

CENTRAL MASSACHUSETTS
REGIONAL PLANNING
COMMISSION

FINANCIAL STATEMENTS

AND AUDITOR'S REPORTS

June 30, 2013

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Year Ended June 30, 2013

Table of Contents

Page

Independent Auditor's Report	1
Management's Discussion and Analysis – Required Supplementary Information	3-5
Basic Financial Statements	
Statement of Net Position	6
Statement of Revenues, Expenses, and Changes in Net Position	7
Statement of Cash Flows	8
Notes to Financial Statements	9-15
Supplementary Information	
Budgetary Comparison Schedule	16
Schedule of Revenue and Expenses Allocated by Contract/Activity	17
Schedule of Indirect Cost Rate	20
Schedule of Cumulative Revenue and Expenses and Computation of Project Grant on Completed Projects	21
OMB Circular A-133 Single Audit Reports:	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required By OMB Circular A-133	22
Schedule of Expenditures of Federal Awards	25
Notes to Schedule of Expenditures of Federal Awards	26
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>	27
Schedule of Findings and Questioned Costs	29
Summary Schedule of Prior Audit Findings	30

ROLAND P. LAMBALOT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
184 PLEASANT VALLEY STREET
METHUEN, MA 01844
TELEPHONE (978) 691-0050
FAX (978) 691-0066

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of the
Central Massachusetts Regional Planning Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Central Massachusetts Regional Planning Commission (the Commission), as of and for the year ended June 30, 2013, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management 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 an opinion 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 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 by 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Commission as of June 30, 2013 and the respective changes in financial position and cash flows for thereof for 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 16 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The supplementary information included on pages 17 through 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2014, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Roland P. Lambalot, PC

Methuen, Massachusetts
February 19, 2014

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Required Supplementary Information

Management's Discussion and Analysis

The following is offered to the readers of the Central Massachusetts Regional Planning Commission's financial statements. It is a narrative overview and analysis of the financial performance of the Central Massachusetts Regional Planning Commission (the Commission) during the fiscal year ended June 30, 2013. Please read this discussion and analysis in conjunction with the Commission's financial statements which begin on page 6.

This financial report is designed to provide an overview of the Commission's finances for all those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Commission at Central Massachusetts Regional Planning Commission, 2 Washington Square, 2nd Floor, Worcester, Massachusetts 01604.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission is a public agency engaged in certain activities. As such, its financial statements consist of only those financial statements required for proprietary funds and related notes.

Revenue is recorded when earned and expenses are recorded when incurred. The financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. These are followed by the notes to the financial statements. In addition to the financial statements, this report also contains supplemental schedules pertaining to the services provided for the various grants and contracts undertaken by the Commission.

The statement of net position presents information on the assets and liabilities, with the difference between the two reported as net position. 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 reports the operating revenues and expenses and nonoperating revenues and expenses of the Commission for the fiscal year with the difference – the net income or loss – being used to determine the net change in position for the fiscal year. That change combined with the previous year's end net position total reconciles to the net position total at the end of this fiscal year.

The statement of cash flows reports cash and investment activities for the fiscal year resulting from operating activities and capital and related activities. The net result of these activities added to the beginning of the year cash and investment balance reconciles to the cash and investment balance of the current fiscal year.

The notes to the financial statements provide additional information that is essential to the understanding of the data provided in the basic financial statements and can be found on pages 9 through 15 of the report.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Required Supplementary Information

Management's Discussion and Analysis

Condensed Financial Information

Condensed financial information as of and for the years ended June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 1,435,489	\$ 1,150,143
Capital assets, net	18,691	24,805
Total assets	<u>1,454,180</u>	<u>1,174,948</u>
Current liabilities	<u>1,006,432</u>	<u>779,667</u>
Total liabilities	<u>1,006,432</u>	<u>779,667</u>
Total net position	<u>\$ 447,748</u>	<u>\$ 395,281</u>
Total operating revenues	<u>\$ 2,500,325</u>	<u>\$ 2,606,867</u>
Total operating expenses, excluding depreciation	2,439,022	2,614,502
Depreciation	<u>8,809</u>	<u>7,865</u>
Total operating expenses, including depreciation	2,447,831	2,622,367
Grant funded fixed asset activity	<u>(27)</u>	<u>(1,194)</u>
Change in net position	52,467	(16,694)
Beginning net position	<u>395,281</u>	<u>411,975</u>
Ending net position	<u>\$ 447,748</u>	<u>\$ 395,281</u>

Financial Highlights

The assets of the Commission exceed its liabilities at the close of the most recent fiscal year by \$447,748. Total net position increased by \$52,467 for the year ended June 30, 2013. The expenses, except for depreciation and amortization, are funded annually through assessments and a combination of federal, state and local assistance. The Central Massachusetts Regional Planning Commission's net position consists primarily of cash and accounts receivable.

Key factors in the change in net position are as follows:

- Contract revenue decreased by \$106,542 or 4.1%
- Total expenses, exclusive of depreciation, decreased by \$175,480 or 6.7%
- Revenues from assessments from member communities were \$134,104

See accompanying independent auditor's report

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Required Supplementary Information

Management's Discussion and Analysis

Economic Factors and Next Year's Budget

The Commission anticipates a modest increase in funding availability for the next fiscal year. Transportation funds are secure at the federal level and have generated good pass-through from the State to the Commission. The approved Unified Planning Work Program (UPWP) is comprehensive and balanced, with adequate staffing. The Department Manager position in Community Development has been filled and should lead to additional funding opportunities. As allowed by enabling legislation, community assessments have been approved by Commission Delegates with a 2 ½ percent increase, and will be forwarded to municipalities for Town Meeting consideration. As with last year's efforts, both Transportation and Community Development staff continue to look for new areas of participation. An expanding Regional Services sector continues a productive association with town manager and administrators as well as other municipal departments and has competed for Community Incentive Challenge grant funding for various communities. Administrative practices and expenses provide steady support to staff, with a comfortable indirect cost rate, cash flow and modest positive net position increase of about \$52,467. The Commission continues to make annual contributions to its GASB Statement 45 for OPEB retirement health care. Monthly financial reviews and policy directives from the Executive Committee have contributed greatly and its oversight has accounted for our sound financial position, with no finding or adjustments.

Ongoing statewide efforts to promote regionalism continue to achieve excellent results in our region. The Commission continues to be viewed as a driving force in that effort, primarily through the Regional Services initiatives. As we complete a region-wide identification of Priority Development, Preservation and Infrastructure Areas, greater inter-municipal awareness and cooperation are being created. We anticipate that these efforts will lead to a future regional comprehensive plan. We continue to develop interdepartmental planning and each recognizes the necessity of integration of the work our departments do in the areas of transportation, land use and regional services. CMRPC is proud of the exemplary achievements and performance of The CMMPO with excellent staff support. Equally successful is our work with the WRTA, notably the introduction of hybrid and all electric buses and Intelligent Transportation components. The Transportation sector continues to exhibit leadership and innovation in pavement management practices. If the Commission continues to identify and take advantage of new opportunities in Transportation, Land Use and Regional Services, we can anticipate a productive and high level of service to our member municipalities

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Statement of Net Assets

June 30, 2013

ASSETS

Current Assets

Cash and cash equivalents	\$ 655,353
Accounts Receivable	
Federal/State grants	690,771
Local contracts	34,952
Unbilled costs	24,890
Prepaid expense	<u>29,523</u>
Total current assets	<u>1,435,489</u>

Non-Current Assets:

Office Furniture and Equipment	79,114
Less: accumulated depreciation	<u>60,423</u>
Total non-current assets	<u>18,691</u>
Total assets	<u><u>\$ 1,454,180</u></u>

LIABILITIES

Current Liabilities

Accounts payable	\$ 190,374
Accrued payroll	99,059
Accrued expenses	225,416
Deferred revenue	232,284
Accrued retiree health	132,661
Grants payable	<u>126,638</u>
Total current liabilities	<u>1,006,432</u>

NET POSITION

Invested in capital assets, net of related debt	18,691
Unrestricted	<u>429,057</u>
Total Net Position	<u><u>\$ 447,748</u></u>

See accompanying notes to the financial statements

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2013

Operating Revenues:

Federal/state	\$ 2,316,580
Local contracts	47,595
Local assessments	134,104
Other local revenue	2,046

Total Operating Revenues 2,500,325

Operating Expenses

Direct salaries	885,351
Equipment	4,571
Consultants	581,256
Conferences/meetings	7,433
Travel	13,643
Supplies	1,787
Software	8,883
Other direct costs	3,374
Indirect costs	941,533

Total Operating Expenses 2,447,831

Change in net position 52,494

Purchase of grant funded fixed assets 3,208

Depreciation of grant funded fixed assets (3,235)

Net position - beginning of year 395,281

Net position - end of year \$ 447,748

See accompanying notes to the financial statements

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Statement of Cash Flows

Year Ended June 30, 2013

Cash Flows From Operating Activities

Federal, state and local contracts	\$ 2,177,620
Other cash receipts	2,046
Payments to vendors	(782,096)
Payments to employees for services	<u>(1,353,549)</u>

Net cash provided by operating activities 44,021

Cash Flows from Financing Activities:

Purchase of fixed assets	<u>(2,722)</u>
--------------------------	----------------

Net cash used by capital and related financing activities (2,722)

Change in cash and cash equivalents 41,299

Cash and cash equivalents - beginning of year 614,054

Cash and cash equivalents - end of year \$ 655,353

Reconciliation of increase in net position to net cash provided by operating activities:

Change in net position	\$ 52,494
Adjustments:	
Depreciation	8,809
Changes in assets and liabilities	
Receivables	(246,339)
Prepaid expenses	2,292
Payables	298,028
Retiree health benefits	(3,172)
Other accrued expenses	<u>(68,091)</u>

Net cash provided by operating activities \$ 44,021

See accompanying notes to the financial statements

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2013

NOTE 1. Nature of the Organization and Summary of Significant Accounting Policies

The financial statements of the Central Massachusetts Regional Planning Commission (the Commission) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 Commission applies Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails, and all of the GASB pronouncements issued subsequently. The more significant of the Commission's accounting policies are described below:

A. Reporting Entity

The Central Massachusetts Regional Planning Commission was established as a public body corporate in accordance with Section 3, Chapter 40B of the General Laws of the Commonwealth of Massachusetts on July 30, 1963. The Commission was established primarily to assist a city or town to plan jointly with other cities and towns, and to promote with the greatest efficiency and economy the coordinated and orderly development of areas within its jurisdiction and the general welfare and prosperity of its citizens. The Commission members, alternates and advisory committee members receive no compensation other than reimbursements for certain allowable expenses. The Commission is directed by statute to make certain studies of the District's resources, possibilities and needs and, on the basis of such comprehensive study plans, to recommend undertakings for the physical, social and economical improvements of the District.

B. Basis of Accounting

The operations of the Commission are accounted for as an enterprise fund on an accrual basis in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the Commission are included in the Statements of Net Position. The principal revenues of the Commission are revenues received from federal, state and local contracts. The Commission also recognizes as operating revenue the assessments received from member communities. Operating expenses for the Commission include the direct costs of performing the required services under the planning contracts, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Budget

The Commission must establish an operating budget each year so that the amounts reflect the sum of (a) the aggregate of all revenue projected to be received by the Commission, including available surplus funds less (b) the aggregate of all annual appropriations for expenditures. The budget for all operations of the Commission is prepared by the Executive Director and is acted upon by the full Commission. The budget is prepared on the accrual basis.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2013

D. Cash and Cash Equivalents

Cash includes amounts in demand deposits. Cash equivalents include all highly liquid deposits with an original maturity of three months or less when purchased. These deposits are fully collateralized or covered by federal deposit insurance except as stated in Note 2. The carrying amount of the cash equivalents is fair value. For purposes of the statement of cash flows, the Commission considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

E. Compensated Absences

Employees of the Commission are entitled to paid vacation and paid sick days off, depending on job classification, length of service and other factors. The Commission's policy is to recognize the costs of compensated absences when earned, not when paid.

F. Capital Assets and Depreciation

Office equipment is recorded at cost. Depreciation is computed by using the straight-line method based upon the estimated useful lives of the assets. Depreciation on general fixed assets is charged to operations as an indirect cost. This charge amounted to \$8,809 for the year ended June 30, 2013. A full month's depreciation is taken in the month an asset is placed in service. When property and equipment are disposed, depreciation is removed from the respective accounts, and the resulting gain or loss, if any, is recorded in operations. Expenditures for repair and maintenance are expensed.

G. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Concentration of Credit Risk

Financial instruments which potentially subject the Commission to concentrations of credit risk consist principally of accounts receivable. The Commission's primary accounts receivable are due from the Massachusetts Highway Department. The Commission places its cash investments with high credit banks. Management routinely assesses the financial strength of the institutions as a means to minimize this risk.

I. Allocation of Indirect Expenses

Indirect expenses are allocated to contracts at the end of each month based upon the ratio of direct salaries for each grant or contract to total direct salaries for the month.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2013

NOTE 2. Cash and Cash Investments

State and local statutes place certain limitations on the nature of deposits and investments available to the Commission. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels without collateralization by the financial institutions involved. Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. Government or Agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase and units in the Massachusetts Municipal Depository Trust (“MMDT”).

Custodial credit risk is that, in the event of bank failure, the Commission’s deposits may not be returned to it. The Commission does not have a deposit policy of custodial risk. As of June 30, 2013 \$-0- of the Commission’s bank balance of \$543,608 was exposed to custodial credit risk.

NOTE 3. Accounts Receivable

All grant amounts and their related receivables are subject to final audit by the applicable Federal and State grantor agencies with the possibility of claims of overpayment being made by those agencies. Management believes that no significant liabilities will arise from audits to be performed. The Federal government has a reversionary interest in the unused balances of advance payments, any funds improperly applied, and in property and facilities purchased or otherwise made available under the grant. At June 30, 2013 all accounts receivable were deemed to be collectable.

NOTE 4. Local Assessments

The Commission received local matching funds of \$134,104 through an assessment of its member communities. These funds are distributed to the active grants during the period based upon costs incurred and the required matching formula.

NOTE 5. Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, being depreciated				
Equipment	\$ 69,599	\$ 5,930	\$ -	\$ 75,529
Furniture and fixtures	3,585	-	-	3,585
Total Capital Assets	<u>73,184</u>	<u>5,930</u>	<u>-</u>	<u>79,114</u>
Less Accumulated Depreciation for:				
Equipment	47,223	11,686	-	58,909
Furniture and fixtures	1,156	358	-	1,514
Total Accumulated Depreciation	<u>48,379</u>	<u>12,044</u>	<u>-</u>	<u>60,423</u>
Capital Assets, net	<u>\$ 24,805</u>	<u>\$ (6,114)</u>	<u>\$ -</u>	<u>\$ 18,691</u>

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2013

NOTE 6. Line of Credit

The Commission has a \$120,000 revolving line of credit secured by all assets of the Commission. Interest is charged monthly at the bank's base lending rate. The Commission did not access the line in fiscal 2013.

NOTE 7. Lease Commitments

The Commission entered into a lease for office space at 2 Washington Square in Worcester, Massachusetts. The Current lease expires in December of 2017 and contains an option to extend the lease for two successive five year terms.

Minimum future annual rental payments required as of June 30, 2013 are as follows:

2014	\$ 136,272
2015	136,272
2016	136,272
2017	136,272
2018	<u>68,136</u>
	<u>\$ 613,224</u>

NOTE 8. Employee Termination Liabilities

In accordance with its personnel policies, the Commission is liable to its employees at time of separation for accrued vacation time.

NOTE 9. Risk Management

In conjunction with its normal operations, the Commission is exposed to various risks related to the damage or destruction of its assets from both natural and man-made occurrences, tort/liability claims, errors and omissions claims and professional liability claims. As a result of these exposures, the Commission has developed a comprehensive risk management program. There have been no significant reductions in coverage from the prior year.

NOTE 10. Completed Grants

The Schedule of Cumulative Revenues and Expenditures and Computation of Project Grant on Completed Projects does not include those grants or projects that are contracted for using the lump-sum method of payment whereby there is no additional funds due or payback necessary when the work is finished.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2013

NOTE 11. Retirement Plans

A retirement plan and a deferred compensation plan are available to Commission employees. The retirement plan is administered by the Commonwealth of Massachusetts through the State Employee's Retirement System. Employees contribute a stated percentage of gross wages to a defined benefit plan. Massachusetts General Law establishes uniform benefit and contribution requirements for the public employee retirement system. In the deferred compensation plan, eligible employees can also contribute to a deferred compensation arrangement created in accordance with Internal Revenue Section 457.

NOTE 12. Health Benefits

Health, dental, vision and life insurance benefits for employees are provided through the Group Insurance Commission of the Commonwealth of Massachusetts. As part of the Commission's membership in this organization it will also provide health benefits to former employees who have retired. The Commission will pay 75% of premiums. The Commission also purchases statutory workers compensation insurance. In fiscal 2010 the Commission adopted the provisions of GASB Statement No. 45 *Accounting and Financial Reporting by Employees for Postemployment Benefits Other than Pensions*.

NOTE 13. Other Postemployment Benefits

GASB No. 45 requires governments to account for other postemployment benefits, primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the statement of revenues, expenses, and changes in net assets when a future retiree earns their postemployment benefit rather than when they use their postemployment benefit. To the extent that an entity does not fund their actuarially required contribution, a postemployment benefit liability is recognized on the balance sheet over time.

A. Plan Description

The Commission's health care plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Commission. The Plan provides medical benefits to eligible retirees and their spouses. Chapter 32B of the Massachusetts General Laws assigns the authority to establish and amend benefit provisions. The plan does not issue a separate report.

B. Benefits Provided

The Commission provides medical, prescription drug, and mental health/substance abuse to retirees and their covered dependents. All active employees who retire from the Commission and meet the eligibility criteria will receive these benefits.

C. Funding Policy

The contribution requirements of plan members and the Commission are established and may be amended by the state legislature. The required contribution is based on the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Commission. The Commission has begun prefunding the plan.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2013

D. Annual OPEB Cost and Net OPEB Obligation

The Commission’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. Fiscal 2010 was the first year of the adoption of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Commission’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Commission’s net OPEB obligation to the plan based on an actuarial valuation as of June 30, 2013:

Annual required contribution	\$ 54,763
Interest on net OPEB obligation	10,867
Adjustment to annual required contribution	<u>(10,871)</u>
Annual OPEB cost (expense)	54,759
Contributions made	<u>-</u>
Increase in net OPEB obligation	54,759
Net OPEB obligation - beginning of year	135,833
Prior year funding	<u>(57,931)</u>
Net OPEB obligation - end of year	<u><u>\$ 132,661</u></u>

The Commission’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal year ended	Annual OPEB Cost	Percentage of OPEB cost contributed	Net OPEB obligation
2010	\$ 77,902	0.0%	\$ 77,902
2012	57,931	100.0%	-
2013	54,759	0.0%	54,759

The Commission’s net OPEB obligation as of June 30, 2013 is recorded as “accrued retiree health”. The Commission’s OPEB obligation for fiscal 2013 was discharged before December 31, 2013 and is included as an allowed indirect cost per OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2013

E. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 24.34 percent funded. The actuarial accrued liability for benefits was \$449,501 and the actuarial value of assets was \$109,299, resulting in an unfunded actuarial accrued liability (UAAL) of \$339,752. The covered payroll (annual payroll of active employees covered by the plan) was \$1,189,707 and the ratio of the UAAL to the covered payroll was 28.56%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimated about the future. A schedule of funding progress will be presented when the plan has been in place for a sufficient number of years to allow it present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Commission and the Plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Commission and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations. In the June 30, 2013 actuarial valuation the entry age method was used. The actuarial assumptions included a 8.0 percent investment return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate rate of 5.2 percent after eight years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of the short-term volatility in the market value of investments over a thirty year period. The UAAL is being amortized as a level percentage of projected payroll on an closed basis. The remaining amortization period at July 1, 2013 was twenty six years.

NOTE 14. Subsequent Events

Subsequent events have been evaluated through February 19, 2014, the date on which the financial statements were available to be issued.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Budgetary Comparison Schedule

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Activity	Variance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues				
Grants and contracts	\$ 1,901,969	\$ 2,215,969	\$ 2,364,175	\$ 148,206
Local assessments	134,104	134,104	134,104	-
Other income	5,000	5,000	2,046	(2,954)
Total Revenues	<u>2,041,073</u>	<u>2,355,073</u>	<u>2,500,325</u>	<u>145,252</u>
Expenses				
Direct salaries	695,965	759,965	885,351	(125,386)
Equipment	3,000	3,000	4,571	(1,571)
Consultants	270,000	502,000	581,256	(79,256)
Conferences/meetings	6,200	6,200	4,773	1,427
Travel	10,668	10,668	13,643	(2,975)
Supplies	2,000	2,000	1,787	213
Software	3,500	3,500	8,883	(5,383)
Other direct costs	1,000	1,000	6,034	(5,034)
Indirect costs	1,048,740	1,066,740	941,533	125,207
Total Expenses	<u>2,041,073</u>	<u>2,355,073</u>	<u>2,447,831</u>	<u>(92,758)</u>
Excess of Revenues over Expenses - Budgetary	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,494</u>	<u>\$ 52,494</u>

See accompanying independent auditor's report.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Revenues and Expenditures Allocated by Contract/Activity

Year Ended June 30, 2013

	Local Programs	SHSP FY08	SHSP FY09	SHSP FY10	HS PSIC	FTA JARC
Revenues:						
Federal/State grants	\$ -	\$ 23,602	\$ 150,548	\$ 59,069	\$ 55,101	\$ 428,153
Local contracts	47,595	-	-	-	-	-
Local assessments	63,296	-	-	-	-	-
Other local revenues	2,046	-	-	-	-	-
	<u>112,937</u>	<u>23,602</u>	<u>150,548</u>	<u>59,069</u>	<u>55,101</u>	<u>428,153</u>
Expenditures:						
Direct salaries	28,656	11,497	70,884	28,328	1,222	2,305
Travel	1,029	227	241	217	-	-
Equipment	-	-	3,207	-	-	-
Consultants	-	-	-	-	52,578	423,396
Conferences/meetings	-	-	650	399	-	-
Computer software	-	-	-	-	-	-
Supplies	-	509	183	-	-	-
Legal	-	-	-	-	-	-
Other direct costs	-	-	-	-	-	-
Indirect costs	30,473	12,227	75,383	30,125	1,301	2,452
	<u>60,158</u>	<u>24,460</u>	<u>150,548</u>	<u>59,069</u>	<u>55,101</u>	<u>428,153</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 52,779</u>	<u>\$ (858)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Revenues and Expenditures Allocated by Contract/Activity

Year Ended June 30, 2013

	MassDOT X007	MassDOT X006	WRTA	MassDOT 69650	EDA 14046	HS Evacuation
Revenues:						
Federal/State grants	\$ 8,681	\$ 144,359	\$ 308,152	\$ 758,094	\$ 2,941	\$ 23,178
Local contracts	-	-	-	-	-	-
Local assessments	2,160	36,323	-	-	3,187	-
Other local revenues	-	-	-	-	-	-
	<u>10,841</u>	<u>180,682</u>	<u>308,152</u>	<u>758,094</u>	<u>6,128</u>	<u>23,178</u>
Total Revenues						
Expenditures:						
Direct salaries	5,194	86,734	145,879	361,202	2,970	9,589
Travel	98	500	3,462	5,370	-	-
Equipment	-	-	-	1,364	-	-
Consultants	-	90	-	-	-	3,000
Conferences/meetings	26	886	-	899	-	-
Computer software	-	-	2,975	3,408	-	-
Supplies	-	-	-	19	-	-
Legal	-	-	-	1,413	-	-
Other direct costs	-	-	691	295	-	-
Indirect costs	5,523	92,238	155,136	384,124	3,158	10,197
	<u>10,841</u>	<u>180,448</u>	<u>308,143</u>	<u>758,094</u>	<u>6,128</u>	<u>22,786</u>
Total Expenditures						
Excess (Deficiency) of Revenues over Expenditures						
	<u>\$ -</u>	<u>\$ 234</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 392</u>

See accompanying independent auditor's report

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Revenues and Expenditures Allocated by Contract/Activity

Year Ended June 30, 2013

	HS Evac 1B	EPA BF-96113101	DLTA FY13	DLTA FY12	CIC Grant	Total
Revenues:						
Federal/State grants	\$ 92,746	\$ 58,141	\$ 80,598	\$ 117,447	\$ 5,770	\$ 2,316,580
Local contracts	-	-	-	-	-	47,595
Local assessments	-	8,134	8,060	12,944	-	134,104
Other local revenues	-	-	-	-	-	2,046
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	92,746	66,275	88,658	130,391	5,770	2,500,325
Expenditures:						
Direct salaries	20,281	6,476	41,339	60,095	2,700	885,351
Travel	533	192	1,113	661	-	13,643
Equipment	-	-	-	-	-	4,571
Consultants	49,406	52,786	-	-	-	581,256
Conferences/meetings	115	-	1,874	2,584	-	7,433
Computer software	-	-	-	2,500	-	8,883
Supplies	844	-	1	231	-	1,787
Legal	-	-	369	411	195	2,388
Other direct costs	-	-	-	-	-	986
Indirect costs	21,567	6,887	43,962	63,909	2,871	941,533
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	92,746	66,341	88,658	130,391	5,766	2,447,831
Excess (Deficiency) of Revenues over Expenditures						
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ -	\$ (66)	\$ -	\$ -	\$ 4	\$ 52,494

See accompanying independent auditor's report

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Indirect Cost Rate

Year Ended June 30, 2013

	<u>Direct</u>	<u>Other</u>	<u>Indirect</u>	<u>Unreimbursed</u>	<u>Total</u>
	<u>Labor</u>	<u>Direct</u>	<u>Costs</u>	<u>Costs</u>	<u>Expenditures</u>
		<u>Costs</u>			
Expenditures					
Salaries	\$ 885,351	\$ -	\$ 304,356	\$ -	\$ 1,189,707
Fringe benefits - salaries	-	-	170,071	-	170,071
Fringe benefits - insurance	-	-	170,053	-	170,053
Retiree health insurance	-	-	54,759	-	54,759
Payroll taxes	-	-	22,486	-	22,486
Equipment	-	4,571	558	-	5,129
Consultants	-	581,256	-	-	581,256
Training	-	2,660	1,864	-	4,524
Conferences & meetings	-	4,773	6,243	-	11,016
Travel	-	13,643	1,697	-	15,340
Supplies	-	1,787	7,922	-	9,709
Software	-	8,883	8,674	-	17,557
Rent	-	-	127,755	-	127,755
Repairs & maintenance	-	-	5,455	-	5,455
Professional fees	-	2,388	16,935	-	19,323
Printing & publications	-	80	282	-	362
Memberships	-	215	4,742	-	4,957
Postage	-	-	2,236	-	2,236
Office expense	-	-	2,412	-	2,412
Equipment rental	-	-	7,344	-	7,344
Insurance	-	-	5,797	-	5,797
Telephone	-	691	5,100	-	5,791
Recruitment	-	-	658	-	658
Marketing	-	-	5,325	-	5,325
Depreciation	-	-	8,809	-	8,809
	<u>-</u>	<u>-</u>	<u>8,809</u>	<u>-</u>	<u>8,809</u>
 Total Expenditures	 <u>\$ 885,351</u>	 <u>\$ 620,947</u>	 <u>\$ 941,533</u>	 <u>\$ -</u>	 <u>\$ 2,447,831</u>

Indirect Cost Rate = Indirect Costs/Direct Labor

$$\frac{\$ 941,533}{\$ 885,351} = 106.35\%$$

See accompanying independent auditor's report

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Cumulative Revenues and Expenditures and Computation of

Project Grant on Completed Projects

At June 30, 2013

	<u>MassDOT X006</u>	<u>EPA BF-96113101</u>
Resources:		
Federal / State grant	\$ 150,473	396,621
Local assessments	<u>37,618</u>	<u>-</u>
Total Revenues	<u>\$ 188,091</u>	<u>396,621</u>
Expenditures:		
Direct salaries	90,226	39,253
Direct costs	1,450	345,983
Indirect costs	<u>96,415</u>	<u>11,385</u>
Total Expenditures	<u>\$ 188,091</u>	<u>396,621</u>
Federal / State - Participation in Project Cost	80%	100%
Pursuant to contracts, the Federal / State grant may not exceed the lesser of the percentage participation shown above or:	<u>\$ 151,050</u>	<u>400,000</u>
Accordingly, the Federal / State grant permissible is:	\$ 150,473	396,621
Less: Federal / State grant payments	<u>150,239</u>	<u>396,687</u>
Federal / State Grant Receivable (Payable)	<u>\$ 234</u>	<u>(66)</u>

See accompanying independent auditor's report

ROLAND P. LAMBALOT, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

184 PLEASANT VALLEY STREET

METHUEN, MA 01844

TELEPHONE (978) 691-0050

FAX (978) 691-0066

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Commissioners of the
Central Massachusetts Regional Planning Commission

Report on Compliance for Each Major Program

We have audited Central Massachusetts Regional Planning Commission's (the Commission) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2013. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Program

In our opinion, the Commission complied, in all material respects, with the types compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

We have audited the basic financial statements of the Commission as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We issued our report thereon dated February 19, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Roland P. Lambalot, PC

Methuen, Massachusetts
February 19, 2014

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Economic Development Administration</u>			
Direct funding	11.302	N/A	\$ 2,941
<u>Department of Homeland Security</u>			
Passed through Massachusetts Emergency Management	11.555	PSIC	55,101
<u>Federal Highway Administration</u>			
Passed through Massachusetts Department of Transportaton	20.505	69650	758,094
<u>Federal Transit Administration</u>			
Passed through Massachusetts Department of Transportation	20.505 20.505	80-X006 80-X007	144,359 8,681
Passed through Worcester Regional Transit Authority	20.507	WRTA13	308,152
Direct funding	20.516 20.521	N/A N/A	258,005 170,148
<u>Environmental Protection Agency</u>			
Direct funding	66.818	N/A	58,141
<u>Department of Homeland Security</u>			
Passed through Massachusetts Emergency Management	97.067 97.067 97.067	SHSP08 SHSP09 SHSP10	23,602 150,548 59,069
Total Federal Awards			<u><u>\$1,996,841</u></u>

See accompanying independent auditors' report and notes to schedule of expenditures of federal awards

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

NOTE 1. Basis of Presentation

The accompanying schedule of federal awards includes the federal grant activity of Central Massachusetts Regional Planning Commission and is presented on the *accrual basis of accounting*. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

ROLAND P. LAMBALOT, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

184 PLEASANT VALLEY STREET

METHUEN, MA 01844

TELEPHONE (978) 691-0050

FAX (978) 691-0066

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 of the
Central Massachusetts Regional Planning Commission

We have audited, 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, the financial statements of the governmental activities of Central Massachusetts Regional Planning Commission (the Commission) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated February 19, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal controls 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 the internal control 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 the 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.

Roland P. Lambalot, PC

Methuen Massachusetts
February 19, 2014

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

A. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unqualified opinion on the financial statements of Central Massachusetts Regional Planning Commission.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in According with Government Auditing Standards.
3. No instances of noncompliance considered material to the financial statements of Central Massachusetts Regional Planning Commission which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133
5. The independent auditor's report on compliance for the major federal award programs for Central Massachusetts Regional Planning Commission expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs include: Highway Planning and Construction, CFDA No. 20.205
8. The threshold for distinguishing Types A and B programs was \$300,000
9. Central Massachusetts Regional Planning Commission was determined to be a low-risk auditee.

B. FINDING – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM

None

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Summary Schedule of Prior Year Audits

June 30, 2013

There were no significant or material uncorrected prior year findings that affect the current year audit objectives.