

**MIDDLE PENINSULA CHESAPEAKE BAY
PUBLIC ACCESS AUTHORITY**

**AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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: Ms. Bobbie Tassinari

Mathews County

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

Middlesex County

Primary Member: Mr. David Kretz

Town of Tappahannock

Primary Member: Mr. James W. Sydnor

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**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-5
Financial Statements	
Statement of Net Positon	6
Statement of Revenues, Expenses and Change in Net Position	7
Statement of Cash Flows	8
Notes to Financial Statements	9-13
Budgetary Comparison Schedule	14
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 <i>Government Auditing Standards</i>	15-16

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, 2018, 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, 2018 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.

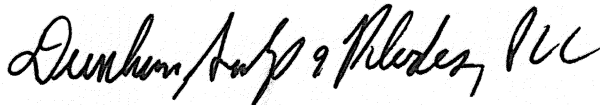
Other Matters

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 January 11, 2019, 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

January 11, 2019

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, 2018. 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>2018</u>	<u>2017</u>
Current Assets	\$ 81,125	\$ 115,672
Capital Assets (net)	<u>4,267,478</u>	<u>4,155,589</u>
Total Assets	<u>4,348,603</u>	<u>4,271,261</u>
Current Liabilities	<u>1,808</u>	<u>3,387</u>
Invested in Capital Assets	4,267,478	4,155,589
Restricted	59,198	103,105
Unrestricted	<u>20,119</u>	<u>9,180</u>
Total Net Position	<u>\$4,346,795</u>	<u>\$4,267,874</u>

Current assets decreased during the year by approximately \$34,500 primarily as a result of construction of docks and nature viewing platforms at the Clay Tract which utilized funds from previous timber sales.

Capital assets increased during the year by approximately \$112,000, due to land being donated to the authority less depreciation on infrastructure.

Total net position increased by \$79,000 this year as the Authority accepted additional land donations, depreciated infrastructure assets, paid consulting and contractual and facilities maintenance expenses.

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

	<u>2018</u>	<u>2017</u>
Revenues		
Operating revenues	\$ 144,790	\$ 99,158
Interest	<u>543</u>	<u>471</u>
Total Revenues	<u>145,333</u>	<u>99,629</u>
Expenses	<u>66,412</u>	<u>67,280</u>
Change in net position	78,921	32,349
Net position at beginning of year	<u>4,267,874</u>	<u>4,235,525</u>
Net position at end of year	<u>\$4,346,795</u>	<u>\$4,267,874</u>

Operating revenues increased by approximately \$46,000 primarily due to property and cash contributions to the Authority and increased rental income. Donations are received sporadically and can be expected to vary greatly from year to year, as can the value of individual donations.

Total operating expenses decreased from the prior year by \$860. Consulting and contractual costs increased by approximately \$5,000 as the result of a construction project managed by the Middle Peninsula Planning District Commission. Legal and accounting expenses decreased by \$5,767 as a result of fewer land donations. Facility maintenance costs decreased by \$1,763 because the Authority was able to attract more responsible tenants in the rental properties.

Access fees were \$1,505 less than budgeted as fewer hunters reserved properties, most likely due to a change in the reservation system. As users become more familiar with the system, these fees are expected to increase. Consulting and contractual costs were \$25,180 less than budgeted as construction costs were capitalized in the statement of financial position. Insurance costs were less than budgeted by \$8,008 as the Authority opted to not purchase flood insurance on the rental houses due to a lack of steady revenue.

Capital Assets

The capital assets in the governmental funds primarily consist of real estate purchased by or donated to the Authority and the construction of additional facilities. 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 should continue to look for new strategies to monetize public land holdings; increase public awareness of fee based recreational opportunities and look towards the use of new social media marketing opportunities to drive users to Authority holdings. The Authority should also consider requesting annual appropriations from its member localities and the General Assembly to support the work of the Authority into the future including working with Delegate Hodges to draft legislation to increase revenue generating options of the Commonwealth's Public Access Authorities

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 Secretary at 125 Bowden Street in Saluda, Virginia.

**MIDDLE PENINSULA CHESAPEAKE BAY
PUBLIC ACCESS AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2018**

ASSETS

Current Assets

Cash and cash equivalents	\$ 25,994
Restricted cash	55,131
Total Current Assets	<u>81,125</u>

Capital Assets

Property and equipment	4,469,702
Accumulated depreciation	(202,224)
Total Capital Assets	<u>4,267,478</u>

Total Assets	<u>\$4,348,603</u>
--------------	--------------------

LIABILITIES

Current Liabilities

Accounts payable	8
Security deposit	1,800
Total Liabilities	<u>1,808</u>

NET POSITION

Net Position

Invested in capital assets, net of related debt	4,267,478
Restricted	59,198
Unrestricted - Board Designated	36,262
Unrestricted	(16,143)
Total Net Position	<u><u>\$4,346,795</u></u>

**MIDDLE PENINSULA CHESAPEAKE BAY
PUBLIC ACCESS AUTHORITY
STATEMENT OF REVENUES, EPENSES, AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

Operating Revenues

Grants and contributions	\$ 122,295
Rental income	21,600
Access fees	895
	<hr/>
Total Operating Revenues	144,790

Operating Expenses

Depreciation	43,716
Consulting and contractual	10,105
Legal and accounting	3,813
Facility maintenance	3,528
Insurance	3,083
Supplies	1,689
Fees and permits	383
Miscellaneous	121
Utilities	(26)
	<hr/>
Total Operating Expenses	66,412

Operating Income	78,378
------------------	--------

Non-Operating Revenues

Interest income	543
	<hr/>
Change in Net Position	78,921

Net Position - Beginning of Year	4,267,874
----------------------------------	-----------

Net Position - End of Year	<u><u>\$4,346,795</u></u>
----------------------------	---------------------------

**MIDDLE PENINSULA CHESAPEAKE BAY
PUBLIC ACCESS AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

Cash Flows from Operating Activities

Received from customers	\$ 24,885
Paid to suppliers for goods and services	<u>(24,275)</u>
Net Cash Flows from Operating Activities	<u>610</u>

Cash Flows from Capital and Related Financing Activities

Purchases of property and equipment	<u>(35,700)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(35,700)</u>

Cash Flows from Investing Activities

Interest income	<u>543</u>
Net Cash Flows from Investing Activities	<u>543</u>

Net Change in Cash and Cash Equivalents (34,547)

Cash and Cash Equivalents - Beginning of Year 115,672

Cash and Cash Equivalents - End of Year \$ 81,125

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

Operating income	\$ 78,378
Depreciation	43,716
Noncash contributions of property	(119,905)
Changes in Assets and Liabilities	
Accounts payable	<u>(1,579)</u>
Net Cash Flows from Operating Activities	<u><u>\$ 610</u></u>

**Supplemental Schedule of Noncash Capital and
Related Financing Activities**

Contributions of Capital Assets	<u><u>\$ 119,905</u></u>
---------------------------------	--------------------------

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, 2018, and no allowance for doubtful accounts has been provided. No amounts were written off during the year ended June 30, 2018.
- (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, 2018 the carrying amount of the Authority's deposits with banks was \$78,295 and the bank balances were \$79,475. 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 \$1,030 at June 30, 2018.

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, 2018, the Authority had \$55,131 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, 2018 is as follows:

	Balance July 1, 2017	Additions	Disposals	Balance June 30, 2018
Land	\$3,267,243	\$119,905	\$ -	\$3,387,148
Buildings and improvements	1,023,500	-	-	1,023,500
Wharf and dock facilities	16,151	35,700	-	51,851
Equipment	7,203	-	-	7,203
Accumulated depreciation	<u>(158,508)</u>	<u>(43,716)</u>	<u>-</u>	<u>(202,224)</u>
Net	<u>\$4,155,589</u>	<u>\$111,889</u>	<u>\$ -</u>	<u>\$4,267,478</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 they own. One of the leases was for a one-year period that expired in March 2018, but has been extended on a month-to-month basis in the amount of \$800 per month. The other lease agreement is for a three-year period expiring in February 2020 with lease payments of \$1,000 per month. Rental income for the year ended June 30, 2018 on all operating lease was \$21,600. Future rental income to be received on all leases are as follows:

Year Ended June 30,	
2019	\$12,000
2020	<u>9,000</u>
Total	<u>\$21,000</u>

NOTE 6 – 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, 2018 consisted of the following:

Captain Sinclair Property	\$31,328
Perrin Wharf Property	<u>4,934</u>
Total	<u>\$36,262</u>

**MIDDLE PENINSULA CHESAPEAKE BAY
PUBLIC ACCESS AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 7 – 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, 2018:

Clay Tract	\$32,150
Haworth Tract	25,659
Land Acquisition	<u>1,389</u>
Total	<u>\$59,198</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, 2018, 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 January 11, 2019, the date which the financial statements were available to be issued.

**MIDDLE PENINSULA CHESAPEAKE BAY
PUBLIC ACCESS AUTHORITY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

				Variance Favorable (Unfavorable)
Operating Revenues		Actual	Budget	
	Grants and contributions	\$ 122,295	\$ 400	\$ 121,895
	Rental income	21,600	21,600	-
	Access fees	895	2,400	(1,505)
	Total Operating Revenues	144,790	24,400	120,390
Operating Expenses				
	Depreciation	43,716	-	(43,716)
	Consulting and contractual	10,105	35,285	25,180
	Legal and accounting	3,813	4,725	912
	Facility maintenance	3,528	5,750	2,222
	Insurance	3,083	11,091	8,008
	Supplies	1,689	-	(1,689)
	Fees and permits	383	-	(383)
	Miscellaneous	121	1,000	879
	Utilities	(26)	-	26
	Total Operating Expenses	66,412	57,851	(8,561)
	Operating Income	78,378	(33,451)	111,829
Non-Operating Revenues				
	Interest income	543	655	(112)
	Change in Net Assets	78,921	(32,796)	111,717
Net Position - Beginning of Year		4,267,874	4,267,874	-
Net Position - End of Year		\$4,346,795	\$4,235,078	\$ 111,717

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, 2018, 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 January 11, 2019.

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

January 11, 2019