDC continued to engage and partner with the Virginia Department of Health and local health departments as regards enforcement issues related to failing septic systems. Lack of enforcement reduced the number of septic repairs that had been anticipated to be completed by June 30, 2012. Actual personnel costs were approximately $35,000 less than budgeted due to staff reductions.

General Administration expenses decreased by $72,000 and project costs increased by $207,000 as staff reductions led the agency to utilize administrative personnel in direct program services and to continue to explore options to lower overall agency administrative costs. It also became necessary to contract out services for some projects due to a lack of available personnel.

Capital Assets

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

Long-Term Debt

Long-term debt consists of two loans from the Virginia Water Facilities Revolving Fund. The first loan was originally made in 1997 in the amount of $250,000, but through regular annual payments has been reduced to $87,500. In 2011 the Commission received another $250,000 loan from the Virginia Water Facilities Revolving Fund to increase the revolving loan fund for wastewater loans. As of June 30, 2012 $21,784 had been drawn on the new loan.

Economic Factors and Future Outlook

Presently, management of the Commission is well aware of the changing federal, state, regional and local economic climate and is working to comprehensively understand, address and plan for the future security of the Commission consistent with the evolving new economic model. Executive Commission staff are working with the MPPDC Executive Committee to explore strategies to fund the Commission, provide for a motivated and adequately compensated staff, and increase performance while maintaining compliance with the requirements of OMB Circular A-21 and the needs and resources of the member localities.

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, 2012

ASSETS	
Current Assets	
Cash and cash equivalents	$ 497,934
Restricted cash	12,500
Accounts receivable	92,560
Loans receivable	290,213
Total Current Assets	893,207
Capital Assets	
Property and equipment	100,773
Accumulated depreciation	(88,159)
Total Capital Assets	12,614
Total Assets	905,821
LIABILITIES	
Current Liabilities	
Deferred revenue	95,997
Accrued leave payable	21,755
Current portion of notes payable	12,500
Total Current Liabilities	130,252
Long-Term Liabilities	
Notes payable, net of current portion	96,784
Total Liabilities	227,036
NET ASSETS	
Net Assets	
Invested in capital assets, net of related debt	12,614
Unrestricted	666,171
Total Net Assets	678,785
Total Liabilities and Net Assets	$ 905,821

See accompanying notes

Middle Peninsula Planning District Commission
Statement of Revenue, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2012

Operating Revenues	
Grants and appropriations	
Federal grants	$ 622,464
State grants and appropriations	176,698
Local grants and appropriations	84,651
Miscellaneous	72,371
Total Operating Revenues	956,184
Operating Expenses	
Consultant and contractual	411,635
Salaries	271,402
Fringe benefits	102,258
Construction	41,169
Promotion and advertising	24,788
Rent and utilities	24,020
Legal and accounting	18,684
Workshops and conferences	13,166
Depreciation	10,443
Printing and duplicating	9,703
Office supplies	7,501
Miscellaneous	7,459
Insurance	5,228
Telephone	4,358
Meeting supplies and expenses	3,908
Vehicle costs	3,126
Dues and memberships	3,060
Postage	2,309
Lodging and staff expense	1,852
Deferred/forgiven loan expense	1,477
Travel	984
Subscriptions and publications	215
Total Operating Expenses	968,745
Operating Income (Loss)	(12,561)
Non-Operating Revenues	
Assumption of small business and housing loan portfolios	188,480
Interest income	3,392
Change in Net Assets	179,311
Net Assets - Beginning of Year	499,474
Net Assets - End of Year	$ 678,785

See accompanying notes

Middle Peninsula Planning District Commission
Statement of Cash Flows
For the Year Ended June 30, 2012

Cash Flows from Operating Activities	
Received from customers	$ 927,354
Paid to suppliers for goods and services	(714,847)
Paid to employees for services	(270,240)
Net Cash Flows from Operating Activities	(57,733)
Cash Flows from Capital and Related Financing Activities	
Proceeds from note payable	10,625
Principal paid on notes payable	(12,500)
Net Cash Flows from Capital and Related Financing Activities	(1,875)
Cash Flows from Investing Activities	
Disbursement for new loans made	(11,995)
Purchases of property and equipment	(1,026)
Loan payments received	43,449
Interest income	3,392
Net Cash Flows from Investing Activities	33,820
Net Change in Cash and Cash Equivalents	(25,788)
Cash and Cash Equivalents - Beginning of Year	536,222
Cash and Cash Equivalents - End of Year	$ 510,434

Reconciliation of Operating Income to Net Cash Flows from Operating Activities	
Operating income (loss)	$ (12,561)
Depreciation	10,443
Changes in Assets and Liabilities	
Accounts receivable	21,940
Employee advances	73
Accounts payable	(27,947)
Deferred revenue	(50,843)
Accrued annual leave	1,162
Net Cash Flows from Operating Activities	$ (57,733)

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.

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 8. 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, 2012, 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 $13,635 as of June 30, 2012.

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 $8,120 as of June 30, 2012.

(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, 2012 the carrying amount of the Commission's deposits with banks was $458,541 and the bank balances were $500,129. 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 $51,893 at June 30, 2012.

NOTE 3 – Restricted Cash

The Virginia Resources Authority has required the Commission to provide a loan loss reserve of one year's worth of debt service on the 2010 Septic Repair Revolving Loan Fund note payable. A restricted cash account in the amount of $12,500 has been established.

NOTE 4 – Pension Plan

The Commission contributes 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/2011-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, 2012 was 11.25% of the annual covered payroll.

Annual Pension Cost – For the year ended June 30, 2012, the Commission's annual pension cost of $42,920 for VRS was equal to the Commission's required and actual contributions.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	$75,626	100%	$75,626
6/30/11	$58,815	100%	$58,815
6/30/12	$42,920	100%	$42,920

NOTE 4 – Pension Plans (Continued)

The FY12 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, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.5%, (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%
6/30/10	$253,212	$537,855	$284,643	47.08%	$436,300	65.24%
6/30/11	$319,550	$638,644	$319,094	50.04%	$293,126	108.86%

NOTE 5 – Property and Equipment

A summary of property and equipment as of June 30, 2012 is as follows:

	Balance July 1, 2011	Additions	Disposals	Balance June 30, 2012
Equipment	$99,747	$ 1,026	$ -	$100,773
Accumulated Depreciation	(77,716)	(10,443)	-	(88,159)
Net	$22,031	$ (9,417)	$ -	$ 12,614

NOTE 6 – 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, 2012 was $19,602.

NOTE 7 – Loans Receivable

The Commission operates several loan programs to provide low or no interest loans for wastewater, small business and housing projects. The loans are carried at the net realizable value, and all amounts are believed collectible as of June 30, 2012. Loan loss reserves exist for several of the programs. No loan amounts were written off during the year.

NOTE 8 – 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 $87,500 at June 30, 2012.

On February 10, 2011 the Commission entered into a financing agreement with the Virginia Water Facilities Revolving Fund to receive a $125,000 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 August 1, 2013. As of June 30, 2012 $21,784 had been drawn down against this note.

The following is a summary of changes in long-term debt for the year ended June 30, 2012:

	Beginning	Additions	Deductions	Ending
VRA 1997 Note	$100,000	$ -	$12,500	$ 87,500
VRA 2011 Note	11,159	10,625	-	21,784
Total	$111,159	$10,625	$12,500	$109,284

Mandatory debt service requirements consist of the following:

Year ending June 30,	Total
2013	$ 12,500
2014	25,000
2015	21,784
2016	12,500
2017	12,500
Thereafter	25,000
Total	$109,284

NOTE 9 – 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, 2012, was 70.90%, and is calculated as follows:

Indirect costs	$186,120	
Total direct salaries, leave, and fringe benefits	$262,522	= 70.90%

The following are included in indirect costs allocated to projects:

Salaries	$ 80,723
Fringe benefits	30,415
Rental	19,602
Consulting/contractual services	10,490
Printing and Duplicating	9,703
Depreciation	8,743
Accounting	5,752
Utilities	4,419
Facility insurance	3,212
Telephone	3,210
Vehicle operating costs	2,184
Office Supplies	2,109
Postage	1,997
Website/internet	1,480
Vehicle insurance	942
Equipment/supplies expense	899
Dues/memberships	160
Lodging and staff expenses	57
Miscellaneous	23
Total	$186,120

NOTE 10 – 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, 2012, are shown below:

Leave	
Annual	$18,129
Holiday	13,870
Sick	6,773
Total	$38,772

The leave allocation rate for the fiscal year ended June 30, 2012, is calculated as follows:

Leave allocation	$ 38,772	
Total salaries excluding leave	$232,630	= 16.67%

NOTE 11 – 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, 2012 was 37.68%, and is calculated as follows:

Fringe benefit expense	$102,258	
Total salaries	$271,402	= 37.68%

Components of fringe benefit expense for the year ended June 30, 2012, are shown below:

Fringe benefits	
Retirement and special pension	$ 42,920
Group health insurance	35,062
Social Security taxes	22,737
Group life insurance	738
Workers compensation insurance	408
Unemployment	393
Total Fringe Benefits	$102,258

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
(Concluded)

NOTE 12 – 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, 2012, 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 13 – Evaluation of Subsequent Events

The Commission has evaluated subsequent events through November 27, 2012, 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, 2012

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

SCHEDULE OF REVENUES AND EXPENSES BY PROGRAM
For the Year Ended June 30, 2012

	Local Programs	Rural Trans-portation Planning	Comprehensive Economic Development	Water Supply Planning	VCWRFR Onsite Repair
Revenues					
Federal	$ -	$ 58,000	$ 25,604	$ -	$ -
State	76,044	-	-	-	9,975
Local	65,000	-	-	19,651	-
Interest	3,330	-	-	-	-
Other	16,043	-	-	-	-
Total Revenues	160,417	58,000	25,604	19,651	9,975
Expenses					
Salaries	8,072	29,995	20,987	1,797	-
Fringe benefits	3,042	11,302	7,907	677	-
Telephone	-	-	-	-	-
Office supplies	184	505	600	-	-
Meeting supplies	719	111	259	-	-
Private mileage	28	319	-	33	-
Lodging and staff expense	971	112	269	50	-
Travel	29	35	7	-	-
Dues and memberships	2,300	25	-	-	-
Subscriptions and publications	200	-	-	-	-
Workshops	205	425	-	-	-
Conferences	2,226	585	582	-	-
Accounting and audit	21	-	-	-	-
Legal services	2,378	-	-	174	2,500
Consultant and contractual	1,200	-	80	15,163	-
Construction	-	-	-	-	7,475
Postage	206	-	-	-	-
Promotion and advertising	334	-	-	-	-
Insurance	752	-	-	-	-
Miscellaneous	6,209	-	-	-	-
Deferred/forgiven loan expense	-	-	-	-	-
Quarterly meeting	2,542	-	-	-	-
Depreciation	-	-	-	-	-
Indirect expense	7,589	29,325	20,518	1,757	-
Total Expenses	39,207	72,739	51,209	19,651	9,975
Revenues Over (Under) Expenses	121,210	(14,739)	(25,605)	-	-
General Fund Support	(130,379)	14,739	25,605	-	-
Revenues and General Fund Support Over (Under) Expenses	$ (9,169)	$ -	$ -	$ -	$ -

Onsite Loan Management	WQIF	Local PAA Stewardship Public Safety	Energy Efficient CDBG	Septic Pumpout	Heir Property	TDM	Land and Water Quality
$ -	$ -	$ -	$ 227,425	$ 12,298	$ 934	$ -	$ 19,571
-	31,479	-	-	-	-	59,200	-
-	-	-	-	-	-	-	-
49	-	-	-	-	-	-	-
4,102	-	4,412	352	-	-	-	-
4,151	31,479	4,412	227,777	12,298	934	59,200	19,571
989	2,214	-	15,346	1,318	397	18,508	8,292
372	834	-	5,781	496	149	6,973	3,124
-	-	-	-	-	-	899	-
-	-	2,712	-	-	-	-	-
-	-	-	-	-	-	-	7
-	-	-	-	-	-	16	-
20	-	-	-	-	-	22	42
-	-	-	-	-	-	14	-
-	-	-	-	-	-	575	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	28	-
-	-	-	-	-	-	3,382	-
311	-	-	93	-	-	-	-
-	-	-	-	-	-	-	-
-	6,478	-	192,159	-	-	1,184	-
-	21,954	-	-	11,740	-	-	-
-	-	-	-	70	-	-	-
-	-	-	-	-	-	24,454	-
-	-	-	-	-	-	-	-
15	-	-	10	-	-	-	-
1,477	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,700	-	-	-	-	-
967	2,164	-	15,004	1,288	388	18,095	8,106
4,151	33,644	4,412	228,393	14,912	934	74,150	19,571
-	(2,165)	-	(616)	(2,614)	-	(14,950)	-
-	2,165	-	616	2,614	-	14,950	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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, 2012

	Costal TA	Climate Change	Aquaculture and Working Waterfronts	PAA Perrin River WW Plan	Shallow Water Dredging Master Plan
Revenues					
Federal					
State	$ 29,970	$ 13,002	$ 9,373	$ 9,173	$ -
Local	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	-	-	-	-	286
	29,970	13,002	9,373	9,173	286
Expenses					
Salaries					
Fringe benefits	23,123	7,341	5,337	3,896	-
Telephone	8,712	2,765	2,011	1,468	-
Office supplies	-	-	-	-	-
Meeting supplies	119	74	-	-	-
Private mileage	184	-	-	-	-
Lodging and staff expense	185	15	-	-	-
Travel	287	11	-	-	-
Dues and memberships	11	200	-	-	-
Subscriptions and publications	-	-	-	-	-
Workshops	15	-	-	-	-
Conferences	9	-	-	-	-
Accounting and audit	4,208	1,242	-	-	-
Legal services	-	-	-	-	-
Consultant and contractual	-	-	-	-	-
Construction	1,960	7,700	80	-	-
Postage	-	-	-	-	-
Promotion and advertising	-	-	-	-	-
Insurance	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Deferred/forgiven loan expense	-	-	-	-	-
Quarterly meeting	-	-	-	-	-
Depreciation	-	-	-	-	-
Indirect expense	-	-	-	-	-
Total Expenses	22,606	7,177	5,219	3,809	-
	61,419	26,525	12,647	9,173	-
Revenues Over (Under) Expenses					
General Fund Support	(31,449)	(13,523)	(3,274)	-	286
	31,449	13,523	3,274	-	(286)
Revenues and General Fund Support Over (Under) Expenses					
	$ -	$ -	$ -	$ -	$ -

VAPDC TMDL TA	Dragon Run Day	Dragon Run SAMP	Middle Peninsula Business Development Partnership	PAA Administration	Conservation Corridors Plan	Total
$ 198,700	$ -	$ 5,151	$ -	$ -	$ 13,263	$ 622,464
-	-	-	-	-	-	176,698
-	-	-	-	-	-	84,651
-	-	-	12	1	-	3,392
-	262	-	38,086	8,828	-	72,371
198,700	262	5,151	38,098	8,829	13,263	959,576
22,848	-	-	15,894	-	4,325	190,679
8,608	-	-	5,988	-	1,630	71,839
-	-	-	249	-	-	1,148
-	42	-	50	207	-	4,493
135	220	91	-	117	(477)	1,366
-	-	-	72	22	-	690
-	-	-	11	-	-	1,795
-	-	-		-	-	296
-	-	-	-	-	-	2,900
-	-	-	-	-	-	215
-	-	-	-	-	-	667
-	-	-	-	-	276	12,501
-	-	-	269	-	-	694
-	-	-	-	7,183	-	12,235
166,500	-	5,060	-	-	3,280	400,844
-	-	-	-	-	-	41,169
-	-	-	-	36	-	312
-	-	-	-	-	-	24,788
-	-	-	-	1,264	-	2,016
-	-	-	25	-	-	6,259
-	-	-	-	-	-	1,477
-	-	-	-	-	-	2,542
-	-	-	-	-	-	1,700
22,339	-	-	15,540	-	4,229	186,120
220,430	262	5,151	38,098	8,829	13,263	968,745
(21,730)	-	-	-	-	-	(9,169)
21,730	-	-	-	-	-	9,169
$ -	$ -	$ -	$ -	$ -	$ -	$ -

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, 2012

Operating Revenues	Actual	Budget	Favorable (Unfavorable)
Grants and appropriations			
Federal grants	$ 622,464	$ 823,870	$ (201,406)
State grants and appropriations	176,698	266,947	(90,249)
Local grants and appropriations	84,651	182,036	(97,385)
Miscellaneous	72,371	12,745	59,626
Total Operating Revenues	956,184	1,285,598	(329,414)
Operating Expenses			
Consultant and contractual	411,635	646,392	234,757
Salaries	271,402	275,126	3,724
Fringe benefits	102,258	133,397	31,139
Construction	41,169	101,525	60,356
Promotion and advertising	24,788	24,000	(788)
Rent and utilities	24,020	27,702	3,682
Legal and accounting	18,684	11,000	(7,684)
Workshops and conferences	13,166	7,350	(5,816)
Depreciation	10,443	5,933	(4,510)
Printing and duplicating	9,703	10,300	597
Office supplies	7,501	4,620	(2,881)
Miscellaneous	5,979	1,000	(4,979)
Insurance	5,228	5,219	(9)
Telephone	4,358	5,700	1,342
Meeting supplies and expense	3,908	5,750	1,842
Vehicle costs	3,126	2,950	(176)
Dues and memberships	3,060	2,735	(325)
Postage	2,309	3,000	691
Lodging and staff expense	1,852	1,800	(52)
Information technology	1,480	13,499	12,019
Deferred/forgiven loan expense	1,477	-	(1,477)
Travel	984	1,000	16
Subscriptions and publications	215	100	(115)
Total Operating Expenses	968,745	1,290,098	321,353
Operating Income (Loss)	(12,561)	(4,500)	(8,061)
Non-Operating Revenues			
Assumption of small business and housing loan portfolios	188,480	-	188,480
Interest income	3,392	4,500	(1,108)
Change in Net Assets	179,311	-	179,311
Net Assets - Beginning of Year	499,474	608,351	(108,877)
Net Assets - End of Year	$ 678,785	$ 608,351	$ 70,434

See accompanying notes

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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INDEPENDENT AUDITORS 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, 2012, and have issued our report thereon dated October 17, 2012. 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

Management of the Middle Peninsula Planning District Commission is responsible for establishing and maintaining effective 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 Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission'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.

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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.

Dunham, Aukamp + Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

October 17, 2012

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

4437 Brookfield Corporate Dr., Suite 205-D
Chantilly, VA 20151

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Winchester, VA 22604

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Commissioners
Middle Peninsula Planning District Commission:

Compliance

We have audited Middle Peninsula Planning District Commission's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Middle Peninsula Planning District Commission's major federal programs for the year ended June 30, 2012. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal program is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Metro: (703) 631-8940 FAX: (703) 631-8939 Toll Free 1-877-631-8940

Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Executive Committee, 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.

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

October 17, 2012

Middle Peninsula Planning District Commission
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Program	Federal CFDA Number	Expenditures
Major Programs		
Department of Energy		
Pass-through payments - Virginia Department of Mines, Minerals and Energy		
EECBG - ARRA	81.128	$ 227,425
Environmental Protection Agency		
Pass-through payments - Virginia Department of Conservation and Recreation		
Watershed Implementation Plan	66.466	198,700
Septic Pumpout	66.466	12,298
		438,423
Other Federal Awards		
Department of Transportation		
Pass-through payments - Virginia Department of Transportation		
Rural Transportation Planning	20.205	58,000
Economic Development Authority		
Comprehensive Economic Development Strategy	11.302	25,604
Department of Commerce		
Pass-through payments - Virginia Department of Environmental Quality		
Land and Water Quality Protection	11.419	19,571
Coastal Technical Assistance	11.419	29,970
Climate Change	11.419	13,002
Dragon Run SAMP	11.419	5,151
Conservation Corridors Plan	11.419	13,263
Heir Property	11.419	934
Pass-through payments - Virginia Institute of Marine Science		
Aquaculture and Working Waterfronts	11.419	9,373
Perrin River Crab Industry Working Waterfront Planning	11.419	9,173
Total Federal Awards		$ 622,464

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Middle Peninsula Planning District Commission. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements.

Middle Peninsula Planning District Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section I – Summary of Auditors' Results

Financial Statements
Type of auditors' report issued: Unqualified

Internal control over financial reporting

- Material weakness(es) identified ____ Yes _X_ No

- Reportable condition(s) identified that are not considered to be material weaknesses? ____ Yes _X_ No

Noncompliance material to financial statements noted? ____ Yes _X_ No

Federal Awards
Internal control over major programs:

- Material weakness(es) identified ____ Yes _X_ No

- Reportable condition(s) identified that are not considered to be material weaknesses? ____ Yes _X_ No

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ____ Yes _X_ No

Identification of major programs

CFDA Number	Name of Federal Program or Cluster
66.466	Watershed Implementation Plan
81.128	Energy Efficiency and Conservation Block Grant

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? ____ Yes _X_ No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None