

CENTRAL MASSACHUSETTS  
REGIONAL PLANNING  
COMMISSION

FINANCIAL STATEMENTS

AND AUDITOR'S REPORTS

June 30, 2014

# CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Year Ended June 30, 2014

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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, 2014, and the related notes to the financial statements which collectively comprise the Commission's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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, 2014 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 17 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 18 through 22 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. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 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 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 March 13, 2015, 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  
March 13, 2015

# 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, 2014. 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, 2<sup>nd</sup> 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 16 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, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 1,873,394	\$ 1,435,489
Capital assets, net	21,624	18,691
Total assets	<u>1,895,018</u>	<u>1,454,180</u>
Current liabilities	<u>1,402,544</u>	<u>1,006,432</u>
Total liabilities	<u>1,402,544</u>	<u>1,006,432</u>
Total net position	<u>\$ 492,474</u>	<u>\$ 447,748</u>
Total operating revenues	<u>\$ 2,711,030</u>	<u>\$ 2,500,325</u>
Total operating expenses, excluding depreciation	2,648,389	2,439,022
Depreciation	<u>8,590</u>	<u>8,809</u>
Total operating expenses, including depreciation	2,656,979	2,447,831
Grant funded fixed asset activity	<u>(3,325)</u>	<u>(27)</u>
Change in net position	50,726	52,467
Beginning net position	<u>447,748</u>	<u>395,281</u>
Ending net position	<u>\$ 498,474</u>	<u>\$ 447,748</u>

### Financial Highlights

The assets of the Commission exceed its liabilities at the close of the most recent fiscal year by \$498,474. Total net position increased by \$50,726 for the year ended June 30, 2014. 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 increased by \$210,705 or 8.4%
- Total expenses, exclusive of depreciation, increased by \$209,367 or 8.6%
- Revenues from assessments from member communities were \$137,456

*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 level funding availability for the next fiscal year. At the federal level Transportation funds are projected to be secure and level funded. At the state level, funding, apportioned by population, may increase minimally in this planning region. CMRPC is proud of the exemplary achievements and performance of the CMMPO with excellent staff support. Work in support of the WRTA, notably the introduction of hybrid and all electric busses and Intelligent Transportation components and a new transportation maintenance facility, build on previous successes and excellent collaboration with WRTA leadership and staff.

The Commission has been recognized by Governor Patrick for its collaborative work in identifying municipally supported local, regional and state priority development, preservation and infrastructure areas. We anticipate more achievements in these collaborations with various state agencies. Efforts for the major DataCommon program are realizing financial support from outside collaborators though some funding gaps remains. As important are the new associations we are making, as we identify and partner with other agencies that share regional missions and service areas. These efforts will be the basis for a regional comprehensive plan to commence this year if funding is available. In Community Development and Regional Services areas, DLTA has survived 9C cuts by the administration; however, mid-calendar-year cuts could reduce or eliminate the second half year's funds.

The transportation staff continues to lead efforts for interdepartmental planning in the areas of transportation, land use and regional services. Transportation and Community Development staff continue to look for new areas of participation and interaction. Regional Services continues to promote and advance inter-municipal collaboration and regionalism, which we understand will be a theme of the new state administration. Commission continues to identify and take advantage of new opportunities in Transportation, Land Use and Regional Services, and can anticipate a productive and high level of service to our member municipalities.

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. The Commission continues to stay current with its 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. A significant financial concern facing CMRPC, as well as all other regional planning agencies, is the resolution of on-going discussions with the State Board of Retirement over MSERS and potential future contributions from planning agencies. We have received a first-time assessment of approximately \$184,000 for FY2013. Our current position is that this assessment (not a bill) is without merit and we are working in good faith with counsel to resolve this.

CMRPC's Administrative practices continue to provide steady support to staff, with a low indirect cost rate, healthy cash flow and modest positive net position increase. 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. We extend our sincere appreciation to commission delegates and especially to the conscientious and devoted Executive Committee, for its leadership and support.

**CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION**

Statement of Net Position

June 30, 2014

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 930,306
Accounts Receivable	
Federal/State grants	752,552
Local contracts	159,644
Unbilled costs	12,902
Prepaid expense	23,990

**Total current assets** 1,879,394

**Non-Current Assets:**

Office Furniture and Equipment	93,963
Less: accumulated depreciation	72,339
<b>Total non-current assets</b>	<u>21,624</u>

**Total assets** \$ 1,901,018

**LIABILITIES**

**Current Liabilities**

Accounts payable	\$ 487,207
Accrued payroll	104,535
Accrued expenses	17,416
Deferred revenue	480,386
Accrued retiree health	186,194
Grants payable	126,806

**Total current liabilities** 1,402,544

**NET POSITION**

Invested in capital assets, net of related debt	21,264
Unrestricted	477,210

**Total Net Position** \$ 498,474

*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, 2014

**Operating Revenues:**

Federal	\$ 1,988,033
State	508,792
Local contracts	74,088
Local assessments	137,456
Other local revenue	<u>2,661</u>

**Total Operating Revenues** 2,711,030

**Operating Expenses**

Direct salaries	938,229
Equipment	1,916
Consultants	699,304
Conferences/meetings	8,156
Travel	13,706
Software	6,965
Other direct costs	16,352
Indirect costs	<u>972,351</u>

**Total Operating Expenses** 2,656,979

**Change in net position** 54,051

Depreciation of grant funded fixed assets (3,325)

**Net position - beginning of year** 447,748

**Net position - end of year** \$ 498,474

*See accompanying notes to the financial statements*

**CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION**

Statement of Cash Flows

Year Ended June 30, 2014

**Cash Flows From Operating Activities**

Federal, state and local contracts	\$ 2,782,155
Other cash receipts	2,661
Payments to vendors	(1,111,545)
Payments to employees for services	(1,383,469)

**Net cash provided by operating activities** 289,802

**Cash Flows from Financing Activities:**

Purchase of fixed assets	<u>(14,849)</u>
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**Net cash used by capital and related financing activities** (14,849)

**Change in cash and cash equivalents** 274,953

**Cash and cash equivalents - beginning of year** 655,353

**Cash and cash equivalents - end of year** \$ 930,306

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

Change in net position	\$ 54,051
Adjustments:	
Depreciation	8,590
Changes in assets and liabilities	
Receivables	(73,786)
Prepaid expenses	5,533
Payables	142,366
Retiree health benefits	53,533
Other accrued expenses	99,515

**Net cash provided by operating activities** \$ 289,802

*See accompanying notes to the financial statements*

# CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

## Notes to Financial Statements

June 30, 2014

### **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, 2014

### **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 \$8,590 for the year ended June 30, 2014. 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, 2014

### 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, 2014 \$-0- of the Commission’s bank balance of \$943,243 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, 2014 all accounts receivable were deemed to be collectable.

### NOTE 4. Local Assessments

The Commission received local matching funds of \$137,456 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, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, being depreciated				
Equipment	\$ 75,529	\$ 14,849	\$ -	\$ 90,378
Furniture and fixtures	<u>3,585</u>	<u>-</u>	<u>-</u>	<u>3,585</u>
Total Capital Assets	<u>79,114</u>	<u>14,849</u>	<u>-</u>	<u>93,963</u>
Less Accumulated Depreciation for:				
Equipment	58,909	11,558	-	70,467
Furniture and fixtures	<u>1,514</u>	<u>358</u>	<u>-</u>	<u>1,872</u>
Total Accumulated Depreciation	<u>60,423</u>	<u>11,916</u>	<u>-</u>	<u>72,339</u>
Capital Assets, net	<u>\$ 18,691</u>	<u>\$ 2,933</u>	<u>\$ -</u>	<u>\$ 21,624</u>

**CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION**

Notes to Financial Statements

June 30, 2014

**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 2014.

**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, 2014 are as follows:

2015	\$ 136,272
2016	136,272
2017	136,272
2018	<u>68,136</u>
	<u>\$ 476,952</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, 2014

### **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, 2014

**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, 2014:

Annual required contribution	\$ 107,440
Interest on net OPEB obligation	10,613
Adjustment to annual required contribution	<u>(9,761)</u>
Annual OPEB cost (expense)	108,292
Contributions made	<u>-</u>
Increase in net OPEB obligation	108,292
Net OPEB obligation - beginning of year	132,661
Prior year funding	<u>(54,759)</u>
Net OPEB obligation - end of year	<u><u>\$ 186,194</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
2013	54,759	100.0%	-
2014	108,292	0.0%	108,292

The Commission’s net OPEB obligation as of June 30, 2014 is recorded as “accrued retiree health”. The Commission’s OPEB obligation for fiscal 2014 was funded in part before December 31, 2014 and the allowable amount of \$96,020 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, 2014

### **E. Funded Status and Funding Progress**

As of June 30, 2014, the most recent actuarial valuation date, the plan was 24.11 percent funded. The actuarial accrued liability for benefits was \$764,252 and the actuarial value of assets was \$184,261, resulting in an unfunded actuarial accrued liability (UAAL) of \$579,991. 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 48.75%. 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, 2014 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, 2014 was twenty five years.

### **NOTE 14. Matching Contributions**

The Commission has identified \$28,000 in matching contributions for the year ended June 30, 2014 which qualify under its grant agreements in accordance with OMB Circular A-110. These amounts are not recorded in the financial statements. They represent amounts identified by third parties meeting the criteria for matching contributions as stated in OMB Circular A-110 which do not meet the revenue recognition criteria under generally accepted accounting principles.

# CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

## Notes to Financial Statements

June 30, 2014

### **NOTE 15. Commitments and Contingencies**

The Commission has received notification from the State Board of Retirement of a potential assessment in the amount of \$184,157 for the year ended December 31, 2013 for reimbursement of retirement allowances paid to former employees. The Commission joined the State Retirement System effective July 1, 1965 and has never been charged for retiree benefits. The Commission has joined other similarly affected agencies in retaining legal counsel to resolve this matter. The Commission believes that this reimbursement request is without merit and, accordingly, no liability has been reflected in these statements for the past or current year.

### **NOTE 16. Subsequent Events**

The Commission has evaluated events subsequent to June 30, 2014 through March 13, 2015, the date on which the financial statements were available for issuance, and determined that there are no material items that would require recognition or disclosure in the Commission's financial statements.

**CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION**

Budgetary Comparison Schedule

Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Activity	Variance
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>				
Grants and contracts	\$ 2,014,011	\$ 2,800,011	\$ 2,570,913	\$ (229,098)
Local assessments	137,456	137,456	137,456	-
Other income	2,000	2,000	2,661	661
<b>Total Revenues</b>	<u>2,153,467</u>	<u>2,939,467</u>	<u>2,711,030</u>	<u>(228,437)</u>
<b>Expenses</b>				
Direct salaries	843,997	892,953	938,229	(45,276)
Equipment	3,000	3,000	1,916	1,084
Consultants	265,000	910,000	699,304	210,696
Conferences/meetings	2,200	2,200	8,156	(5,956)
Travel	10,000	14,000	13,706	294
Supplies	1,000	1,000	-	1,000
Software	3,500	14,600	6,965	7,635
Other direct costs	4,800	4,800	16,352	(11,552)
Indirect costs	<u>1,019,970</u>	<u>1,096,914</u>	<u>972,351</u>	<u>124,563</u>
<b>Total Expenses</b>	<u>2,153,467</u>	<u>2,939,467</u>	<u>2,656,979</u>	<u>282,488</u>
<b>Excess of Revenues over Expenses - Budgetary</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,051</u>	<u>\$ 54,051</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, 2014

	Local Programs	SHSP FY10	SHSP FY11	SHSP FY12	FTA JARC	MassDOT X007
Revenues:						
Federal grants	\$ -	\$ 118,073	\$ 101,035	\$ 5,467	\$ 659,045	\$ 129,982
State grants	-	-	-	-	-	-
Local contracts	74,088	-	-	-	-	-
Local assessments	91,030	-	-	-	-	32,496
In-kind contributions	-	-	-	-	-	-
Other local revenues	2,661	-	-	-	-	-
	<u>167,779</u>	<u>118,073</u>	<u>101,035</u>	<u>5,467</u>	<u>659,045</u>	<u>162,478</u>
Total Revenues						
Expenditures:						
Direct salaries	48,019	58,094	48,591	2,586	3,430	79,718
Travel	767	642	452	-	41	128
Equipment	-	-	-	-	-	-
Consultants	-	-	-	-	651,934	-
Conferences/meetings	1,586	-	645	-	85	15
Computer software	-	-	-	-	-	-
Supplies	-	138	-	-	-	-
Legal	613	-	50	-	-	-
In-kind contributions	-	-	-	-	-	-
Other direct costs	12,272	-	-	-	-	-
Indirect costs	49,767	60,207	50,358	2,680	3,555	82,617
	<u>113,024</u>	<u>119,081</u>	<u>100,096</u>	<u>5,266</u>	<u>659,045</u>	<u>162,478</u>
Total Expenditures						
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 54,755</u>	<u>\$ (1,008)</u>	<u>\$ 939</u>	<u>\$ 201</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, 2014

	MassDOT X008	WRTA	MassDOT 69650	EDA 14046	HS Evac 1B	HS Evac 2
Revenues:						
Federal grants	\$ 9,678	\$ 262,646	\$ 701,017	\$ 1,090	\$ -	\$ -
State grants	-	65,662	175,254	-	30,124	3,564
Local contracts	-	-	-	-	-	-
Local assessments	2,420	-	-	1,181	-	-
In-kind contributions	-	-	-	-	-	-
Other local revenues	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	<u>12,098</u>	<u>328,308</u>	<u>876,271</u>	<u>2,271</u>	<u>30,124</u>	<u>3,564</u>
Expenditures:						
Direct salaries	5,941	154,843	423,399	4,754	14,560	1,670
Travel	-	3,631	6,234	13	196	127
Equipment	-	-	1,916	-	-	-
Consultants	-	-	-	-	2,299	-
Conferences/meetings	-	100	1,826	-	-	-
Computer software	-	3,319	3,346	-	-	-
Supplies	-	-	-	-	-	-
Legal	-	-	651	-	-	-
In-kind contributions	-	-	-	-	-	-
Other direct costs	-	1,445	102	-	-	-
Indirect costs	6,157	160,474	438,797	4,927	15,089	1,731
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>12,098</u>	<u>323,812</u>	<u>876,271</u>	<u>9,694</u>	<u>32,144</u>	<u>3,528</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ -</u>	<u>\$ 4,496</u>	<u>\$ -</u>	<u>\$ (7,423)</u>	<u>\$ (2,020)</u>	<u>\$ 36</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, 2014

	DLTA FY13	DLTA FY14	CIC Grant	Elimination	Total
Revenues:					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 1,988,033
State grants	84,380	101,404	48,404	-	508,792
Local contracts	-	-	-	-	74,088
Local assessments	189	10,140	-	-	137,456
In-kind contributions	28,000	-	-	(28,000)	-
Other local revenues	-	-	-	-	2,661
	<u>112,569</u>	<u>111,544</u>	<u>48,404</u>	<u>(28,000)</u>	<u>2,711,030</u>
Total Revenues					
Expenditures:					
Direct salaries	38,463	52,524	1,637	-	938,229
Travel	612	863	-	-	13,706
Equipment	-	-	-	-	1,916
Consultants	-	-	45,071	-	699,304
Conferences/meetings	1,557	2,342	-	-	8,156
Computer software	-	300	-	-	6,965
Supplies	-	-	-	-	138
Legal	-	1,081	-	-	2,395
In-kind contributions	28,000	-	-	(28,000)	-
Other direct costs	-	-	-	-	13,819
Indirect costs	39,862	54,434	1,696	-	972,351
	<u>108,494</u>	<u>111,544</u>	<u>48,404</u>	<u>(28,000)</u>	<u>2,656,979</u>
Total Expenditures					
Excess (Deficiency) of Revenues over Expenditures					
	<u>\$ 4,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,051</u>

*See accompanying independent auditor's report*

**CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION**

Schedule of Indirect Cost Rate

Year Ended June 30, 2014

	<u>Direct Labor</u>	<u>Other Direct Costs</u>	<u>Indirect Costs</u>	<u>Unreimbursed Costs</u>	<u>Total Expenditures</u>
Expenditures					
Salaries	\$ 938,229	\$ -	\$ 286,565	\$ -	\$ 1,224,794
Fringe benefits - salaries	-	-	164,151	-	164,151
Fringe benefits - insurance	-	-	162,498	-	162,498
Retiree health insurance	-	-	96,020	12,272	108,292
Payroll taxes	-	-	25,402	-	25,402
Equipment	-	1,916	-	-	1,916
Consultants	-	699,304	-	-	699,304
Conferences & meetings	-	8,156	10,258	-	18,414
Travel	-	13,706	1,235	-	14,941
Supplies	-	138	8,958	-	9,096
Software	-	6,965	13,357	-	20,322
Rent	-	-	136,272	-	136,272
Repairs & maintenance	-	-	6,023	-	6,023
Professional fees	-	2,395	14,702	-	17,097
Memberships	-	-	4,665	-	4,665
Postage	-	22	3,102	-	3,124
Office expense	-	80	4,491	-	4,571
Equipment rental	-	-	6,481	-	6,481
Insurance	-	-	5,936	-	5,936
Telephone	-	1,445	5,101	-	6,546
Recruitment	-	-	3,199	-	3,199
Marketing	-	-	5,345	-	5,345
Depreciation	-	-	8,590	-	8,590
Total Expenditures	<u>\$ 938,229</u>	<u>\$ 734,127</u>	<u>\$ 972,351</u>	<u>\$ 12,272</u>	<u>\$ 2,656,979</u>

Indirect Cost Rate = Indirect Costs/Direct Labor

$$\frac{\$ 972,351}{\$ 938,229} = 103.64\%$$

*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, 2014

	<u>DLTA FY13</u>
Resources:	
Federal / State grant	\$ 164,978
In-kind contributions	28,000
Local assessments	<u>8,249</u>
Total Revenues	<u><u>\$ 201,227</u></u>
Expenditures:	
Direct salaries	79,802
Direct costs	33,526
Indirect costs	<u>83,824</u>
Total Expenditures	<u><u>\$ 197,152</u></u>
Federal / State - Participation in Project Cost	90.9%
Pursuant to contracts, the Federal / State grant may not exceed the lesser of the percentage participation shown above or:	<u><u>\$ 164,978</u></u>
Accordingly, the Federal / State grant permissible is:	\$ 164,978
Less: Federal / State grant payments	<u>164,978</u>
Federal / State Grant Receivable (Payable)	<u><u>\$ -</u></u>

*See accompanying independent auditor's report*

**ROLAND P. LAMBALOT, P.C.**

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**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, 2014. 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, 2014.

## 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, 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We issued our report thereon dated March 13, 2015, 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  
March 13, 2015

**CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2014

<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	\$ 1,090
<u>Federal Highway Administration</u>			
Passed through Massachusetts Department of Transportaton	20.205	69650	701,017
<u>Federal Transit Administration</u>			
Passed through Massachusetts Department of Transportation	20.505 20.505	80-X008 80-X007	9,678 129,982
Passed through Worcester Regional Transit Authority	20.507	WRTA13	262,646
Direct funding	20.516 20.521	N/A N/A	374,859 284,186
<u>Department of Homeland Security</u>			
Passed through Massachusetts Emergency Management	97.067 97.067 97.067	SHSP10 SHSP11 SHSP12	118,073 101,035 5,467
Total Federal Awards			<u><u>\$1,988,033</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, 2014

**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.

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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, 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 13, 2015.

**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  
March 13, 2015

**CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

**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, 2014

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