

**MIDDLE PENINSULA CHESAPEAKE BAY
PUBLIC ACCESS AUTHORITY**

**AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

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

**MIDDLE PENINSULA CHESAPEAKE BAY
PUBLIC ACCESS AUTHORITY**

DIRECTORS

Essex County

Primary Member: *Vice Chair*, Honorable Margaret (Prue) Davis, Vice Chair

Gloucester County

Primary Member: Honorable Chris Hutson

King and Queen County

Primary Member: Honorable Doris Morris

King William County

Primary Member: Vacant

Mathews County

Primary Member: *Chair*, Mrs. Melinda Conner (Mathews County Administrator)

Middlesex County

Primary Member: Mr. David Kretz

Town of Tappahannock

Primary Member: Vacant

Town of Urbanna

Primary Member: Mr. Boyd C. Wiley

Town of West Point

Primary Member: *Treasurer*, Mr. John Edwards (West Point Town Manager)

**"Honorable" indicates County Board of Supervisor member*

**MIDDLE PENINSULA CHESAPEAKE BAY
PUBLIC ACCESS AUTHORITY**

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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 Chesapeake Bay Public Access Authority
Saluda, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Middle Peninsula Chesapeake Bay Public Access Authority as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Middle Peninsula Chesapeake Bay Public Access Authority as of June 30, 2016 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, and budgetary comparison information on pages 3 through 5 and page 14 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2016, on our consideration of Middle Peninsula Chesapeake Bay Public Access Authority'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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Middle Peninsula Chesapeake Bay Public Access Authority's internal control over financial reporting and compliance.



Certified Public Accountants
Chantilly, Virginia

December 9, 2016

Middle Peninsula Chesapeake Bay Public Access Authority Management's Discussion and Analysis

In this section of the annual financial report of the Middle Peninsula Chesapeake Bay Public Access Authority (the "Authority"), management provides a narrative discussion and an analysis of its financial activities for the fiscal year that ended June 30, 2016. 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 Authority's financial position and the result of operations. All disclosures necessary to enable the reader to gain an accurate understanding of the Authority's financial activities have been included. The Authority'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 Authority using the integrated approach as prescribed by GASB Statement No. 34. Management's Discussion and Analysis (MD&A) is intended to introduce the Authority'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 Authority 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 Authority 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 Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Change in Net Position details the Authority'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 Authority'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 Authority'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,

| | <u>2016</u> | <u>2015</u> |
|----------------------------|--------------------|--------------------|
| Current Assets | \$ 109,412 | \$ 119,014 |
| Capital Assets (net) | <u>4,130,735</u> | <u>4,015,346</u> |
| Total Assets | <u>4,240,147</u> | <u>4,134,360</u> |
| Current Liabilities | <u>4,622</u> | <u>1,075</u> |
| Invested in Capital Assets | 4,130,735 | 4,015,346 |
| Restricted | 103,530 | 106,808 |
| Unrestricted | <u>1,260</u> | <u>11,131</u> |
| Total Net Position | <u>\$4,235,525</u> | <u>\$4,133,285</u> |

Current assets decreased during the year by approximately \$9600 primarily as a result of a decrease in non-restricted income. The Authority currently has very few sources of non-restricted program income – primarily from access fees and rents on income producing properties.

Capital assets increased during the year by approximately \$115,000 as a property valued as \$152,250 was contributed to the Authority, less depreciation taken on the income producing assets of \$40,078.

Total net position increased by \$102,240 this year as the Authority accepted a donation of a new property from private landowners. Operating expenses on federally purchased properties led to a decrease in restricted assets of \$3300. These funds can only be used for programs, maintenance and upkeep on specific properties.

Summary Statements of Revenues, Expenses and Changes in Net Position For the Years Ended June 30,

| | <u>2016</u> | <u>2015</u> |
|-----------------------------------|--------------------|--------------------|
| Revenues | | |
| Operating revenues | \$ 177,791 | \$ 845,484 |
| Interest | <u>399</u> | <u>171</u> |
| Total Revenues | <u>178,190</u> | <u>845,755</u> |
| Expenses | <u>75,950</u> | <u>94,465</u> |
| Change in net position | 102,240 | 751,190 |
| Net position at beginning of year | <u>4,133,285</u> | <u>3,382,095</u> |
| Net position at end of year | <u>\$4,235,525</u> | <u>\$4,133,285</u> |

Operating revenues decreased by approximately \$667,000 primarily due to fewer property contributions to the Authority than in the prior year. Donations are received sporadically as new donors are identified and can be expected to vary greatly from year to year.

Operating expenses decreased from the prior year by \$18,515. Consulting and contractual costs decreased by approximately \$17,752 due to decreased need for contractor services to manage timber sales. Additionally there were decreased costs for facilities maintenance (\$3,417) and utilities (\$555), an increase in insurance costs of \$1,550 and in legal and accounting costs of \$1500.

Capital Assets

The capital assets in the governmental funds primarily consist of real estate purchased by or donated to the Authority. Depreciation is taken on the income producing properties.

Economic Factors and Future Outlook

Management of the Authority continues to take advantage of the economic climate that has led private landowners to make donations of waterfront property for public benefit. Management continues to look for resources to acquire and manage its properties including access fees, rental income, private business partnerships, private foundations and grant opportunities. General funds remain extremely limited and management believes the Authority needs to seriously consider requesting annual appropriations from its member localities and the General Assembly to support the work of the Authority into the future.

Contacting the Authority's Financial Management Staff

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

**Middle Peninsula Chesapeake Bay
Public Access Authority
Statement of Net Position
June 30, 2016**

ASSETS

Current Assets

| | |
|---------------------------|----------------|
| Cash and cash equivalents | \$ 10,143 |
| Restricted cash | 97,354 |
| Prepaid expense | 1,915 |
| Total Current Assets | <u>109,412</u> |

Capital Assets

| | |
|--------------------------|------------------|
| Property and equipment | 4,249,097 |
| Accumulated depreciation | (118,362) |
| Total Capital Assets | <u>4,130,735</u> |

| | |
|--------------|--------------------|
| Total Assets | <u>\$4,240,147</u> |
|--------------|--------------------|

LIABILITIES

Current Liabilities

| | |
|-------------------|--------------|
| Accounts payable | 751 |
| Deferred revenue | 1,571 |
| Security deposit | 2,300 |
| Total Liabilities | <u>4,622</u> |

NET POSITION

Net Position

| | |
|---|---------------------------|
| Invested in capital assets, net of related debt | 4,130,735 |
| Restricted | 103,530 |
| Unrestricted - Board Designated | 35,210 |
| Unrestricted | (33,950) |
| Total Net Position | <u><u>\$4,235,525</u></u> |

**Middle Peninsula Chesapeake Bay
Public Access Authority
Statement of Revenues, Expenses, and Change in Net Position
For the Year Ended June 30, 2016**

Operating Revenues

| | |
|--------------------------|------------|
| Grants and contributions | \$ 160,052 |
| Rental income | 16,300 |
| Access fees | 1,439 |
| | <hr/> |
| Total Operating Revenues | 177,791 |

Operating Expenses

| | |
|----------------------------|--------|
| Depreciation | 40,078 |
| Legal and accounting | 11,513 |
| Consulting and contractual | 9,245 |
| Insurance | 8,503 |
| Facility maintenance | 3,865 |
| Utilities | 2,087 |
| Supplies | 294 |
| Meeting supplies | 128 |
| Miscellaneous | 121 |
| Fees and permits | 66 |
| Equipment | 50 |
| | <hr/> |
| Total Operating Expenses | 75,950 |

| | |
|------------------|---------|
| Operating Income | 101,841 |
|------------------|---------|

Non-Operating Revenues

| | |
|------------------------|---------|
| Interest income | 399 |
| | <hr/> |
| Change in Net Position | 102,240 |

| | |
|----------------------------------|-----------|
| Net Position - Beginning of Year | 4,133,285 |
|----------------------------------|-----------|

| | |
|----------------------------|---------------------------|
| Net Position - End of Year | <u><u>\$4,235,525</u></u> |
|----------------------------|---------------------------|

**Middle Peninsula Chesapeake Bay
Public Access Authority
Statement of Cash Flows
For the Year Ended June 30, 2016**

Cash Flows from Operating Activities

| | |
|--|-----------------|
| Received from customers | \$ 28,338 |
| Paid to suppliers for goods and services | <u>(36,854)</u> |
| Net Cash Flows from Operating Activities | <u>(8,516)</u> |

Cash Flows from Investing Activities

| | |
|--|----------------|
| Purchases of property and equipment | (3,218) |
| Interest income | <u>399</u> |
| Net Cash Flows from Investing Activities | <u>(2,819)</u> |

Net Change in Cash and Cash Equivalents (11,335)

Cash and Cash Equivalents - Beginning of Year 118,832

Cash and Cash Equivalents - End of Year \$ 107,497

Reconciliation of Operating Income to Net Cash

Flows from Operating Activities

| | |
|-----------------------------------|--------------|
| Operating income | \$ 101,841 |
| Depreciation | 40,078 |
| Noncash contributions of property | (152,250) |
| Changes in Assets and Liabilities | |
| Prepaid expenses | (1,732) |
| Accounts payable | 751 |
| Deferred revenue | 1,496 |
| Security deposit | <u>1,300</u> |

Net Cash Flows from Operating Activities \$ (8,516)

MIDDLE PENINSULA CHESAPEAKE BAY PUBLIC ACCESS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Organization and Summary of Accounting Policies

The Middle Peninsula Chesapeake Bay Public Access Authority (the “Authority”) was created by the Virginia General Assembly on April 7, 2002 and ratified by participating localities on June 13, 2003. The Authority recognizes that shorelines are high priority natural areas and that it is critical to set aside access sites for all types of recreational activities important to the regional economy and to the citizens of the Commonwealth of Virginia. As a regional leader in addressing public access issues, the Authority understands the importance of public outreach and quality education as it relates to water access. The Authority’s mission is to better inform the public on issues of public access concern and increase public access opportunities. Participating localities include the Counties of Essex, Gloucester, King & Queen, King William, Mathews and Middlesex and the Towns of Tappahannock, Urbanna, and West Point.

Authority funding is obtained from public contributions, funds provided by the Commonwealth of Virginia, and Federal grants for specified projects designed to further the Authority’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 Authority’s governing body is composed of members appointed by the nine member jurisdictions. The Authority is not a component unit of any of the member governments, and there are no component units to be included in the Authority’s financial statements.
- (b) Basis of Accounting – The accounting and reporting policies of the Authority 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 Authority 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 Authority 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 Authority generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Authority may defer the use of restricted assets based on a review of the specific transaction.

**MIDDLE PENINSULA CHESAPEAKE BAY
PUBLIC ACCESS AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 1 – Organization and Summary of Accounting Policies (Continued)

- (c) Net Position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there is limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The residual component of net position is considered unrestricted. The Board has decided to designate program funds from several properties for the future care and maintenance of the associated property. Because this is a self-imposed restriction, these funds are considered unrestricted, but have been shown separately to reflect the intended use of those funds.
- (d) Concentrations of Credit Risk – Financial instruments that potentially expose the Authority to concentrations of credit risk consist primarily of cash equivalents. 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 Authority 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 Authority'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, 2016, and no allowance for doubtful accounts has been provided. No amounts were written off during the year ended June 30, 2016.
- (g) 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.
- (h) Capital Assets – Capital assets are recorded at historical or estimated historical cost if actual historical cost is not available for items exceeding \$1,000. Donated property is recorded at fair market value on the date the property was transferred. Depreciation is taken on the straight-line method over the estimated useful life of the respective assets as follows:

| | |
|----------------------------|-------------|
| Buildings and improvements | 20-30 years |
| Wharfs | 10 years |
| Equipment | 7 years |

**MIDDLE PENINSULA CHESAPEAKE BAY
PUBLIC ACCESS AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 1 – Organization and Summary of Accounting Policies (Continued)

- (i) 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.
- (j) Advertising Costs – Advertising costs are expensed as incurred.

NOTE 2 – Cash and Investments

State statute authorizes the Authority 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, 2016 the carrying amount of the Authority's deposits with banks was \$104,190 and the bank balances were \$106,558. 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 Authority 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 Authority is not issued securities, but rather owns an undivided interest in the assets of the pool. The Authority's balance in the investment pool was \$1,007 at June 30, 2016.

NOTE 3 – Restricted Cash

Several land purchases by the Authority were made with funding provided by federal grants. These grants require that any income from timber sales or similar income sources to be restricted for the use, care and maintenance of the property from which the revenues were derived. As of June 30, 2016 the Authority had \$97,354 in restricted cash to be used for various properties owned by the Authority.

**MIDDLE PENINSULA CHESAPEAKE BAY
PUBLIC ACCESS AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 4 – Property and Equipment

A summary of property and equipment as of June 30, 2016 is as follows:

| | Balance July 1, 2015 | Additions | Disposals | Balance June 30, 2016 |
|-----------------------------|-------------------------|------------------|-------------|--------------------------|
| Land | \$3,049,993 | \$152,250 | \$ - | \$3,202,243 |
| Buildings and improvements | 1,023,500 | - | - | 1,023,500 |
| Wharf and dock facilities | 16,151 | - | - | 16,151 |
| Equipment | 3,985 | 3,218 | - | 7,203 |
| Accumulated depreciation | <u>(78,284)</u> | <u>(40,078)</u> | <u>-</u> | <u>(118,362)</u> |
| Net | <u>\$4,015,345</u> | <u>\$115,390</u> | <u>\$ -</u> | <u>\$4,130,735</u> |

Assets that have been purchased with grantor funds may revert to the grantor in the event the program is discontinued, or have significant restrictions on future use.

NOTE 5 – Lease Commitments

The Authority leases several residential buildings located on various properties. Lease terms are for a one year period, and expire at various dates throughout 2017. Rental income for the year ended June 30, 2016 on all operating lease was \$16,300. Future rental income to be received on all current leases are as follows:

| | |
|-----------------------------|-----------------|
| Year Ended June 30, 2017 | <u>\$21,300</u> |
|-----------------------------|-----------------|

NOTE 6 – Restricted Net Position

Several properties were originally obtained with federal funding. The acquisition of those properties included restrictions that any program service revenue obtained from the properties be restricted to the use of the respective properties. In addition, certain contributions have been received with restrictive use for future land acquisitions. Components of restricted net position consisted of the following as of June 30, 2016:

| | |
|------------------|------------------|
| Clay Tract | \$ 75,866 |
| Haworth Tract | 28,275 |
| Land Acquisition | <u>1,389</u> |
| Total | <u>\$105,531</u> |

**MIDDLE PENINSULA CHESAPEAKE BAY
PUBLIC ACCESS AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 7 – Board Designated Funds

The Board has voluntarily designated certain program funds, such as timber sales, access fees and wharf tie-up fees, to be used for the upkeep and maintenance of the respective properties. The amount of Board designated funds at June 30, 2016 consisted of the following:

| | |
|---------------------------|-----------------|
| Captain Sinclair Property | \$32,060 |
| Perrin Wharf Property | <u>3,965</u> |
| Total | <u>\$36,025</u> |

NOTE 8 – Commitments

The Authority 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 Authority may be required to reimburse. As of June 30, 2016, the Authority believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Authority.

NOTE 9 – Evaluation of Subsequent Events

The Authority has evaluated subsequent events through December 9, 2016, the date which the financial statements were available to be issued.

**Middle Peninsula Public Chesapeake Bay
Public Access Authority
Budgetary Comparison Schedule
For the Year Ended June 30, 2016**

| | Actual | Budget | Favorable (Unfavorable) |
|----------------------------------|-------------|-------------|----------------------------|
| Operating Revenues | | | |
| Grants and contributions | \$ 160,052 | \$ 12,000 | \$ 148,052 |
| Timber sales | - | 20,000 | (20,000) |
| Rental income | 16,300 | 25,200 | (8,900) |
| Access fees | 1,439 | 1,200 | 239 |
| Total Operating Revenues | 177,791 | 58,400 | 119,391 |
| Operating Expenses | | | |
| Depreciation | 40,078 | - | (40,078) |
| Legal and accounting | 11,513 | 15,522 | 4,009 |
| Consulting and contractual | 9,245 | 52,120 | 42,875 |
| Facility maintenance | 8,503 | 7,229 | (1,274) |
| Insurance | 3,865 | 5,500 | 1,635 |
| Utilities | 2,087 | 1,850 | (237) |
| Supplies | 294 | - | (294) |
| Meeting supplies | 128 | - | (128) |
| Miscellaneous | 121 | 1,400 | 1,279 |
| Fees and permits | 66 | - | (66) |
| Equipment | 50 | 10,000 | 9,950 |
| Total Operating Expenses | 75,950 | 93,621 | 17,671 |
| Operating Income | 101,841 | (35,221) | 137,062 |
| Non-Operating Revenues | | | |
| Interest income | 399 | 372 | 27 |
| Change in Net Assets | 102,240 | (34,849) | 137,089 |
| Net Position - Beginning of Year | 4,133,285 | 4,133,285 | - |
| Net Position - End of Year | \$4,235,525 | \$4,098,436 | \$ 137,089 |

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 Chesapeake Bay Public Access Authority:

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 government activities, business-type activities, and the aggregate discreetly presented component units, each major fund, and the aggregate remaining fund information of Middle Peninsula Chesapeake Bay Public Access Authority as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Middle Peninsula Chesapeake Bay Public Access Authority's basic financial statements, and have issued our report thereon dated December 9, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Middle Peninsula Chesapeake Bay Public Access Authority'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 Chesapeake Bay Public Access Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Middle Peninsula Chesapeake Bay Public Access Authority'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Middle Peninsula Chesapeake Bay Public Access Authority'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.



Certified Public Accountants
Chantilly, Virginia

December 9, 2016