

**CENTRAL MASSACHUSETTS
REGIONAL PLANNING COMMISSION**

FINANCIAL STATEMENTS

AND AUDITOR'S REPORTS

June 30, 2009

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Year Ended June 30, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners of the
Central Massachusetts Regional Planning Commission

We have audited the Statement of Net Assets of Central Massachusetts Regional Planning Commission (the Commission) as of June 30, 2009 and the related Statements of Revenue, Expenses and Changes in Net Assets and Cash Flows for the year then ended. These financial statements are the responsibility of the Commission's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 2009 and results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2010 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 5 and 15 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation for the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Commission taken as a whole. The supplementary information included on pages 16 through 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Methuen, Massachusetts
January 13, 2010

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, 2009. Please read this discussion and analysis in conjunction with the Commission's financial statements which begin on page 6.

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

Overview of the Financial Statements

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

Revenue is recorded when earned and expenses are recorded when incurred. The financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, 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 assets presents information on the assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets 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 assets 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 assets for the fiscal year. That change combined with the previous year's end net asset total reconciles to the net asset 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 14 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, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 1,244,163	\$ 1,108,428
Capital assets, net	<u>3,937</u>	<u>3,524</u>
Total assets	<u>1,248,100</u>	<u>1,111,952</u>
Current liabilities	768,752	570,207
Long-term liabilities	<u>-</u>	<u>104,077</u>
Total liabilities	<u>768,752</u>	<u>674,284</u>
Total net assets	<u>\$ 479,348</u>	<u>\$ 437,668</u>
Total operating revenues	<u>\$ 3,516,718</u>	<u>\$ 3,458,251</u>
Total operating expenses, excluding depreciation	3,471,866	3,379,533
Depreciation	<u>3,172</u>	<u>4,229</u>
Total operating expenses, including depreciation	<u>3,475,038</u>	<u>3,383,762</u>
Change in net assets	41,680	74,489
Beginning net assets	<u>437,668</u>	<u>363,179</u>
Ending net assets	<u>\$ 479,348</u>	<u>\$ 437,668</u>

Financial Highlights

The assets of the Commission exceed its liabilities at the close of the most recent fiscal year by \$479,668. Total net assets increased by \$41,680 for the year ended June 30, 2009. 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 assets consist primarily of cash and accounts receivable.

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

- Contract revenue increased by \$58,467 or 1.7%
- Total expenses, exclusive of depreciation, increased by \$92,333 or 2.7%
- Revenues from assessments from member communities were \$121,582

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 CMRPC attempts to make contributions to its fund balance on an annual basis to provide some discretionary funds for unanticipated revenue shortfalls or delayed payments. While we continue to support this practice, the present economic recession and constrained state and federal budgets will require us to reduce this contribution in the near term. The proposed budget will reflect a conservative approach to forecasting competitive grants awards; and also will need to recognize the longer period expenditures of federal transportation funding together with the prohibition of carrying funds into future program years. The DLTA funding remains an important component of the Community Development sector. Currently, there are ongoing discussions for a follow-up of the Metro-West transportation mobility study that may develop into a more comprehensive study, with some funding to CMRPC, through a regional Economic Development and Land Use suitability study. We assume that communities will not have the customary funds to update master plans or to undertake other discretionary studies. The budget forecast assumes retention of all staff and an additional grantsmanship and municipal services. The appropriate indirect cost rate target is under discussion with a general consensus that it should approximate the contractual rate in the transportation contract, so as to avoid a repayment and to not erode direct salary availability.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Statement of Net Assets

June 30, 2009

ASSETS

Current Assets

Cash and cash equivalents	\$ 187,404
Certificates of deposit	347,399
Accounts Receivable	
Federal/State grants	589,201
Local contracts	55,950
Unbilled costs	37,996
Other	523
Prepaid expense	25,690

Total current assets 1,244,163

Non-Current Assets:

Office Furniture and Equipment	33,788
Less: accumulated depreciation	<u>29,851</u>
Total non-current assets	<u>3,937</u>

Total assets \$ 1,248,100

LIABILITIES

Current Liabilities

Accounts payable	\$ 277,970
Accrued payroll	68,989
Accrued expenses	36,624
Deferred revenue	315,646
Grants payable	69,523

Total current liabilities 768,752

NET ASSETS

Invested in capital assets, net of related debt	3,937
Unrestricted	<u>475,411</u>

Total Net Assets \$ 479,348

See accompanying notes to the financial statements

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Statement of Revenues, Expenses and Changes in Net Assets

Year Ended June 30, 2009

Operating Revenues:

Federal/state	\$ 2,872,895
Local contracts	506,011
Local assessments	121,582
Other local revenue	16,230

Total Operating Revenues 3,516,718

Operating Expenses

Direct salaries	826,950
Equipment	1,234,640
Consultants	368,030
Training	98,929
Conferences/meetings	3,255
Travel	12,961
Supplies	3,146
Software	4,152
Other direct costs	5,699
Indirect costs	917,276

Total Operating Expenses 3,475,038

Change in net assets 41,680

Net assets - beginning of year 437,668

Net assets - end of year \$ 479,348

See accompanying notes to the financial statements

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Statement of Cash Flows

Year Ended June 30, 2009

Cash Flows From Operating Activities	
Federal, state and local contracts	\$ 3,517,331
Other cash receipts	15,707
Payments to vendors	(2,275,351)
Payments to employees for services	(1,300,634)
	<u>(42,947)</u>
Net cash used by operating activities	<u>(42,947)</u>
 Cash Flows from Financing Activities:	
Investments in Certificates of Depoist	(267,715)
Purchase of capital assets	(3,172)
	<u>(270,887)</u>
Net cash used by capital and related financing activities	<u>(270,887)</u>
 Cash flows from Noncapital Financing Activities	
Proceed from bank loans	90,000
Principal payment on bank loans	(90,000)
Principal payments on capital lease obligations	(3,942)
	<u>(3,942)</u>
Net cash used in noncapital financing activities	<u>(3,942)</u>
 Change in cash and cash equivalents	(317,776)
 Cash and cash equivalents - beginning of year	<u>505,180</u>
 Cash and cash equivalents - end of year	<u>\$ 187,404</u>
 Reconciliation of increase in net assets to net cash provided by operating activities:	
Change in net assets	\$ 41,680
Adjustments:	
Depreciation	3,172
Changes in assets and liabilities	
Receivables	(102,599)
Prepaid expenses	(3,513)
Payables	3,259
Other accrued expenses	15,054
	<u>15,054</u>
 Net cash provided by operating activities	<u>\$ (42,947)</u>
 Supplementary Information	
Interest paid	1,217

See accompanying notes to the financial statements

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2009

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 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.

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, 2009

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 \$3,172 for the year ended June 30, 2009. 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, 2009

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, 2009 \$159,263 of the Commission's bank balance of \$659,263 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, 2009 all accounts receivable were deemed to be collectable.

NOTE 4. Local Assessments

The Commission received local matching funds of \$121,582 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.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2009

NOTE 5. Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Equipment	\$ 43,761	\$ -	\$ 13,558	\$ 30,203
Furniture and fixtures	4,081	3,584	4,080	3,585
Computer software	9,495	-	9,495	-
Leasehold improvements	9,952	-	9,952	-
Total Capital Assets	<u>67,289</u>	<u>3,584</u>	<u>37,085</u>	<u>33,788</u>
Less Accumulated Depreciation for:				
Equipment	40,237	3,172	13,558	29,851
Furniture and fixtures	4,081	-	4,081	-
Computer software	9,495	-	9,495	-
Leasehold improvements	9,952	-	9,952	-
Total Accumulated Depreciation	<u>63,765</u>	<u>3,172</u>	<u>37,086</u>	<u>29,851</u>
Capital Assets, net	<u>\$ 3,524</u>	<u>\$ 412</u>	<u>\$ (1)</u>	<u>\$ 3,937</u>

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.

Beginning balance	\$ -
Loan proceeds	90,000
Loan payments	90,000
Ending balance	<u>\$ -</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.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2009

Minimum future annual rental payments required as of June 30, 2009 are as follows:

2010	\$ 127,755
2011	127,755
2012	127,755
2013	132,014
2014	136,272
Thereafter	<u>476,952</u>
	<u>\$ 1,128,503</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.

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.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2009

NOTE 12. Postretirement 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 will study the provisions of GASB Statement No. 45 *Accounting and Financial Reporting by Employees for Postemployment Benefits Other than Pensions*. In anticipation of this adoption the fiscal practices and financial reports of the Commission will be evaluated.

Note 13. Litigation

The Commission has a pending legal proceeding that involves employment issues. This proceeding is, in the opinion of management, an ordinary routine matter incidental to the normal business conducted by the Commission. In the opinion of management and the Commission's outside legal counsel, such proceeding is substantially covered by insurance, and the ultimate disposition of such proceeding is not expected to have a material adverse effect on the Commission's financial position, results of operations or cash flows.

Note 14. Subsequent Events

Subsequent events have been evaluated through January 13, 2010, the date on which the financial statements were available to be issued.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Budgetary Comparison Schedule

Year Ended June 30, 2009

	<u>Final</u> <u>Budget</u>	<u>Actual</u> <u>Activity</u>	<u>Variance</u>
Revenues			
Grants and contracts	\$ 5,311,727	\$ 3,378,906	\$ (1,932,821)
Local assessments	121,582	121,582	-
Other income	<u>6,500</u>	<u>16,230</u>	<u>9,730</u>
Total Revenues	<u>5,439,809</u>	<u>3,516,718</u>	<u>(1,923,091)</u>
Expenses			
Direct salaries	900,203	826,950	73,253
Equipment	2,493,300	1,234,640	1,258,660
Consultants	361,000	368,030	(7,030)
Training	675,000	98,929	576,071
Conferences/meetings	10,000	3,255	6,745
Travel	12,000	12,961	(961)
Supplies	4,500	3,146	1,354
Software	4,500	4,152	348
Other direct costs	2,500	5,699	(3,199)
Indirect costs	<u>931,356</u>	<u>917,276</u>	<u>14,080</u>
Total Expenses	<u>5,394,359</u>	<u>3,475,038</u>	<u>1,919,321</u>
Excess of Revenues over Expenses - Budgetary	<u>\$ 45,450</u>	<u>\$ 41,680</u>	<u>\$ (3,770)</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, 2009

	SHSP FY05	SHSP FY06	SHSP FY07	LETTP FY05	LETTP FY 06
Revenues:					
Federal/State grants	\$ 41,604	\$ 648,616	\$ 71,700	\$ (2,529)	\$ 705,499
Local contracts	-	-	-	84	-
Local assessments	-	-	-	-	-
Other local revenues	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	41,604	648,616	71,700	(2,445)	705,499
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:					
Direct salaries	-	14,990	6,685	-	29,553
Travel	-	377	44	84	254
Equipment	39,567	527,786	42,975	(2,529)	601,623
Training	457	57,252	-	-	41,220
Exercises	-	3,040	-	-	-
Consultants	1,580	25,353	14,577	-	-
Conferences/meetings	-	-	-	-	-
Computer software	-	-	-	-	-
Supplies	-	-	-	-	-
Legal	-	-	-	-	74
Other direct costs	-	-	-	-	-
Indirect costs	-	16,625	7,414	-	32,775
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	41,604	645,423	71,695	(2,445)	705,499
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues over Expenditures	\$ -	\$ 3,193	\$ 5	\$ -	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying independent auditor's report

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Revenues and Expenditures Allocated by Contract/Activity

Year Ended June 30, 2009

	MHN 52456	MHD 53772	FTA 0002	FTA 0003	FTA JARC
Revenues:					
Federal/State grants	\$ 834,099	\$ 208,914	\$ 68,540	\$ 37,810	\$ 135,808
Local contracts	-	-	-	-	-
Local assessments	202	-	17,365	9,446	-
Other local revenues	-	-	-	-	-
	<u>834,301</u>	<u>208,914</u>	<u>85,905</u>	<u>47,256</u>	<u>135,808</u>
Total Revenues					
Expenditures:					
Direct salaries	388,679	-	39,810	21,954	-
Travel	6,864	-	320	287	-
Equipment	137	-	-	-	25,081
Training	-	-	-	-	-
Exercises	-	-	-	-	-
Consultants	-	208,914	280	-	110,727
Conferences/meetings	1,157	-	704	569	-
Computer software	4,050	-	-	-	-
Supplies	1,578	-	-	-	-
Legal	774	-	460	98	-
Other direct costs	-	-	180	-	-
Indirect costs	431,062	-	44,151	24,348	-
	<u>834,301</u>	<u>208,914</u>	<u>85,905</u>	<u>47,256</u>	<u>135,808</u>
Total Expenditures					
Excess (Deficiency) of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Revenues and Expenditures Allocated by Contract/Activity

Year Ended June 30, 2009

	EPA BF-96113101	WRTA	Barre CDBG	Brookfield CDBG	Local Programs
Revenues:					
Federal/State grants	\$ 3,057	\$ -	\$ -	\$ -	\$ 119,777
Local contracts	-	264,152	23,353	28,989	189,517
Local assessments	(156)	-	-	-	94,641
Other local revenues	-	-	-	-	16,230
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	2,901	264,152	23,353	28,989	420,165
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:					
Direct salaries	1,353	124,044	10,573	13,730	175,579
Travel	48	953	95	32	3,603
Equipment	-	-	-	-	-
Training	-	-	-	-	-
Exercises	-	-	-	-	-
Consultants	-	900	-	-	5,699
Conferences/meetings	-	685	-	-	140
Computer software	-	-	-	-	102
Supplies	-	-	-	-	1,617
Legal	-	-	959	-	65
Other direct costs	-	-	-	-	-
Indirect costs	1,500	137,570	11,726	15,227	194,878
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	2,901	264,152	23,353	28,989	381,683
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ 38,482
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying independent auditor's report

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Indirect Cost Rate

Year Ended June 30, 2009

	<u>Direct</u> <u>Labor</u>	Other <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	\$ 826,950	\$ -	\$ 312,744	\$ -	\$ 1,139,694
Fringe benefits - salaries	-	-	149,832	-	149,832
Fringe benefits - insurance	-	-	162,254	-	162,254
Payroll taxes	-	-	26,746	-	26,746
Equipment	-	-	-	-	-
Consultants	-	1,234,640	1,637	-	1,236,277
Training	-	368,030	-	-	368,030
Conferences & meetings	-	98,929	9,828	-	108,757
Travel	-	3,255	4,495	-	7,750
Supplies	-	12,961	23,266	-	36,227
Software	-	3,146	8,859	-	12,005
Other direct costs	-	4,152	-	-	4,152
Rent	-	5,699	127,755	-	133,454
Repairs & maintenance	-	-	16,304	-	16,304
Professional fees	-	-	25,472	-	25,472
Memberships	-	-	4,532	-	4,532
Equipment rental	-	-	19,062	-	19,062
Insurance	-	-	7,211	-	7,211
Telephone	-	-	5,721	-	5,721
Finance charges	-	-	5,101	-	5,101
Miscellaneous	-	-	3,285	-	3,285
Depreciation	-	-	3,172	-	3,172
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 826,950</u>	<u>\$ 1,730,812</u>	<u>\$ 917,276</u>	<u>\$ -</u>	<u>\$ 3,475,038</u>

Indirect Cost Rate = Indirect Costs/Direct Labor

$$\frac{\$ 917,276}{\$ 826,950} = 110.92\%$$

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, 2009

	<u>FTA 80-4002</u>
Resources:	
Federal / State grant	\$ 125,625
Local assessments	<u>31,842</u>
Total Revenues	<u><u>\$ 157,467</u></u>
Expenditures:	
Direct salaries	71,314
Direct costs	3,177
Indirect costs	<u>82,976</u>
Total Expenditures	<u><u>\$ 157,467</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>\$ 126,824</u>
Accordingly, the Federal / State grant permissible is:	\$ 125,974
Less: Federal / State grant payments	<u>122,621</u>
Federal / State Grant Receivable (Payable)	<u><u>\$ 3,353</u></u>

See accompanying independent auditor's report

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Commissioners and Finance Committee
Central Massachusetts Regional Planning Commission

Compliance

We have audited the compliance of Central Massachusetts Regional Planning Commission (the Commission) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United 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. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

As described in item 2009-2 in the accompanying schedule of findings and questioned costs the Commission did not comply with the compliance requirement of Allowable Costs/Cost Principles that are applicable to its Highway Planning and Construction Program. Compliance with such requirements is necessary, in our opinion, for the Commission to be in compliance with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over

compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control are compliance described in the accompanying schedule of findings and questioned cost as item 2009-2 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Commissioners, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Methuen, Massachusetts
January 13, 2010

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*

Commissioners and Finance Committee
Central Massachusetts Regional Planning Commission

We have audited the financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining information of Central Massachusetts Regional Planning Commission (The Commission) as of and for the year ended June 30, 2009, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated January 13, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. The findings are referenced as 2009-1 through 2009-3.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of 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*.

This report is solely intended for the information and use of the Commissioners, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Methuen, Massachusetts
January 13, 2010

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

(A Component Unit of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs

Year Ended June 30, 2009

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 and Homeland Security Grant Program CFDA No. 97.607
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.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

(A Component Unit of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs

Year Ended June 30, 2009

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Significant Deficiencies

2009-1 Inadequate Control over Billings

Condition: There are no procedures in place to ensure that all costs are billed in a timely fashion. A review of costs charged to a major program discovered that two weeks of time charges, direct costs and related overhead were not billed.

Criteria: Internal controls should be in place to provide guidance that all expenditures are recovered through the billing process.

Cause: Internal controls over monitoring costs are inadequate.

Effect: Because of the failure to monitor costs incurred versus accumulated billings the agency may realize a loss of revenue.

Recommendation: The Commission develops a procedure whereby reviews are made and documented of the matching of costs incurred against amounts billed.

Response: The Commission agrees with the findings and the recommended procedure has been implemented.

2009-2 Improper Charging of Interest Costs

Condition: There is no procedure in place to charge interest costs incurred on a revolving credit line to an unallowable cost account. OMB Cost Circular A-87 specifically disallows this cost. The amount of interest charged was immaterial to the financial statements.

Criteria: Internal controls should be in place to follow the principles of the cost circular.

Cause: Internal controls over unallowable costs are inadequate; the result of this finding was the inclusion of interest costs as indirect expenses.

Effect: The Commission may overstate the indirect cost rate and charge contracts for unallowable expenditures.

Recommendations: A check list should be developed to determine which costs incurred by the Commission are unallowable under the applicable cost procedure.

Response: The Commission agrees with the finding and will review Cost Circular A-87 for those costs that it determines are unallowable and create a checklist to ensure that only acceptable expenses be reimbursed.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

(A Component Unit of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs

Year Ended June 30, 2009

2009-3 Inadequate Control Over Fixed Assets

Condition: The Commission does not have a capitalization policy that establishes the amount at which fixed assets are required to be capitalized and depreciated.

Criteria: Management should be provided with direction in this area.

Cause: The Commission has no policy that directs employees as to the proper capitalization of equipment purchases.

Effect: Because of the lack of a policy the Commission may expense through the indirect cost rate items that should be capitalized and recovered through depreciation charges.

Recommendation: That the Commission adopt a policy to provide employees with guidance in this area.

Response: The Commission agrees with the finding and will establish an appropriate level for capitalization of fixed assets acquisitions.

Instance of Non-Compliance:

None matters were reported.

C. FINDING AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

Significant Deficiency

CFDA 20.205: Highway Planning and Construction

Federal Award Year: 2009

U.S. Department of Transportation, Federal Transit Administration

2009-1 through 2009-3: The significant deficiencies related to the financial statements apply to this grant.

Instances of Non-Compliance

Finding 2009-2: The charging of unallowable expenses is in violation of the compliance requirement of “Allowable Costs/Cost Principles”.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

(A Component Unit of the Commonwealth of Massachusetts)

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2009

<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>
Housing and Urban Development			
Passed through Town of Barre	14.219	Barre	\$ 23,353
Passed through Town of Brookfield	14.219	Brookfield	28,989
<u>Federal Highway Administration</u>			
Passed through Massachusetts Highway Department	20.205	52546	834,099
	20.205	53772	208,914
<u>Federal Transit Administration</u>			
Direct funding	20.507	N/A	135,808
Passed through Executive Office of Transportation	20.507	80-X002	68,540
	20.507	80-X003	37,810
Passed through Worcester Regional Transit Authority	20.507	WRTA09	264,152
Environmental Protection Agency			
Direct funding	66.818	N/A	3,057
Department of Homeland Security			
Passed through Massachusetts Emergency Management	97.067	SHSP	761,920
	97.067	LETPP	<u>702,970</u>
 Total Federal Awards			 <u><u>\$3,069,612</u></u>

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

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

(A Component Unit of the Commonwealth of Massachusetts)

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2009

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.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

(A Component Unit of the Commonwealth of Massachusetts)

Summary Schedule of Prior Year Audits

June 30, 2009

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