

CENTRAL MASSACHUSETTS
REGIONAL PLANNING
COMMISSION

FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTARY
INFORMATION, AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2017

(WITH INDEPENDENT AUDITOR'S REPORT THEREON)

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Year Ended June 30, 2017

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CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Required Supplementary Information

Management's Discussion and Analysis - Unaudited

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, 2017. Please read this discussion and analysis in conjunction with the Commission's financial statements which begin on page 7.

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, 1 Mercantile Street, Suite 520, Worcester, Massachusetts 01608.

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 10 through 24 of the report.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Required Supplementary Information

Management's Discussion and Analysis - Unaudited

Condensed Financial Information

Condensed financial information as of and for the years ended June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 1,257,920	\$ 1,308,919
Capital assets, net	<u>12,931</u>	<u>22,878</u>
Total assets	<u>1,270,851</u>	<u>1,331,797</u>
Current liabilities	409,099	448,571
Long-term liabilities	<u>296,090</u>	<u>296,090</u>
Total liabilities	<u>705,189</u>	<u>744,661</u>
Total net position	<u>\$ 565,662</u>	<u>\$ 587,136</u>
Total operating revenues	<u>\$ 2,408,487</u>	<u>\$ 2,342,435</u>
Total operating expenses, excluding depreciation	2,404,746	2,286,125
Depreciation	<u>12,065</u>	<u>12,153</u>
Total operating expenses, including depreciation	2,416,811	2,298,278
Grant funded fixed asset activity	<u>-</u>	<u>(335)</u>
Change in net position	(8,324)	43,822
Beginning net position	<u>573,986</u>	<u>530,164</u>
Ending net position	<u>\$ 565,662</u>	<u>\$ 573,986</u>

Financial Highlights

The assets of the Commission exceed its liabilities at the close of the most recent fiscal year by \$565,662. Total net position decreased by \$8,324 for the year ended June 30, 2017. 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 \$66,052 or 2.82%
- Total expenses, exclusive of depreciation, increased by \$118,621 or 5.19%
- Revenues from assessments from member communities were \$147,716

See accompanying independent auditor's report

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Required Supplementary Information

Management's Discussion and Analysis - Unaudited

Economic Factors and Next Year's Budget

Charged with improving the quality of life for those who live and work in the Region, CMRPC evolves with the Region's needs. Central Massachusetts is at a turning point in its development. Across sectors, calls to preserve Massachusetts' diverse character are on the rise. For our Region in particular, preservation and necessary growth must occur in tandem. As we pursue targeted economic development and improved transportation infrastructure, we must also protect our unique resources, mitigate sprawl, and ensure environmental sustainability. In the coming years, we will be required to take an integrated, cross-sector planning approach.

CMRPC, together with our partners, will leverage these changes to strengthen Central Massachusetts. We will lead the charge while looking to our local governments, State officials, Federal, State and Local partners, nonprofits, business communities, and the public – for collaboration and support.

As important are the new associations we are making, as we continue to identify and partner with other agencies that share regional missions and service areas. In Community Development and Regional Services areas, District Local Technical Assistance (DLTA) has provided wide-spread opportunities for our communities, and further provides funding for us to partner with the Administration and Community Compact Communities to develop best practices.

Transportation and Community Development staff continues to look for new areas of participation and interaction. Regional Services continues to promote and advance inter-municipal collaboration and regionalism. CMRPC will continue to identify and take advantage of new opportunities in Transportation, Land Use and Regional Services, and we anticipate a productive and high level of service to our member municipalities. We will continue to grow programs that help communities work across borders.

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.

All financial statements, footnote disclosures made, and schedules prepared to satisfy GASB 68 requirements have been presented based on the Commission's opinion that it is in a special funding situation. No net pension liability for the current year nor prior period adjustment have been reported as, under a special funding situation, the responsibility for these items belongs to the non-employer contributing entity. It is the Commission's opinion that it is, and has been for over forty years, in a special funding arrangement as defined by GASB 68. The Commission's position is contrary to that presented in the published Massachusetts State Employees' Retirement System report. The Commission has joined other similarly affected agencies in pursuing legislative relief from this, and any other, assessment for employer contributions or reimbursements.

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. We extend our sincere appreciation to commission Delegates and especially to the conscientious and devoted Executive Committee, for its leadership and support.

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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, 2017, 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, 2017 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

State Board of retirement Dispute

The Commission has not recorded retirement plan liabilities and expenses relating to its participation in the Massachusetts State Employees Retirement System (MSERS). Please see Note 15. Contingencies included in these financial statements.

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 1 through 3, Schedule of the Commission's Proportionate Share of the Net Pension Liability and Schedule of Pension Liability on pages 25 and 26 are 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 27 through 31 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 19, 2018, 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 19, 2018

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Statement of Net Position

June 30, 2017

ASSETS

Current Assets

Cash and cash equivalents	\$ 572,834
Accounts Receivable	
Federal/State grants	399,397
Local contracts	237,805
Unbilled costs	17,129
Prepaid expense	30,755

Total current assets 1,257,920

Non-Current Assets:

Office Furniture and Equipment	124,479
Less: accumulated depreciation	111,548
Total non-current assets	<u>12,931</u>

Total assets \$ 1,270,851

LIABILITIES

Current Liabilities

Accounts payable	\$ 21,731
Accrued payroll	107,188
Accrued expenses	19,207
Deferred revenue	260,973

Total current liabilities 409,099

Long-term Liabilities

Grants payable	124,528
Accrued retiree health	171,562

Total Long-term Liabilities 296,090

Total Liabilities 705,189

Commitments and Contingencies (Notes 12 and 15)

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NET POSITION

Invested in capital assets, net of related debt	12,931
Unrestricted	552,731

Total Net Position \$ 565,662

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, 2017

Operating Revenues:

Federal	\$ 1,287,404
State	670,599
Local contracts	300,751
Local assessments	147,716
Other local revenue	2,017

Total Operating Revenues 2,408,487

Other Revenue - Pension Support from Nonemployer Contributing Entity (Note 12)	<u>465,804</u>
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Total Revenue 2,874,291

Operating Expenses

Direct salaries	1,104,987
Equipment	1,289
Consultants	73,607
Conferences/meetings	8,956
Travel	14,989
Supplies	6,428
Software	3,683
Legal	1,819
Local costs	24,192
Indirect costs	1,176,861

Total Operating Expenses 2,416,811

Pension expense (Note 12)	<u>465,804</u>
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Total Expenses 2,882,615

Change in net position (8,324)

Net position - beginning of year 573,986

Net position - end of year \$ 565,662

See accompanying notes to the financial statements

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Statement of Cash Flows

Year Ended June 30, 2017

Cash Flows From Operating Activities

Federal, state and local contracts	\$ 2,335,625
Other cash receipts	2,017
Payments to vendors	(714,670)
Payments to employees for services	<u>(1,702,783)</u>
Net cash used by operating activities	<u>(79,811)</u>

Cash Flows from Financing Activities:

Purchase of fixed assets	<u>(2,118)</u>
Net cash used by capital and related financing activities	<u>(2,118)</u>

Change in cash and cash equivalents (81,929)

Cash and cash equivalents - beginning of year 654,763

Cash and cash equivalents - end of year \$ 572,834

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

Change in net position	\$ (8,324)
Adjustments:	
Depreciation	12,065
Changes in assets and liabilities	
Receivables	(32,862)
Prepaid expenses	1,932
Payables	(15,244)
Retiree health benefits	(13,150)
Other accrued expenses	<u>(24,228)</u>
Net cash used by operating activities	<u><u>\$ (79,811)</u></u>

See accompanying notes to the financial statements

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2017

NOTE 1. Nature of the Organization

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 economic improvements of the District. The criteria provided in Government Accounting Standards Board (GASB) Statement No. 14, as modified, have been considered and there are no agencies which should be presented as component units in these financial statements of the Commission.

NOTE 2. Summary of Significant Accounting Policies

A. Basis of Presentation

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:

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 Assets. 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.

B. 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, 2017

C. 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 3. The carrying amount of the cash equivalents is fair value.

D. Compensated Absences

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

E. Capital Assets and Depreciation

Fixed assets are recorded at cost. Depreciation is computed by using the straight-line method based upon the estimated useful lives of the assets. Assets acquired under federal or state grants and contracts are recorded at cost, are capitalized directly to net assets and are depreciated over their estimated useful lives using the straight-line method. Depreciation on general fixed assets is charged to operations as an indirect cost. This charge amounted to \$12,065 for the year ended June 30, 2017. Depreciation on grant assets is charged directly against net assets. Capital assets are defined as assets with initial costs exceeding \$1,000. Expenditures for repair and maintenance are expensed.

F. 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.

G. 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 Massachusetts State Agencies. The Commission places its cash investments with high credit banks and the Massachusetts Municipal Depository Trust. Management routinely assesses the financial strength of the institutions as a means to minimize this risk. Management considers credit risks to be minimal.

H. 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, 2017

I. New Accounting Pronouncements

In June of 2015 the GASB issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial statements of state and local governmental OPEB plans for making decisions and assessing accountability. The Authority implemented this statement during fiscal year 2017. The adoption of this standard did not have a material impact on the Authority's financial statements.

In August of 2015 the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The principal objective of this Statement is to require the disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The Authority implemented this statement during fiscal year 2017. The adoption of this standard did not have a material impact on the Authority's financial statements.

In December of 2015 the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68. The Authority implemented this statement during fiscal year 2017. The adoption of this standard did not have a material impact on the Authority's financial statements.

In December of 2015 the GASB issued GASB No. 79, *Certain External Investments Pools and Pool Participants*. The principal objective of this statement is to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized costs for financial reporting purposes. The Authority implemented this statement during fiscal year 2017. The adoption of this standard did not have a material impact on the Authority's financial statements.

In January of 2016 the GASB issued GASB No. 80, *Blending Requirements for Certain Component Units*. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The Authority implemented this statement during fiscal year 2017. The adoption of this standard did not have a material impact on the Authority's financial statements.

In March of 2016 the GASB issued GASB No. 82, *Pension Issues*. The objective of this statement is to improve the consistency in the application of pension accounting and financial reporting addressing certain issues that have been raised with respect to Statements 67, 68, and 73. The Authority implemented this statement during fiscal year 2017. The adoption of this standard did not have a material impact on the Authority's financial statements.

The GASB has issued the following statements, which require adoption subsequent to June 30, 2017 and are applicable to the Authority. The Authority has not yet adopted these statements, and the implication on the Authority's fiscal practices and financial reports is being evaluated.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2017

<u>Statement No.</u>		<u>Adoption Required in Fiscal Year</u>
75	<i>Accounting and Financial Reporting for Postemployment Benefits Other than Pensions</i>	2018
81	<i>Irrevocable Split-Interest Agreements</i>	2018
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activity</i>	2020
85	<i>Omnibus 2017</i>	2018
86	<i>Certain Debt Extinguishment Issues</i>	2018
87	<i>Leases</i>	2021

J. Pensions

For purposes of measuring the Commission's net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Massachusetts State Employees Retirement System (MSERS) and additions to/deductions from the MSERS's fiduciary position have been determined on the same basis as they are reported by MSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Deferred Outflows/Inflows of Resources

The Commission accounts for certain transactions that result in the consumption or acquisition of one period that are applicable to future periods as deferred outflows and inflows, respectively, to distinguish them from assets and liabilities. For fiscal 2017, the Commission has reported deferred outflows that are related to its pension plan.

Note 3. 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, 2017 \$-0- of the Commission's bank balance of \$636,817 was exposed to custodial credit risk.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2017

NOTE 4. 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, 2017 all accounts receivable were deemed to be collectable.

NOTE 5. Local Assessments

The Commission received local matching funds of \$147,716 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 6. Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, being depreciated				
Equipment	\$ 117,702	\$ 2,118	\$ -	\$ 119,820
Furniture and fixtures	4,659	-	-	4,659
Total Capital Assets	<u>122,361</u>	<u>2,118</u>	<u>-</u>	<u>124,479</u>
Less Accumulated Depreciation for:				
Equipment	96,795	11,599	-	108,394
Furniture and fixtures	2,688	466	-	3,154
Total Accumulated Depreciation	<u>99,483</u>	<u>12,065</u>	<u>-</u>	<u>111,548</u>
Capital Assets, net	<u>\$ 22,878</u>	<u>\$ (9,947)</u>	<u>\$ -</u>	<u>\$ 12,931</u>

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. The Commission has not extended the lease.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2017

Effective November 28, 2017 the Commission entered into a lease for 4,887 square feet of office space at 1 Mercantile Street in Worcester, Massachusetts. The Rent Commencement Date for the lease is three months after initial occupancy. The lease is for a period of ten years from the Rent Commencement Date. There is an option to extend the lease to January 31, 2030. The initial base rent is \$112,401 for the initial year. The lease calls for annual increases of \$0.50 a square foot. Additional rent consists of \$276 per month for office furniture, 2.61% of operating charge increase in excess of Base Year charges, and metered utilities.

Minimum future payments required as of June 30, 2017 are as follows:

2018	\$ 98,225
2019	112,809
2020	115,252
2021	117,695
2022	120,139
2023 and thereafter	749,339

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.

NOTE 11. 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.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2017

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.

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, 2017:

Annual required contribution	\$ 79,005
Interest on net OPEB obligation	14,777
Adjustment to annual required contribution	(13,590)
Annual OPEB cost (expense)	<u>80,192</u>
Contributions made	<u>-</u>
Increase in net OPEB obligation	80,192
Net OPEB obligation - beginning of year	184,712
Prior year funding	(93,342)
Net OPEB obligation - end of year	<u><u>\$ 171,562</u></u>

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2017

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

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB cost contributed</u>	<u>Net OPEB obligation</u>
2010	\$ 77,902	0.0%	\$ 77,902
2014	108,292	88.7%	12,272
2015	96,591	98.8%	1,196
2017	80,192	0.0%	80,192

The Commission’s net OPEB obligation as of June 30, 2017 is recorded as “accrued retiree health”. The Commission’s OPEB obligation for fiscal 2016 was funded in part before December 31, 2017 and the allowable amount of \$56,000 is included as an allowed indirect cost per the Uniform Guidance.

E. Funded Status and Funding Progress

As of June 30, 2017, the most recent actuarial valuation date, the plan was 72.89 percent funded. The actuarial accrued liability for benefits was \$705,824 and the actuarial value of assets was \$514,074, resulting in an unfunded actuarial accrued liability (UAAL) of \$191,210. The covered payroll (annual payroll of active employees covered by the plan) was \$1,110,495 and the ratio of the UAAL to the covered payroll was 17.22%. 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.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2017

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, 2017 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, 2017 was twenty two years.

NOTE 12. Retirement Plans

General Information about the Pension Plan

This footnote is required by GASB 68 and is presented in its entirety for informational purposes only as the state has the responsibility for the net pension liability and annual contributions based on the Commission's position noted below.

A. Plan Description

Effective July 1, 1965 the Commission established a contributory retirement system for its employees pursuant to Section 28 (4) of Chapter 32 of the General Laws. The Commission has become a member of the MSERS. MSERS is a public employees retirement system (PERS) that administers a cost-sharing, multiple-employer, defined benefit pension plan. The Commission has traditionally not been required to contribute since their admission and is reporting the plan's activities as a "special funding situation" as defined in GASB 68.

The Retirement System provides retirement, disability, and death benefits to plan members and beneficiaries. Chapter 32 of Massachusetts General Laws (MGL) assigns authority to establish and amend benefit provisions of the plan. Management of MSERS is vested in the Massachusetts State Retirement Board. MSERS is part of the Commonwealth's reporting entity and does not issue a stand-alone audited financial report.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2017

B. Benefits Provided

MSERS provides retirement, disability, cost of living adjustments, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after to April 1, 2012, retirement allowances are calculated on the basis of the last five years or any consecutive five years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, group creditable service level of compensation, and group classification. The authority for amending these provisions rests with the Legislature.

C. Funding Policy

Plan members are required to contribute to the Retirement System at rates ranging from 5% to 11% of annual covered compensation. The Commission is required to pay into the Retirement System its share of the systemwide actuarially determined contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth reimburses the Retirement System for a portion of benefit payments attributed to cost-of-living increases granted prior to July 1, 1998. Chapter 32 of the MGL governs the contributions of plan members and the Commission. Through the year ended June 30, 2017 the Commission has not contributed to the Retirement System. For the year ended June 30, 2017 the Commission's "total employer pension expense" of \$465,804 was assumed by parties other than the Commission through the special funding arrangement referred to above.

Pension Liabilities, Pension expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Commission has a liability of \$3,324,869 for its proportionate share of the net pension liability. The presentation of this amount is for disclosure purposes only and has not been recorded on the Commission's financial statements as it will be funded under the special funding arrangement referred to above. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. Update procedures were used to roll forward the total pension liability to June 30, 2016. The Commission's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Commission's proportion of net pension liability was 0.02411 percent.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2017

Since MSERS performs an actuarial valuation bi-annually, there are no reported amounts for changes in benefit terms differences between expected and actual experience and changes in assumptions as of June 30, 2016.

In the MSERS retirement system report for the year ended June 30, 2016, in addition to assets, the statement of fiduciary net position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of fiduciary net position that applies to a future period (s) and so will not be recognized as an outflow of resources (deduction) until then.

In addition to liabilities, the statement of fiduciary net position will sometimes report a separate section for deferred inflow of resources. This separate financial element, *deferred inflow of resources*, represents an acquisition of net position that applies to future period (s) and so will not be recognized as an inflow of resources (addition) until that time. MSERS netted the inflows and outflows of the system and reported them as deferred inflows.

For the year ended June 30, 2017, the Commission recognized pension expense of \$465,804 offset by a corresponding amount labeled as other revenue – pension support from nonemployer contributing entity. At June 30, 2017 the Commission reported had net outflows related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between projected and actual earnings on pension plan investments, differences between expected and actual experience, changes in assumptions and changes in proportion	<u>\$ 927,675</u>

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 206,779
2019	206,779
2020	317,636
2021	183,401
2022	13,080

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2017

A. Actuarial Assumptions

The total pension liability in the January 1, 2016 actuarial valuation and the related update to June 30, 2016 (the measurement date), were determined using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial cost method	Individual entry age normal cost method
Asset valuation method	Uses a corridor approach where the actuarial value of assets cannot be less than 90% nor greater than 110% of the market value.
Inflation	3.0 percent
Salary increases	Based on analysis of past experience but range from 4.0% to 9.0% depending on group and length of service.
Investment rate of return	7.5% per year of net investment expenses.
Cost of living adjustments	3.0% cost of living increase per year.
Mortality rates:	
Pre-retirement	The RP-2000 Employees Table projected generationally with Scale BB and a base year of 2009 (gender distinct).
Post-retirement	RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct).
Disability	Mortality rate is assumed to be in accordance with the RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year of 2015 (gender distinct).

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period of January 1, 2014 to January 1, 2016.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2017

Investment assets of MSERS are with the Pension Reserve Investment Trust (PRIT) Fund. The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PTIT's target asset allocation of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	40.00%	6.90%
Core Fixed Income	13.00%	1.60%
Private Equity	10.00%	8.70%
Real Estate	10.00%	4.60%
Value Added Fixed Income	10.00%	4.80%
Hedge Funds	9.00%	4.00%
Portfolio Completion Strategies	4.00%	3.60%
Timber/Natural Resources	4.00%	5.40%
Total	<u>100.00%</u>	

B. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net pension was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2017

C. Sensitivity of the Commission’s proportionate share of the net pension liability to changes in the discount rate

The following presents the Commission’s proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Commission’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Commission's proportionate share of the net pension liability	N/A	N/A	N/A

D. Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued MSERS retirement system report.

Other Pension Plans

The Commission also administers a deferred compensation plan through which employees can participate in a voluntary, payroll-deducted retirement program created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, death approved or unforeseeable emergency. All amounts of compensation deferred, property purchased with those amounts, and all income attributable to those amounts are held in trust for the exclusive benefit of participants and their beneficiaries.

NOTE 13. 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 up to 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*.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2017

NOTE 14. Matching Contributions

The Commission did not identify any matching contributions for the year ended June 30, 2017 which qualify under its grant agreements in accordance with the Uniform Guidance. There are no amounts recorded in the financial statements. By definition they represent amounts identified by third parties meeting the criteria for matching contributions as stated in the Uniform Guidance which do not meet the revenue recognition criteria under generally accepted accounting principles.

NOTE 15. Contingencies

The Commission has received notification from the State Board of Retirement of a potential assessment in the amount of \$754,030 for reimbursement of the Commission's proportionate share of retiree benefits paid to former employees for calendar years 2013 through 2016. The Commission has not recorded this liability. The Commission joined the State Retirement System effective July 1, 1965 and has never been assessed nor made employer contributions to the System nor have they ever been required to reimburse the state for specific benefits paid. The State contends that under Massachusetts General Law, Chapter 32, Section 4, subsections a-c, the Commission is to be treated as a nonspecial funding situation. It is the Commission's opinion that it is, and has been for over forty years, in a special funding arrangement as defined by GASB 68. The Commission's position is contrary to that presented in the published Massachusetts State Employees' Retirement System report.

The Commission has joined other similarly affected agencies in pursuing legislative relief from this, and any other, assessment for employer contributions or reimbursements. There are presently other Regional Planning Agencies established under the same statutes as CMRPC that are deemed to be in a special funding arrangement. It is the Commission's intention to vigorously pursue a legislative resolution that will result in the determination that it is in a special funding situation. The Commission's ability to continue as a going concern could be at risk as they do not have the ability to recover either required contributions or reimbursement assessments under present, and anticipated, federal and state contracts. This would also impact their ability to fund OPEB liabilities referred to in Note 11.

All financial statements, footnote disclosures made, and schedules prepared to satisfy GASB 68 requirements have been presented based on the Commission's opinion that it is in a special funding situation. No net pension liability for the current year nor prior period adjustment have been reported as, under a special funding situation, the responsibility for these items belongs to the nonemployer contributing entity.

NOTE 16. Subsequent Events

The Commission has evaluated events subsequent to June 30, 2017 through March 19, 2018, 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

Required Supplementary Information

Schedule of the Commission's Proportionate Share of the Net Pension Liability - Unaudited
Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Commission's proportion of the net pension liability	N/A	N/A	N/A
Commission's proportionate share of the net pension liability	N/A	N/A	N/A
Commission's covered-employee payroll	N/A	N/A	N/A
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A

Notes to Required Supplementary Information

Measurement Date

The amounts presented in this schedule were determined as of June 30, 2015.

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

Changes Information

Since MSERS performs an actuarial valuation bi-annually, there are no reported amounts for the changes in benefit terms, differences between expected and actual experience and changes in assumptions as of June 30, 2016.

Other

The Commission has taken the position that it is subject to a special funding situation, as defined by GASB 68, and therefore has not reported the net pension liability on its financial statements as contributions against the net pension liability are the responsibility of the state. This reporting is consistent with the position taken in Note 12.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Required Supplementary Information

Schedule of Pension Contributions - Unaudited

Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially required contribution	N/A	N/A	N/A
Contributions in relation to the actuarially required contribution	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contribution deficiency (excess)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered-employee payroll	N/A	N/A	N/A
Contributions as a percentage of its covered-employee payroll	N/A	N/A	N/A

Notes to Required Supplementary Information

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10 year trend is compiled, information is presented for those years for which information is available.

Contributions

The Commission has taken the position that it is subject to a special funding situation, as defined in GASB 68, and therefore is not required to make contributions to the plan. The contributions referred to above are those made by the State as pension support from a nonemployer contributing entity as the Commission has no required contribution. This reporting is consistent with the position taken in Note 12.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Budgetary Comparison Schedule

Year Ended June 30, 2017

	<u>Final</u> <u>Budget</u>	<u>Actual</u> <u>Activity</u>	<u>Variance</u>
Revenues			
Grants and contracts	\$ 2,590,299	\$ 2,258,754	\$ (331,545)
Local assessments	147,720	147,716	(4)
Other income	<u>2,500</u>	<u>2,017</u>	<u>(483)</u>
Total Revenues	<u><u>2,740,519</u></u>	<u><u>2,408,487</u></u>	<u><u>(332,032)</u></u>
Expenses			
Direct salaries	1,243,301	1,104,987	138,314
Equipment	-	1,289	(1,289)
Consultants	250,000	73,607	176,393
Conferences/meetings	10,500	8,956	1,544
Travel	14,000	14,989	(989)
Supplies	2,500	6,428	(3,928)
Software	4,000	3,683	317
Other direct costs	3,620	1,819	1,801
Local costs	-	24,192	(24,192)
Indirect costs	<u>1,212,598</u>	<u>1,176,861</u>	<u>35,737</u>
Total Expenses	<u><u>2,740,519</u></u>	<u><u>2,416,811</u></u>	<u><u>323,708</u></u>
 Excess of Revenues over Expenses - Budgetary	 <u><u>\$ -</u></u>	 <u><u>\$ (8,324)</u></u>	 <u><u>\$ (8,324)</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, 2017

	Local Programs	SHSP FY15	SHSP FY16	MassDOT X010	MassDOT X011	WRTA	MassDOT 88916	DLTA FY17
Revenues:								
Federal grants	\$ -	\$ 101,420	\$ 4,635	\$ 108,653	\$ 31,166	\$ 296,351	\$ 663,618	\$ -
State grants	134,089	-	-	-	-	74,088	165,905	128,367
Local contracts	300,216	-	-	-	-	-	-	-
Local assessments	24,753	-	-	27,172	7,792	-	-	14,263
In-kind contributions	-	-	-	-	-	-	-	-
Other local revenues	2,017	-	-	-	-	-	-	-
Total Revenues	461,075	101,420	4,635	135,825	38,958	370,439	829,523	142,630
Expenditures:								
Direct salaries	177,915	46,061	2,606	65,516	18,627	179,777	395,288	67,082
Travel	3,441	264	9	323	123	3,241	4,824	971
Equipment	-	-	-	-	-	-	1,289	-
Consultants	54,021	-	-	-	-	-	370	2,887
Conferences/meetings	4,130	696	-	-	370	371	446	244
Computer software	150	-	-	-	-	190	3,124	-
Supplies	2,575	-	-	-	-	953	2,138	-
Legal	532	-	-	242	-	-	1,045	-
In-kind contributions	-	-	-	-	-	-	-	-
Other direct costs	24,192	-	-	-	-	-	-	-
Indirect costs	189,488	49,057	2,775	69,778	19,838	191,471	420,999	71,446
Total Expenditures	456,444	96,078	5,390	135,859	38,958	376,003	829,523	142,630
Excess (Deficiency) of Revenues over Expenditures	\$ 4,631	\$ 5,342	\$ (755)	\$ (34)	\$ -	\$ (5,564)	\$ -	\$ -

See accompanying independent auditor's report

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Revenues and Expenditures Allocated by Contract/Activity

Year Ended June 30, 2017

	DLTA FY16	DLTA FY15	CIC Grant	HS Evac 2	Pre-disaster Mitigation	PDM HMGP	Total
Revenues:							
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 47,382	\$ 34,179	\$ 1,287,404
State grants	133,784	-	16,532	17,834	-	-	670,599
Local contracts	535	-	-	-	-	-	300,751
Local assessments	16,867	-	-	-	42,963	13,906	147,716
In-kind contributions	-	-	-	-	-	-	-
Other local revenues	-	-	-	-	-	-	2,017
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	151,186	-	16,532	17,834	90,345	48,085	2,408,487
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:							
Direct salaries	76,946	186	1,180	7,429	43,482	22,892	1,104,987
Travel	1,216	-	-	-	345	232	14,989
Equipment	-	-	-	-	-	-	1,289
Consultants	280	-	14,013	1,456	-	580	73,607
Conferences/meetings	2,699	-	-	-	-	-	8,956
Computer software	12	-	-	-	207	-	3,683
Supplies	762	-	-	-	-	-	6,428
Legal	-	-	-	-	-	-	1,819
In-kind contributions	-	-	-	-	-	-	-
Other direct costs	-	-	-	-	-	-	24,192
Indirect costs	81,951	197	1,257	7,912	46,311	24,381	1,176,861
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	163,866	383	16,450	16,797	90,345	48,085	2,416,811
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (12,680)</u>	<u>\$ (383)</u>	<u>\$ 82</u>	<u>\$ 1,037</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,324)</u>

See accompanying independent auditor's report

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Indirect Cost Rate

Year Ended June 30, 2017

	<u>Direct</u> <u>Labor</u>	<u>Other</u> <u>Direct</u> <u>Costs</u>	<u>Indirect</u> <u>Costs</u>	<u>Unreimbursed</u> <u>Costs</u>	<u>Total</u> <u>Expenditures</u>
Expenditures					
Salaries	\$ 1,104,987	\$ -	\$ 400,405	\$ -	\$ 1,505,392
Fringe benefits - salaries	-	-	211,146	-	211,146
Fringe benefits - insurance	-	-	192,387	-	192,387
Retiree health insurance	-	-	56,000	24,192	80,192
Payroll taxes	-	-	30,989	-	30,989
Equipment	-	1,289	1,079	-	2,368
Consultants	-	73,607	5,742	-	79,349
Conferences & meetings	-	8,956	20,123	-	29,079
Travel	-	14,989	3,341	-	18,330
Supplies	-	4,254	12,480	-	16,734
Software	-	3,683	18,011	-	21,694
Rent	-	-	136,272	-	136,272
Repairs & maintenance	-	143	6,280	-	6,423
Professional fees	-	1,819	21,099	-	22,918
Memberships	-	-	5,929	-	5,929
Postage	-	612	3,172	-	3,784
Office expense	-	189	10,278	-	10,467
Equipment rental	-	-	9,140	-	9,140
Insurance	-	-	6,785	-	6,785
Telephone	-	953	7,020	-	7,973
Recruitment	-	160	3,785	-	3,945
Marketing	-	117	3,333	-	3,450
Depreciation	-	-	12,065	-	12,065
	<u>-</u>	<u>-</u>	<u>12,065</u>	<u>-</u>	<u>12,065</u>
Total Expenditures	<u>\$ 1,104,987</u>	<u>\$ 110,771</u>	<u>\$ 1,176,861</u>	<u>\$ 24,192</u>	<u>\$ 2,416,811</u>

Indirect Cost Rate = Indirect Costs/Direct Labor

$$\frac{\$ 1,176,861}{\$ 1,104,987} = 106.50\%$$

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, 2017

	<u>MassDOT X010</u>
Resources:	
Federal / State grant	132,711
In-kind contributions	-
Local assessments	<u>33,202</u>
Total Revenues	<u><u>165,913</u></u>
Expenditures:	
Direct salaries	80,364
Direct costs	650
Indirect costs	<u>84,993</u>
Total Expenditures	<u><u>166,007</u></u>
Federal / State - Participation in Project Cost	80%
Pursuant to contracts, the Federal / State grant may not exceed the lesser of the percentage participation shown above or:	<u><u>158,035</u></u>
Accordingly, the Federal / State grant permissible is:	132,711
Less: Federal / State grant payments	<u>132,711</u>
Federal / State Grant Receivable (Payable)	<u><u>-</u></u>

See accompanying independent auditor's report

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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 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, 2017. 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 the audit requirements of Title 2 U. S *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

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 the Uniform Guidance, 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.

The 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the basic financial statements of the Commission as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We issued our report thereon dated March 19, 2018, 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 the Uniform Guidance 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.

The 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Roland P. Lambalot, PC

Methuen, Massachusetts
March 19, 2018

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>Department of Transportation</u>				
Pass through programs				
MassDOT	20.205	88916	-	663,618
MassDOT	20.505	80-0011	-	31,166
MassDOT	20.505	80-0010	-	<u>108,653</u>
Sub-total CFDA 20.505			-	139,819
Worcester Regional Transit Authority	20.507	WRTA16	-	296,351
<u>Department of Homeland Security</u>				
Pass through programs				
MEMA	97.039	PDM HMGP	-	34,179
MEMA	97.047	PDMC 13-02	-	47,382
MEMA	97.067	SHSP15	-	101,420
MEMA	97.067	SHSP16	-	<u>4,635</u>
Sub-total CFDA 97.067			-	<u>106,055</u>
Total Federal Awards			<u>\$ -</u>	<u>\$1,287,404</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, 2017

Note 1 - 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.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) has been prepared using the accrual basis of accounting and includes federal, state, and local expenditures. The schedule includes the federal award activity of the Commission under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Commission.

Note 3 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 4 – Indirect Cost Rates

The Authority has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

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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, 2017, 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 19, 2018.

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 19, 2018

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

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 for Each Major Federal Program, Report on Internal Control over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance for Federal Awards.
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 200.516 of the Uniform Guidance are reported in this schedule.
7. The programs tested as major programs include: there were no programs that reached the financial threshold of being considered as a major program
8. The threshold for distinguishing Types A and B programs was \$750,000
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, 2017

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