MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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

R. Gary Allen - Essex County

Margaret H. Davis - Essex County

A. Reese Peck – Essex County

Edwin E. Smith - Essex County

Ashley C. Chriscoe - Gloucester County

Brenda Garton – Gloucester County

Maurice P. Lynch - Gloucester County

John C Meyer Jr. - Gloucester County

Sherrin C. Alsop - King and Queen County

James Milby - King and Queen County

Thomas J. Swartzwelder - King and Queen County

Eugene Rivara - King William County

Travis J. Moskalski - King William County

Otto O. Williams - King William County

O. J. Cole, Jr. - Mathews County

Thornton Hill - Mathews County

Charles E. Ingram - Mathews County

Trudy V. Feigum – Middlesex County

Wayne H. Jessie, Sr. - Middlesex County

John D. Miller – Middlesex County

Matthew Walker - Middlesex County

Roy M. Gladding - Town of Tappahannock

Donald Richwine - Town of Urbanna

John B. Edwards - Town of West Point

James H. Hudson, III - Town of West Point

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Middle Peninsula Planning District Commission
Saluda, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Middle Peninsula Planning District Commission as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Managements is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made be management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented components units, each major fund, and the aggregate remaining fund information of the Middle Peninsula Planning District Commission as of June 30, 2014 and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenue and expenses, and budgetary comparison information on pages 4 through 7 and pages 26 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses 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.

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

November 19, 2014

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, 2014. 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 to 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 Position 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 position 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 Position 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 Position
June 30,

	2014	**2013**
Current Assets	$901,074	$884,920
Capital Assets (net)	10,464	15,457
Total Assets	911,538	900,377
Current Liabilities	140,020	145,288
Long-Term Liabilities	109,169	101,360
Total Liabilities	249,189	246,648
Invested in Capital Assets	10,464	15,457
Unrestricted	651,885	638,272
Total Net Position	$662,349	$653,729

Current assets increased during the year by approximately $16,000 as management successfully identified and obtained funding to more than cover personnel costs and matching funds.

Current liabilities decreased during the year by approximately $5,300 due to a decrease in deferred revenue as several multiyear projects utilized deferred funding to cover expenditures.

Long-term liabilities increased by approximately $7,800 during the current year, as the Commission made scheduled principal payments on the 1997 VRA loan in the amount of $12,500 and on the 2010 VRA loan of $12,500, and received proceeds of $32,807 from the 2010 VRA loan.

Total net position increased by approximately $11,000 this year as management was able to cover personnel costs with outside grants allowing for the banking of some PDC base funding for future operations.

Summary Statements of Activities
For the Years Ended June 30,

	2014	2013
Revenues		
Operating revenues	$811,097	$ 863,784
Interest	2,296	2,969
Total Revenues	813,393	866,753
Expenses		
General and administration	74,222	64,245
Project costs	730,551	827,564
Total Expenses	804,773	891,809
Change in net position	8,620	(25,056)
Net position at beginning of year	653,729	678,785
Net position at end of year	$662,349	$ 653,729

Operating revenues decreased by approximately $53,000 and project expenses decreased by approximately $97,000 from the prior year. It is not uncommon for these figures to change substantially from year to year due to differences in the Commission's work program based on changes in the Commission's priorities and the availability of funding. Specifically the Commission was unable to identify and secure additional grant funding for its septic repair program, reducing both revenues and expenses by approximately $59,000. Required matching fund expenses were also reduced by approximately $40,000 as management was able to secure grants with smaller matching funds requirements than in the previous year.

In FY 2014 actual revenues came in over budgeted revenues by approximately $35,000 because several grants were obtained that had not been anticipated during the budget process. Management takes opportunities to apply for funding to further the work program of the Commission as they become available, which does not always conform to the organization's budgeting process. In this instance an opportunity to continue the economic development service center became available with federal funding.

Actual expenses exceeded budgeted expenses for personnel costs by approximately $42,000 as a result of the Commission's new performance compensation program whereby management is authorized to obtain additional funding to enable and enhance the Commission's work program and increase staff salaries proportionately as funding is obtained. The ability to allow for a fluctuation in personnel costs as funding becomes available allows for greater flexibility in applying for additional funding to advance the Commission's priorities without increased staffing.

General Administration expenses increased by $10,000 as increased funding and corresponding workloads necessitated by new projects required additional administrative assistance. Project costs decreased by $97,000. It is not unusual for the project costs to change substantially from year to year based on the projects funded and the priorities of the Commission.

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 $62,500. 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. This loan consists of a $125,000 no interest loan and a $125,000 "principal forgiveness" loan. As of June 30, 2014, $84,168.94 had been drawn on the new loan and an additional $84,168.94 on the "principal forgiveness loan". The new loan has been reduced by regular annual payments to $71,668.94.

Economic Factors and Future Outlook

Presently, management of the Commission is 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. Management realizes the risk to the organization of the high dependency on grants to fund operations especially during periods of economic stress and continues to explore other options to fund its essential programs including increased local funding. Management is 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 Position
June 30, 2014

ASSETS	
Current Assets	
Cash and cash equivalents	$ 499,055
Restricted cash	12,500
Accounts receivable	139,211
Loans receivable	250,308
Total Current Assets	901,074
Capital Assets	
Property and equipment	31,063
Accumulated depreciation	(20,599)
Total Capital Assets	10,464
Total Assets	$ 911,538
LIABILITIES	
Current Liabilities	
Deferred revenue	$ 71,892
Accrued leave payable	43,128
Current portion of notes payable	25,000
Total Current Liabilities	140,020
Long-Term Liabilities	
Notes payable, net of current portion	109,169
Total Liabilities	249,189
NET POSITION	
Net Position	
Invested in capital assets, net of related debt	10,464
Unrestricted	651,885
Total Net Position	662,349
Total Liabilities and Net Position	$ 911,538

See accompanying notes

Middle Peninsula Planning District Commission
Statement of Revenue, Expenses, and Changes in Net Position
For the Year Ended June 30, 2014

Operating Revenues	
Grants and appropriations	
Federal grants	$ 438,131
State grants and appropriations	192,644
Local grants and appropriations	153,550
Miscellaneous	26,772
Total Operating Revenues	811,097
Operating Expenses	
Salaries	374,301
Consultant and contractual	152,670
Fringe benefits	125,350
Construction	38,036
Rent and utilities	26,965
Promotion and advertising	26,490
Printing and duplicating	8,863
Legal and accounting	8,215
Depreciation	6,431
Meeting supplies and expenses	4,987
Miscellaneous	4,758
Insurance	4,622
Workshops and conferences	4,238
Office supplies	3,493
Dues and memberships	3,285
Vehicle costs	3,224
Telephone	2,670
Lodging and staff expense	1,902
Postage	1,594
Website and internet	1,255
Bad debt	941
Deferred/forgiven loan expense	306
Subscriptions and publications	177
Total Operating Expenses	804,773
Operating Income (Loss)	6,324
Non-Operating Revenues	
Interest income	2,296
Change in Net Position	8,620
Net Position - Beginning of Year	653,729
Net Position - End of Year	$ 662,349

See accompanying notes

Middle Peninsula Planning District Commission
Statement of Cash Flows
For the Year Ended June 30, 2014

Cash Flows from Operating Activities	
Received from customers	$ 775,690
Paid to suppliers for goods and services	(424,041)
Paid to employees for services	(361,930)
Net Cash Flows from Operating Activities	(10,281)
Cash Flows from Capital and Related Financing Activities	
Proceeds from note payable	32,809
Principal paid on notes payable	(25,000)
Net Cash Flows from Capital and Related Financing Activities	7,809
Cash Flows from Investing Activities	
Disbursement for new loans made	(30,354)
Purchases of property and equipment	(1,438)
Loan payments received	53,149
Interest income	2,296
Net Cash Flows from Investing Activities	23,653
Net Change in Cash and Cash Equivalents	21,181
Cash and Cash Equivalents - Beginning of Year	490,374
Cash and Cash Equivalents - End of Year	$ 511,555

Reconciliation of Operating Income to Net Cash Flows from Operating Activities	
Operating income (loss)	$ 6,324
Depreciation	6,431
Changes in Assets and Liabilities	
Accounts receivable	(17,768)
Employee advances	-
Accounts payable	-
Deferred revenue	(17,639)
Accrued annual leave	12,371
Net Cash Flows from Operating Activities	$ (10,281)

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, funds provided by the Commonwealth of Virginia, and 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) Reporting Entity – The Commission's governing body is composed of members appointed by the nine member jurisdictions. The Commission is not a component unit of any of the member governments, and there are no component units to be included in the Commission's financial statements.

(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) 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 and expenses are recognized when incurred. The Commission considers grant revenue as earned when the grant expenditure 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.

    The Commission generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Commission may defer the use of restricted assets based on a review of the specific transaction.

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 9. Personnel costs for Commission employees, including overtime and compensatory time, are direct charges to the appropriate projects. Expenses for paid leave and fringe benefits are allocated to projects as described in Notes 10 and 11.

(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) Cash and Cash Equivalents – Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less, excluding amounts whose use is limited by the Commission's Board designation or other arrangements under trust agreements with third-party payers.

(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, 2014, and no allowance for doubtful accounts has been provided. Concentration of credit risk with respect to accounts receivable is limited due to the number of grantors, man of which are federal government grants.

(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 $29,176 as of June 30, 2014.

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 $13,952 as of June 30, 2014.

(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

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.

At June 30, 2014 the carrying amount of the Commission's deposits with banks was $468,402 and the bank balances were $494,270. 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 $43,153 at June 30, 2014.

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.

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 4 – Pension Plans

Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing, Multiple-Employer Pension Plan
Administering Entity:	Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and Hybrid. Each plan has a different eligibility and benefit structure as set out in the table below:

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
About VRS Plan 1 VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	**About VRS Plan 2** VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010 and they were not vested as of January 1, 2013.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See " Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

NOTE 4 – Pension Plans (Continued)

<table>
<tr>
<td>Eligible Members
Employees are in VRS Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013

Hybrid Opt-In Election
VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.</td>
<td>Eligible Members
Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election
VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.</td>
<td>Eligible Members
Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
Political subdivision employees*
Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
* Non-Eligible Members
Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
Members of the State Police Officers' Retirement System (SPORS)
Members of the Virginia Law Officers' Retirement System (VaLORS)
Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.
Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.</td>
</tr>
<tr>
<td>Retirement Contributions
Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</td>
<td>Retirement Contributions
Same as VRS Plan 1.</td>
<td>Retirement Contributions
A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is requited to match those voluntary contributions according to specified percentages.</td>
</tr>
</table>

NOTE 4 – Pension Plans (Continued)

Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Creditable Service** Same as VRS Plan 1.	**Creditable Service** **Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as VRS Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

NOTE 4 – Pension Plans (Continued)

		• After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four years or more, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under VRS Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under VRS Plan 1. **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%.	**Service Retirement Multiplier** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	**Service Retirement Multiplier** The retirement multiplier is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Normal Retirement Age Age 65.	**Normal Retirement Age** Normal Social Security retirement age.	**Normal Retirement Age** **Defined Benefit Component**: Same as VRS Plan 2. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 4 – Pension Plans (Continued)

Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.	**Earliest Unreduced Retirement Eligibility** Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equals 90. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July after one calendar year following the unreduced Retirement eligibility date. **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term to long-term disability under the Virginia Sickness and Disability Program (VSDP)	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. **Eligibility:** Same as VRS Plan 1. **Exceptions to COLA Effective Dates:** Same as VRS Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as VRS Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as VRS Plan 1 and VRS Plan 2. **Exceptions to COLA Effective Dates:** Same as VRS Plan 1 and VRS Plan 2.

NOTE 4 – Pension Plans (Continued)

• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.		
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as VRS Plan 1.	**Purchase of Prior Service** **<u>Defined Benefit Component:</u>** Same as VRS Plan 2. **<u>Defined Contribution Component:</u>** Not applicable.

NOTE 4 – Pension Plans (Continued)

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf or 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% of their compensation toward their retirement. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. 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 *Code of Virginia* and approved by the VRS Board of Trustees. The Commission's contribution rate for the fiscal year ended 2014 was 12.88% of the annual covered payroll.

Annual Pension Cost – For the fiscal year ended June 30, 2014 the Commission's annual pension cost of $41,070 for VRS was equal to the required and actual contributions.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	$42,920	100%	$ -
6/30/13	$39,438	100%	$ -
6/30/14	$41,070	100%	$ -

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for local general government employees, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. 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 a closed basis. The remaining amortization period at June 30, 2013 for the Unfunded Actuarial Accrued liability (UAAL) was 30 years.

NOTE 4 – Pension Plans (Continued)

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)
6/30/11	$319,550	$638,644	$319,094	50.04%	$293,126	108.86%
6/30/12	$348,553	$686,382	$337,829	49.22%	$263,220	128.34%
6/30/13	$401,872	$745,974	$344,102	53.87%	$326,852	105.28%

The Commission has also established a voluntary deferred compensation plan, pursuant to Section 457 of the Internal Revenue Code. Under this plan, any employee may elect to have a portion of their current salary retained by the Commission and invested by the plan trustees. The employee may begin to collect at termination, retirement, or disability. The Commission Board has voted to annually contribute 12% of eligible salaries. The contribution amount for the year ended June 30, 2014 was $4,985.

NOTE 5 – Property and Equipment

A summary of property and equipment as of June 30, 2014 is as follows:

	Balance July 1, 2013	Additions	Disposals	Balance June 30, 2014
Equipment	$112,466	$ 1,438	$ -	$113,904
Accumulated Depreciation	(97,009)	(6,431)	-	(103,440)
Net	$ 15,457	$ (4,993)	$ -	$ 10,464

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. The Commission subleases a portion of its office to various community organizations under month-to-month operating leases of $150 to $200 per month. Rent expense for the year ended June 30, 2014 was $21,902.

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, 2014. 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 $62,500 at June 30, 2014.

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, 2014 $71,669 had been drawn down against this note.

The following is a summary of changes in long-term debt for the year ended June 30, 2014:

	Beginning	Additions	Deductions	Ending
VRA 1997 Note	$ 75,000	$ -	$12,500	$ 62,500
VRA 2011 Note	51,360	32,809	12,500	71,669
Total	$126,360	$32,809	$25,000	$134,169

Mandatory debt service requirements consist of the following:

Year ending June 30,	Total
2015	$ 25,000
2016	25,000
2017	25,000
2018	25,000
2019	25,000
Thereafter	9,169
Total	$134,169

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, 2014, was 50.82%, and is calculated as follows:

Indirect costs	$193,625	
Total direct salaries, leave, and fringe benefits	$380,992	= 50.82%

The following are included in indirect costs allocated to projects:

Salaries	$ 88,759
Fringe benefits	29,899
Rent	21,902
Consulting/contractual services	12,970
Printing and duplicating	8,863
Accounting	5,989
Utilities	5,063
Depreciation	4,731
Vehicle operating costs	3,162
Facility insurance	3,008
Telephone	2,670
Office supplies	2,551
Postage	1,581
Website/internet	1,255
Vehicle insurance	904
Miscellaneous	318
Total	$193,625

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, 2014, are shown below:

Leave	
Holiday	$20,881
Annual	30,777
Sick	10,568
Total	$62,226

The leave allocation rate for the fiscal year ended June 30, 2014, is calculated as follows:

Leave allocation	$ 62,226	
Total salaries excluding leave	$312,075	= 19.94%

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, 2014 was 33.49%, and is calculated as follows:

Fringe benefit expense	$125,350	
Total salaries	$374,301	= 33.49%

Components of fringe benefit expense for the year ended June 30, 2014, are shown below:

Fringe benefits	
Retirement and special pension	$ 46,055
Group health insurance	44,238
Social Security taxes	27,069
Unemployment	3,823
Group life insurance	3,794
Workers compensation insurance	371
Total Fringe Benefits	$125,350

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, 2014, 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 19, 2014, 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, 2014

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

SCHEDULE OF REVENUES AND EXPENSES BY PROGRAM
For the Year Ended June 30, 2014

	Local Programs	Rural Trans-portation Planning	TDM	EDA Broadband	Stormwater Management
Revenues					
Federal	$ -	$ 57,999	$ -	$ 27,689	$ 156,171
State	75,971	-	59,200	-	-
Local	111,899	-	-	-	-
Interest	2,178	-	-	-	-
Other	4,626	-	-	-	-
Total Revenues	194,674	57,999	59,200	27,689	156,171
Expenses					
Salaries	30,965	34,918	23,673	14,955	41,641
Fringe benefits	10,430	11,762	7,975	5,037	14,027
Office supplies	-	65	-	-	52
Meeting supplies	406	-	-	-	78
Private mileage	140	114	200	-	45
Lodging and staff expense	291	44	12	-	152
Travel	24	584	13	-	26
Dues and memberships	2,300	230	575	-	-
Subscriptions and publications	25	-	-	-	-
Workshops	25	73	-	-	150
Conferences	738	986	270	-	-
Accounting and audit	35	-	-	-	-
Legal services	-	-	-	-	-
Consultant and contractual	-	-	-	-	100,000
Construction	-	-	-	-	-
Postage	-	-	-	-	-
Promotion and advertising	195	-	25,646	-	-
Insurance	710	-	-	-	-
Miscellaneous	3,946	-	62	-	-
Deferred/forgiven loan expense	861	-	-	-	-
Quarterly meeting	2,094	-	-	-	-
Depreciation	-	-	-	-	-
Indirect expense	21,037	23,723	16,084	10,160	28,291
Total Expenses	74,222	72,499	74,510	30,152	184,462
Revenues Over (Under) Expenses	120,452	(14,500)	(15,310)	(2,463)	(28,291)
General Fund Support	(111,832)	14,500	15,310	2,463	28,291
Revenues and General Fund Support Over (Under) Expenses	$ 8,620	$ -	$ -	$ -	$ -

VCWRFR Onsite Repair	Onsite Loan Management	WQIF	Local PAA Stewardship Public Safety	Energy Efficient CDBG	Water Reuse	Floating Structures	Land and Water Quality
$ -	$ -	$ -	$ -	$ -	$ 9,789	$ 10,458	$ 46,161
37,436	-	1,501	-	-	-	-	-
-	-	-	-	-	-	-	4,279
-	49	-	-	13	-	-	-
-	6,365	-	2,326	917	-	-	3,079
37,436	6,414	1,501	2,326	930	9,789	10,458	53,519
-	2,613	-	-	431	6,449	10,111	25,716
-	880	-	-	145	2,172	3,406	8,663
-	-	-	117	-	-	97	-
-	-	-	-	-	-	-	10
-	-	-	-	-	-	-	26
-	-	-	-	-	17	-	15
-	-	-	-	-	9	-	-
-	-	-	-	-	20	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	40	-	-
-	-	-	-	-	44	-	-
-	155	-	-	129	-	-	-
-	-	-	-	-	-	-	-
-	-	-	250	-	-	-	2,000
37,436	600	-	-	-	-	-	-
-	-	-	-	-	-	-	13
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	5	-	259	-	-	-	3
-	386	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,700	-	-	-	-
-	1,775	-	-	293	4,382	6,869	17,471
37,436	6,414	-	2,326	998	13,133	20,483	53,917
-	-	1,501	-	(68)	(3,344)	(10,025)	(398)
-	-	(1,501)	-	68	3,344	10,025	398
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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

Costal TA	Living Shorelines	K&Q Fishing Pier	AHMP Update	Working Waterfronts Plan
$ 27,671	$ 24,268	$ -	$ 25,480	$ 31,876
-	-	-	-	-
-	-	996	1,341	-
-	-	-	-	-
-	-	-	-	-
27,671	24,268	996	26,821	31,876
26,230	4,218	494	13,192	9,931
8,836	1,421	166	4,444	3,345
191	-	-	-	88
29	-	-	-	1,838
105	-	-	94	60
201	-	-	118	-
54	-	-	10	-
-	-	-	-	-
15	-	-	-	-
130	-	-	-	-
1,622	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	20,000	-	-	17,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
17,822	2,866	336	8,963	6,747
55,235	28,505	996	26,821	39,009
(27,564)	(4,237)	-	-	(7,133)
27,564	4,237	-	-	7,133
$ -	$ -	$ -	$ -	$ -

Comp Plan Updates	MP-VSG Partnership	Middle Peninsula Business Development Partnership	PAA Administration	Aberdeen Harbor Master Plan	Aberdeen TIF	Total
$ -	$ -	$ -	$ -	$ 6,238	$ 14,331	$ 438,131
-	18,536	-	-	-	-	192,644
28,535	-	-	-	6,500	-	153,550
-	-	56	-	-	-	2,296
-	-	4,323	5,136	-	-	26,772
28,535	18,536	4,379	5,136	12,738	14,331	813,393
14,001	9,042	2,108	1,430	6,318	7,108	285,544
4,717	2,309	710	481	2,128	2,394	95,448
72	-	-	260	-	-	942
-	315	-	217	-	-	2,893
27	-	-	-	-	-	811
42	81	-	-	-	-	973
-	-	-	-	-	-	720
-	-	-	-	-	-	3,125
-	-	-	-	-	-	40
-	-	-	-	-	-	418
-	-	-	-	-	-	3,660
-	-	129	-	-	-	448
-	-	-	1,777	-	-	1,777
-	450	-	-	-	-	139,700
-	-	-	-	-	-	38,036
-	-	-	-	-	-	13
78	570	-	-	-	-	26,489
-	-	-	-	-	-	710
85	-	-	-	-	-	4,360
-	-	-	-	-	-	1,247
-	-	-	-	-	-	2,094
-	-	-	-	-	-	1,700
9,513	5,769	1,432	971	4,292	4,829	193,625
28,535	18,536	4,379	5,136	12,738	14,331	804,773
-	-	-	-	-	-	8,620
-	-	-	-	-	-	(8,620)
$ -	$ -	$ -	$ -	$ -	-	$ -

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, 2014

	Actual	Budget	Favorable (Unfavorable)
Operating Revenues			
Grants and appropriations			
Federal grants	$ 438,131	$ 407,490	$ 30,641
State grants and appropriations	192,644	170,171	22,473
Local grants and appropriations	153,550	174,859	(21,309)
Miscellaneous	26,772	23,156	3,616
Total Operating Revenues	811,097	775,676	35,421
Operating Expenses			
Salaries	374,301	326,852	(47,449)
Consultant and contractual	152,670	155,589	2,919
Fringe benefits	125,350	130,623	5,273
Construction	38,036	-	(38,036)
Rent and utilities	26,965	26,652	(313)
Promotion and advertising	26,490	26,852	362
Printing and duplicating	8,863	9,000	137
Legal and accounting	8,215	11,900	3,685
Depreciation	6,431	4,611	(1,820)
Meeting supplies and expenses	4,987	9,800	4,813
Miscellaneous	4,758	475	(4,283)
Insurance	4,622	4,914	292
Workshops and conferences	4,238	10,200	5,962
Office supplies	3,493	3,750	257
Dues and memberships	3,285	3,100	(185)
Vehicle costs	3,224	2,500	(724)
Telephone	2,670	2,550	(120)
Lodging and staff expense	1,902	1,600	(302)
Postage	1,594	1,750	156
Website and internet	1,255	-	
Bad debt	941	-	(941)
Deferred/forgiven loan expense	306	-	(306)
Subscriptions and publications	177	350	173
Total Operating Expenses	804,773	733,068	(70,450)
Operating Income (Loss)	6,324	42,608	(36,284)
Non-Operating Revenues			
Interest income	2,296	2,200	96
Change in Net Assets	8,620	44,808	(36,188)
Net Position - Beginning of Year	653,729	653,729	-
Net Position - End of Year	$ 662,349	$ 698,537	$ (36,188)

See accompanying notes

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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

INDEPENDENT AUDITOR'S 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, in accordance with the 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, the financial statements of the business-type activities, and the aggregate remaining fund information of Middle Peninsula Planning District Commission as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Middle Peninsula Planning District Commission's basic financial statements, and have issued our report thereon dated November 19, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Middle Peninsula Planning District Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Middle Peninsula Planning District Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Middle Peninsula Planning District Commission's internal control.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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 that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

November 19, 2014