

CENTRAL MASSACHUSETTS
REGIONAL PLANNING
COMMISSION

FINANCIAL STATEMENTS

AND AUDITOR'S REPORTS

June 30, 2015

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Year Ended June 30, 2015

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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, 2015. Please read this discussion and analysis in conjunction with the Commission's financial statements which begin on page 8.

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

Overview of the Financial Statements

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

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

The statement of net position presents information on the assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

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

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

The notes to the financial statements provide additional information that is essential to the understanding of the data provided in the basic financial statements and can be found on pages 11 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, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 1,375,533	\$ 1,873,394
Capital assets, net	22,150	21,624
Total assets	<u>1,397,683</u>	<u>1,895,018</u>
Current liabilities	<u>867,519</u>	<u>1,402,544</u>
Total liabilities	<u>867,519</u>	<u>1,402,544</u>
Total net position	<u>\$ 530,164</u>	<u>\$ 492,474</u>
Total operating revenues	<u>\$ 2,742,658</u>	<u>\$ 2,711,030</u>
Total operating expenses, excluding depreciation	2,696,311	2,648,389
Depreciation	<u>11,545</u>	<u>8,590</u>
Total operating expenses, including depreciation	2,707,856	2,656,979
Grant funded fixed asset activity	<u>(3,112)</u>	<u>(3,325)</u>
Change in net position	31,690	50,726
Beginning net position	<u>498,474</u>	<u>447,748</u>
Ending net position	<u>\$ 530,164</u>	<u>\$ 498,474</u>

Financial Highlights

The assets of the Commission exceed its liabilities at the close of the most recent fiscal year by \$530,164. Total net position increased by \$31,690 for the year ended June 30, 2015. 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 \$31,628 or 1.16%
- Total expenses, exclusive of depreciation, increased by \$47,922 or 1.78%
- Revenues from assessments from member communities were \$140,601

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.

Moving forward, CMRPC will uphold the programs for which it is best known: transportation, land use, community development and GIS. We will also cultivate other programs areas. With an increased demand for regional services, we will continue to grow programs that help communities work across borders. We will expand our breadth of services, building on past innovations such as Central Mass Grown, a Buy Local initiative, and the Central Massachusetts DataCommon, a community data website.

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 transportation 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. These efforts will be the basis for a regional comprehensive plan to commence this year if funding is available. In Community Development and Regional Services areas, DLTA has provided wide-spread opportunities for our communities, and further provide funding for us to partner with the Administration and Community Compact Communities to develop best practices.

The transportation staff continues to lead efforts for interdepartmental planning in the areas of transportation, land use and regional services. Transportation and Community Development staff 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.

As allowed by enabling legislation, community assessments have be approved by Commission Delegates with a 2 ½ percent increase, and will be forwarded to municipalities for Town Meeting consideration. The Commission continues to stay current with its annual contributions to its GASB Statement 45 for OPEB retirement health care.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Required Supplementary Information

Management's Discussion and Analysis - Unaudited

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. 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, 2015, 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, 2015 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 14. Commitments and 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 4, 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 32 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 February 1, 2016, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Roland P. Lambalot, PC

Methuen, Massachusetts
February 1, 2016

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Statement of Net Position

June 30, 2015

ASSETS

Current Assets

Cash and cash equivalents	\$ 699,384
Accounts Receivable	
Federal/State grants	503,488
Local contracts	130,650
Unbilled costs	23,082
Prepaid expense	18,929

Total current assets 1,375,533

Non-Current Assets:

Office Furniture and Equipment	109,146
Less: accumulated depreciation	86,996
Total non-current assets	<u>22,150</u>

Total assets \$ 1,397,683

LIABILITIES

Current Liabilities

Accounts payable	\$ 92,051
Accrued payroll	92,600
Accrued expenses	18,990
Deferred revenue	347,821
Accrued retiree health	186,765
Grants payable	129,292

Total current liabilities 867,519

Commitments and Contingencies (Notes 10 and 14) -

NET POSITION

Invested in capital assets, net of related debt	22,150
Unrestricted	508,014

Total Net Position \$ 530,164

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, 2015

Operating Revenues:

Federal	\$ 1,658,872
State	581,957
Local contracts	357,392
Local assessments	140,601
Other local revenue	3,836

Total Operating Revenues 2,742,658

Other Revenue - Pension Support from Nonemployer Contributing Entity (Note 10)	<u>32,532</u>
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Total Revenue 2,775,190

Operating Expenses

Direct salaries	995,838
Equipment	196,226
Consultants	409,298
Conferences/meetings	16,239
Travel	13,077
Supplies	15,634
Software	4,192
Other direct costs	5,013
Indirect costs	1,052,339

Total Operating Expenses 2,707,856

Pension expense (Note 10)	<u>32,532</u>
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Total Expenses 2,740,388

Change in net position 34,802

Depreciation of grant funded fixed assets	(3,112)
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Net position - beginning of year 498,474

Net position - end of year \$ 530,164

See accompanying notes to the financial statements

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Statement of Cash Flows

Year Ended June 30, 2015

Cash Flows From Operating Activities

Federal, state and local contracts	\$ 2,876,621
Other cash receipts	3,836
Payments to vendors	(1,584,892)
Payments to employees for services	(1,511,304)
Net cash used by operating activities	<u>(215,739)</u>

Cash Flows from Financing Activities:

Purchase of fixed assets	<u>(15,183)</u>
Net cash used by capital and related financing activities	<u>(15,183)</u>

Change in cash and cash equivalents (230,922)

Cash and cash equivalents - beginning of year 930,306

Cash and cash equivalents - end of year \$ 699,384

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

Change in net position	\$ 34,802
Adjustments:	
Depreciation	11,545
Changes in assets and liabilities	
Receivables	267,878
Prepaid expenses	5,061
Payables	(395,156)
Retiree health benefits	571
Other accrued expenses	(140,440)
Net cash provided by operating activities	<u><u>\$ (215,739)</u></u>

See accompanying notes to the financial statements

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2015

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

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

A. Reporting Entity

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

B. Basis of Accounting

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

C. Budget

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

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2015

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 \$11,545 for the year ended June 30, 2015. 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, 2015

J. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

K. New Accounting Pronouncements

In June, 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed.

The Commission implemented this statement in fiscal year 2015. The adoption of this standard had the following effects on the Commission's financial statements:

- a) The presentation of pension support from a nonemployer contributing entity and corresponding pension expense
- b) An actuarially determined pension expense and deferred inflows of resources
- c) Significant new note disclosures, and new required supplementary information data

In November, 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. This statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The Commission implemented this statement during fiscal year 2015. The adoption of this standard did not have a material impact on the Commission's financial statements.

In January, 2013, the GASB issued GASB No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Commission implemented this statement during fiscal year 2015. The adoption of this standard did not have a material impact on the Commission's financial statements.

The GASB has issued the following statements, which require adoption subsequent to June 30, 2015 and are applicable to the Commission. The Commission has not yet adopted these statements, and the implication on the Commission's fiscal practices and financial reports is being evaluated.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2015

Statement No.		Adoption Required in Fiscal Year
72	<i>Fair Value Measurement and Application</i>	2016
73	<i>Accounting and Financial Reporting for Pensions and Financial Reporting for Pension Plans That Are Not Administered through Trusts that Meet Specified Criteria</i>	2016
74	<i>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans</i>	2017
75	<i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans</i>	2018
76	<i>The Hierachy of Generally Accepted Accounting Principles for State and Local Governments</i>	2016
77	<i>Tax Abatement Disclosures</i>	2017

L. 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.

M. 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 2015, the Commission has reported deferred inflows that are related to its pension plan.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2015

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, 2015 \$-0- of the Commission’s bank balance of \$741,499 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, 2015 all accounts receivable were deemed to be collectable.

NOTE 4. Local Assessments

The Commission received local matching funds of \$140,601 through an assessment of its member communities. These funds are distributed to the active grants during the period based upon costs incurred and the required matching formula.

NOTE 5. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, being depreciated				
Equipment	\$ 90,378	\$ 15,183	\$ -	\$ 105,561
Furniture and fixtures	3,585	-	-	3,585
Total Capital Assets	<u>93,963</u>	<u>15,183</u>	<u>-</u>	<u>109,146</u>
Less Accumulated Depreciation for:				
Equipment	70,467	14,298	-	84,765
Furniture and fixtures	1,872	359	-	2,231
Total Accumulated Depreciation	<u>72,339</u>	<u>14,657</u>	<u>-</u>	<u>86,996</u>
Capital Assets, net	<u>\$ 21,624</u>	<u>\$ 526</u>	<u>\$ -</u>	<u>\$ 22,150</u>

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2015

NOTE 6. Lease Commitments

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

Minimum future annual rental payments required as of June 30, 2015 are as follows:

2016	\$ 136,272
2017	136,272
2018	<u>68,136</u>
	<u>\$ 340,680</u>

NOTE 7. 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 8. 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 9. Completed Grants

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

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2015

NOTE 10. Retirement Plans

General Information about the Pension Plan

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.

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

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.

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 rest 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, 2015 the Commission has not contributed to the Retirement System. For the year ended June 30, 2015 the Commission's "total employer pension expense" of \$32,352 was assumed by parties other than the Commission through the special funding arrangement referred to above.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2015

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

At June 30, 2015, the Commission has a liability of \$1,438,478 for its proportionate share of the net pension liability. This liability 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, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. Update procedures were used to roll forward the total pension liability to June 30, 2014. 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, 2014, the Commission's proportion of net pension liability was 0.02396 percent.

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, 2014.

In the MSERS retirement system report for the year ended June 30, 2014, 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, 2015, the Commission recognized pension expense of \$32,352 offset by a corresponding amount labeled as other revenue – pension support from nonemployer contributing entity. At June 30, 2015 the Commission reported had net inflows related to pensions from the following sources:

	Deferred Inflows of Resources
Difference between projected and actual earnings on pension plan investments	\$ <u><u>(612,709)</u></u>

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2015

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

Year ended June 30:

2016	\$ (153,177)
2017	(153,177)
2018	(153,177)
2019	(153,178)

A. Actuarial Assumptions

The total pension liability in the January 1, 2014 actuarial valuation and the related update to June 30, 2014 (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 3.5% to 9.0% depending on group and length of service.
Investment rate of return	8.0% 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 with scale AA (gender distinct).
Post-retirement	Healthy Annuitant table projected 15 years with Scale AA (gender distinct).
Disability	Mortality rate is assumed to be in accordance with the RP-2000 Table projected 5 years with Scale AA (gender distinct) set forward for 3 years for males.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period of January 1, 2012 to January 1, 2014.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2015

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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	<u>Rate of Return</u>
Global Equity	43.00%	7.70%
Core Fixed Income	13.00%	2.00%
Hedge Funds	10.00%	4.75%
Private Equity	10.00%	9.00%
Real Estate	10.00%	6.00%
Value Added Fixed Income	10.00%	6.30%
Timber/Natural Resources	4.00%	5.00%
Total	<u>100.00%</u>	

B. Discount Rate

The discount rate used to measure the total pension liability was 8.00 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.

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 8.00 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 (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	7.00%	8.00%	9.00%
Commission's proportionate share of the net pension liability	N/A	N/A	N/A

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2015

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 11. 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*.

NOTE 12. Other Postemployment Benefits

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

A. Plan Description

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

B. Benefits Provided

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

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2015

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, 2015:

Annual required contribution	\$ 95,395
Interest on net OPEB obligation	14,895
Adjustment to annual required contribution	<u>(13,699)</u>
Annual OPEB cost (expense)	96,591
Contributions made	<u>-</u>
Increase in net OPEB obligation	96,591
Net OPEB obligation - beginning of year	186,194
Prior year funding	<u>(96,020)</u>
Net OPEB obligation - end of year	<u><u>\$ 186,765</u></u>

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

Fiscal year ended	Annual OPEB Cost	Percentage of OPEB cost contributed	Net OPEB obligation
2010	\$ 77,902	0.0%	\$ 77,902
2013	54,759	100.0%	-
2014	108,292	88.7%	12,272
2015	96,591	0.0%	96,591

The Commission’s net OPEB obligation as of June 30, 2015 is recorded as “accrued retiree health”. The Commission’s OPEB obligation for fiscal 2015 was funded in part before December 31, 2015 and the allowable amount of \$95,395 is included as an allowed indirect cost per OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2015

E. Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the plan was 34.36 percent funded. The actuarial accrued liability for benefits was \$800,210 and the actuarial value of assets was \$274,987, resulting in an unfunded actuarial accrued liability (UAAL) of \$525,223. The covered payroll (annual payroll of active employees covered by the plan) was \$1,189,707 and the ratio of the UAAL to the covered payroll was 44.15%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimated about the future. A schedule of funding progress will be presented when the plan has been in place for a sufficient number of years to allow it present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Commission and the Plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Commission and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations. In the June 30, 2015 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, 2015 was twenty four years.

NOTE 13. Matching Contributions

The Commission has identified \$51,686 in matching contributions for the year ended June 30, 2015 which qualify under its grant agreements in accordance with OMB Circular A-110. These amounts are not recorded in the financial statements. They represent amounts identified by third parties meeting the criteria for matching contributions as stated in OMB Circular A-110 which do not meet the revenue recognition criteria under generally accepted accounting principles.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2015

NOTE 14. Commitments and Contingencies

The Commission has received notification from the State Board of Retirement of a potential assessment in the amount of \$184,157 for reimbursement of the Commission's proportionate share of retiree benefits paid to former employees in the 2013 calendar year. 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 12.

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 15. Subsequent Events

The Commission has evaluated events subsequent to June 30, 2015 through February 1, 2016, 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

For the Year Ended June 30, 2015

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

Notes to Required Supplementary Information

Measurement Date

The amounts presented in this schedule were determined as of June 30, 2014.

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 December 31, 2014.

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 14.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Required Supplementary Information
Schedule of Pension Contributions
For the Year Ended June 30, 2015

	<u>2015</u>
Actuarially required contribution	N/A
Contributions in relation to the actuarially required contribution	<u>N/A</u>
Contribution deficiency (excess)	<u><u>N/A</u></u>
Covered-employee payroll	N/A
Contributions as a percentage of its covered-employee payroll	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 14.

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Budgetary Comparison Schedule

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Activity	Variance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues				
Grants and contracts	\$ 2,579,135	\$ 2,849,135	\$ 2,598,221	\$ (250,914)
Local assessments	140,601	140,601	140,601	-
Other income	2,000	2,000	3,836	1,836
Total Revenues	<u>2,721,736</u>	<u>2,991,736</u>	<u>2,742,658</u>	<u>(249,078)</u>
Expenses				
Direct salaries	1,015,346	1,060,346	995,838	64,508
Equipment	5,000	5,000	196,226	(191,226)
Consultants	590,000	790,000	409,298	380,702
Conferences/meetings	7,863	10,863	16,239	(5,376)
Travel	14,000	14,000	13,077	923
Supplies	1,000	1,000	15,634	(14,634)
Software	4,000	4,000	4,192	(192)
Other direct costs	-	-	5,013	(5,013)
Indirect costs	1,084,527	1,106,527	1,052,339	54,188
Total Expenses	<u>2,721,736</u>	<u>2,991,736</u>	<u>2,707,856</u>	<u>283,880</u>
Excess of Revenues over Expenses - Budgetary	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,802</u>	<u>\$ 34,802</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, 2015

	Local Programs	SHSP FY12	SHSP FY13	MassDOT X008	MassDOT X009	FTA JARC
Revenues:						
Federal grants	\$ -	\$ 38,112	\$ 139,091	\$ 141,076	\$ 12,459	\$ 329,839
State grants	71,643	-	-	-	-	-
Local contracts	357,392	-	-	-	-	-
Local assessments	69,817	-	-	35,269	3,115	-
In-kind contributions	-	-	-	-	-	-
Other local revenues	3,836	-	-	-	-	-
	<u>502,688</u>	<u>38,112</u>	<u>139,091</u>	<u>176,345</u>	<u>15,574</u>	<u>329,839</u>
Total Revenues						
Expenditures:						
Direct salaries	91,944	20,778	67,158	85,516	7,558	-
Travel	1,329	126	175	461	29	182
Equipment	187,423	-	-	-	-	-
Consultants	64,280	-	-	-	-	329,657
Conferences/meetings	5,425	-	790	-	-	-
Computer software	180	-	-	-	-	-
Supplies	12,865	-	-	-	-	-
Legal	850	-	-	-	-	-
In-kind contributions	-	-	-	-	-	-
Other direct costs	1,301	-	-	-	-	-
Indirect costs	97,161	21,957	70,968	90,368	7,987	-
	<u>462,758</u>	<u>42,861</u>	<u>139,091</u>	<u>176,345</u>	<u>15,574</u>	<u>329,839</u>
Total Expenditures						
Excess (Deficiency) of Revenues						
over Expenditures	<u>\$ 39,930</u>	<u>\$ (4,749)</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, 2015

	WRTA	MassDOT 69650	DLTA FY15	DLTA FY14	USDA Food
Revenues:					
Federal grants	\$ 265,453	\$ 692,225	\$ -	\$ -	\$ 23,896
State grants	66,363	173,056	86,076	143,455	-
Local contracts	-	-	-	-	-
Local assessments	-	-	-	14,346	12,481
In-kind contributions	-	-	-	-	-
Other local revenues	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	331,816	865,281	86,076	157,801	36,377
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:					
Direct salaries	157,327	413,383	39,613	75,068	17,605
Travel	3,073	5,957	566	769	168
Equipment	1,080	3,723	-	-	-
Consultants	-	-	-	374	-
Conferences/meetings	665	1,516	3,737	1,827	-
Computer software	-	2,893	300	574	-
Supplies	921	99	-	749	-
Legal	-	873	-	902	-
In-kind contributions	-	-	-	-	-
Other direct costs	1,057	-	-	30	-
Indirect costs	166,253	436,837	41,860	79,327	18,604
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	330,376	865,281	86,076	159,620	36,377
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues over Expenditures	\$ 1,440	\$ -	\$ -	\$ (1,819)	\$ -
	<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, 2015

	CIC Grant	HS Evac 2	PDMC 13-02	Elimination	Total
Revenues:					
Federal grants	\$ -	\$ -	\$ 16,721	\$ -	\$ 1,658,872
State grants	28,620	12,744	-	-	581,957
Local contracts	-	-	-	-	357,392
Local assessments	-	-	5,573	-	140,601
In-kind contributions	-	-	51,686	(51,686)	-
Other local revenues	-	-	-	-	3,836
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	28,620	12,744	73,980	(51,686)	2,742,658
Expenditures:					
Direct salaries	4,197	5,053	10,638	-	995,838
Travel	-	72	170	-	13,077
Equipment	4,000	-	-	-	196,226
Consultants	14,987	-	-	-	409,298
Conferences/meetings	-	2,279	-	-	16,239
Computer software	-	-	245	-	4,192
Supplies	1,000	-	-	-	15,634
Legal	-	-	-	-	2,625
In-kind contributions	-	-	51,686	(51,686)	-
Other direct costs	-	-	-	-	2,388
Indirect costs	4,436	5,340	11,241	-	1,052,339
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	28,620	12,744	73,980	(51,686)	2,707,856
Excess (Deficiency) of Revenues over Expenditures					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,802</u>

See accompanying independent auditor's report

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Indirect Cost Rate

Year Ended June 30, 2015

	<u>Direct Labor</u>	<u>Other Direct Costs</u>	<u>Indirect Costs</u>	<u>Unreimbursed Costs</u>	<u>Total Expenditures</u>
Expenditures					
Salaries	\$ 995,838	\$ -	\$ 321,271	\$ -	\$ 1,317,109
Fringe benefits - salaries	-	-	182,260	-	182,260
Fringe benefits - insurance	-	-	160,646	-	160,646
Retiree health insurance	-	-	95,395	1,196	96,591
Payroll taxes	-	-	28,417	-	28,417
Equipment	-	196,226	628	-	196,854
Consultants	-	409,298	-	-	409,298
Conferences & meetings	-	16,239	15,638	-	31,877
Travel	-	13,077	1,041	-	14,118
Supplies	-	15,634	13,325	-	28,959
Software	-	4,192	11,021	-	15,213
Rent	-	-	136,272	-	136,272
Repairs & maintenance	-	-	8,128	-	8,128
Professional fees	-	2,625	15,094	-	17,719
Memberships	-	-	5,422	-	5,422
Postage	-	-	2,518	-	2,518
Office expense	-	-	3,806	-	3,806
Equipment rental	-	-	5,842	-	5,842
Insurance	-	-	6,592	-	6,592
Telephone	-	-	5,445	-	5,445
Recruitment	-	-	18,378	-	18,378
Marketing	-	-	3,655	-	3,655
Depreciation	-	-	11,545	-	11,545
Other direct costs	-	1,192	-	-	1,192
Total Expenditures	<u>\$ 995,838</u>	<u>\$ 658,483</u>	<u>\$ 1,052,339</u>	<u>\$ 1,196</u>	<u>\$ 2,707,856</u>

Indirect Cost Rate = Indirect Costs/Direct Labor

$$\frac{\$ 1,052,339}{\$ 995,838} = 105.67\%$$

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, 2015

	<u>MassDOT X008</u>
Resources:	
Federal / State grant	\$ 150,754
In-kind contributions	37,689
Local assessments	<u>188,443</u>
Total Revenues	<u><u>\$ 376,886</u></u>
Expenditures:	
Direct salaries	91,457
Direct costs	461
Indirect costs	<u>96,525</u>
Total Expenditures	<u><u>\$ 188,443</u></u>
Federal / State - Participation in Project Cost	80.0%
Pursuant to contracts, the Federal / State grant may not exceed the lesser of the percentage participation shown above or:	<u><u>\$ 153,291</u></u>
Accordingly, the Federal / State grant permissible is:	\$ 150,754
Less: Federal / State grant payments	<u>151,465</u>
Federal / State Grant Receivable (Payable)	<u><u>\$ (711)</u></u>

See accompanying independent auditor's report

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

To the Commissioners of the
Central Massachusetts Regional Planning Commission

Report on Compliance for Each Major Program

We have audited Central Massachusetts Regional Planning Commission's (the Commission) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2015. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Program

In our opinion, the Commission complied, in all material respects, with the types compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

We have audited the basic financial statements of the Commission as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We issued our report thereon dated February 1, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Roland P. Lambalot, PC

Methuen, Massachusetts
February 1, 2016

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Department of Agriculture</u>			
Direct funding	10.168	N/A	\$ 23,896
<u>Federal Highway Administration</u>			
Passed through Massachusetts Department of Transportaton	20.205	69650	692,225
<u>Federal Transit Administration</u>			
Passed through Massachusetts Department of Transportation	20.505 20.505	80-X008 80-X009	141,076 12,459
Passed through Worcester Regional Transit Authority	20.507	WRTA13	265,453
Direct funding	20.516 20.521	N/A N/A	89,904 239,935
<u>Department of Homeland Security</u>			
Passed through Massachusetts Emergency Management	97.047 97.067 97.067	PDMC 13-02 SHSP12 SHSP13	16,721 38,112 <u>139,091</u>
Total Federal Awards			<u><u>\$1,658,872</u></u>

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

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2015

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.

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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, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated February 1, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Roland P. Lambalot, PC

Methuen Massachusetts
February 1, 2016

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

A. SUMMARY OF AUDIT RESULTS

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

B. FINDING – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM

None

CENTRAL MASSACHUSETTS REGIONAL PLANNING COMMISSION

Summary Schedule of Prior Year Audits

June 30, 2015

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