

**SOUTHWEST MICHIGAN PLANNING COMMISSION**

**FINANCIAL REPORT**

**December 31, 2010**

## CONTENTS

|  | <u>Page</u> |
|--|-------------|
| INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS   | 1           |
| FINANCIAL STATEMENTS                                   |             |
| Statement of Financial Position                        | 2           |
| Statement of Activities                                | 3           |
| Statement of Cash Flows                                | 4           |
| Statement of Functional Expenditures                   | 5           |
| Notes to Financial Statements                          | 6- 11       |
| INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION | 12          |
| ADDITIONAL INFORMATION                                 |             |
| Statement of Financial Position - Designated           | 13          |
| Statement of Activities - Designated                   | 14          |
| Statement of Financial Position:                       |             |
| FHWA Programs  | 15          |
| FTA Programs   | 16          |
| Statement of Activities:                               |             |
| FHWA Programs  | 17          |
| FTA Programs   | 18          |
| Summary of Expenditures by Work Program:               |             |
| FHWA and FTA Completed Programs - Actual to Budget     | 19          |
| MDOT Completed Programs - Actual to Budget             | 20          |
| Analysis of Local Activities                           | 21          |



## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Board of Directors of the  
Southwest Michigan Planning Commission

We have audited the accompanying statement of financial position of the Southwest Michigan Planning Commission (a nonprofit organization), as of December 31, 2010, and the related statements of activities, functional expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Southwest Michigan Planning Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's December 31, 2009 financial statements and, in our report dated October 8, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Southwestern Michigan Planning Commission as of December 31, 2010, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Schaffer &amp; Layher".

Schaffer & Layher, PLLC  
St. Joseph, Michigan  
October 4, 2011

David Schaffer, CPA  
Michael Layher, CPA  
*Founding Partners:*  
Morris McMurray, CPA  
Raymond Marks, CPA  
Jeff Edmunds, CPA

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2010**  
**with comparative totals at December 31, 2009**

| <b>Assets</b>   | <b><u>2010</u></b>       | <b><u>2009</u></b>       |
|---|--------------------------|--------------------------|
| <b>Current Assets</b>   |                          |                          |
| Cash and cash equivalents   | \$ 77,121                | \$ 83,975                |
| Due from grantors   | 226,826                  | 238,745                  |
| Prepaid expenses  | 34,110                   | 40,994                   |
| <b>Total Current Assets</b>   | <b><u>\$ 338,057</u></b> | <b><u>\$ 363,714</u></b> |
| <b>Furniture and Equipment</b>  |                          |                          |
| less accumulated depreciation of \$128,296 for 2010 and<br>\$138,992 for 2009 | \$ 7,741                 | \$ 5,377                 |
| <b>Total Assets</b>   | <b><u>\$ 345,798</u></b> | <b><u>\$ 369,091</u></b> |
| <b>Liabilities and Net Assets</b>   |                          |                          |
| <b>Current Liabilities</b>  |                          |                          |
| Accounts payable  | \$ 1,581                 | \$ 13,474                |
| Provision for accrued leave   | 27,138                   | 26,314                   |
| Accrued payroll taxes   | 1,914                    | 1,744                    |
| Escrow accounts   | 40,347                   | 26,444                   |
| Deferred revenue  | 74,710                   | 101,007                  |
| <b>Total Current Liabilities</b>  | <b><u>\$ 145,690</u></b> | <b><u>\$ 168,983</u></b> |
| <b>Net Assets</b>   |                          |                          |
| Unrestricted and undesignated   | <u>200,108</u>           | <u>200,108</u>           |
| <b>Total Liabilities and Net Assets</b>                                       | <b><u>\$ 345,798</u></b> | <b><u>\$ 369,091</u></b> |

*The accompanying notes are an integral part of these financial statements.*

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**STATEMENT OF ACTIVITIES**  
**For the year ended December 31, 2010**  
**with comparative totals for the year ended December 31, 2009**

|                                      | <u>Unrestricted<br/>2010</u> | <u>Unrestricted<br/>2009</u> |
|--------------------------------------|------------------------------|------------------------------|
| <b>Support and Revenues</b>          |                              |                              |
| <b>Support</b>                       |                              |                              |
| Federal                              | \$ 350,898                   | \$ 374,703                   |
| State                                | 200,568                      | 211,294                      |
| County                               | 60,862                       | 60,862                       |
| Local                                | 197,955                      | 88,411                       |
| <b>Total Support</b>                 | <u>\$ 810,283</u>            | <u>\$ 735,270</u>            |
| <b>Revenue</b>                       |                              |                              |
| Local revenues                       | \$ 1,943                     | \$ 2,824                     |
| Interest                             | 371                          | 731                          |
| <b>Total Revenues</b>                | <u>\$ 2,314</u>              | <u>\$ 3,555</u>              |
| <b>Total Support and Revenues</b>    | <u>\$ 812,597</u>            | <u>\$ 738,825</u>            |
| <b>Expenditures</b>                  |                              |                              |
| <b>Grants and Projects</b>           |                              |                              |
| FHWA                                 | \$ 242,854                   | \$ 210,434                   |
| FTA                                  | 61,252                       | 58,822                       |
| I-69                                 | 21,317                       | 25,873                       |
| MDOT                                 | 86,897                       | 81,237                       |
| NCST Transit                         | (6,419)                      | 33,300                       |
| US 12 Heritage Route Plan            | 27,934                       | 35,367                       |
| Rideshare                            | 45,743                       | 33,559                       |
| CED/EDA                              | 74,403                       | 92,988                       |
| Galien Watershed                     | 16,258                       | 29,198                       |
| Asset Management                     | 35,538                       | 29,597                       |
| Paw Paw Watershed                    | 63                           | 564                          |
| Black River Watershed                | (13)                         | 31,503                       |
| Green Infrastructure                 | 9,296                        | 2,306                        |
| FTA Mobility Management              | 85,762                       | -                            |
| PAL Grant                            | 15,449                       | 5,230                        |
| Local Planning                       | 50,128                       | 26,353                       |
| <b>Total Grants and Projects</b>     | <u>\$ 766,462</u>            | <u>\$ 696,331</u>            |
| Local projects and services          | 46,135                       | 40,562                       |
| <b>Total Expenditures</b>            | <u>\$ 812,597</u>            | <u>\$ 736,893</u>            |
| <b>Change in Net Assets</b>          | \$ -                         | \$ 1,932                     |
| <b>Net Assets, Beginning of Year</b> | <u>200,108</u>               | <u>198,176</u>               |
| <b>Net Assets, End of Year</b>       | <u>\$ 200,108</u>            | <u>\$ 200,108</u>            |

*The accompanying notes are an integral part of these financial statements.*

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2010**  
**with comparative totals for the year ended December 31, 2009**

|  | <u>2010</u>       | <u>2009</u>      |
|--|-------------------|------------------|
| <b>Cash Flows From Operating Activities</b>                                  |                   |                  |
| Change in net assets   | \$ -              | \$ 1,932         |
| Adjustments to reconcile change in net assets to net cash used in operations |                   |                  |
| Depreciation   | 1,477             | 1,750            |
| Provision for loss on accounts receivable (bad debts)                        | -                 | 53               |
| Changes in assets and liabilities  |                   |                  |
| Due from grantors  | 11,919            | 68,903           |
| Prepaid expenses   | 6,884             | (19,459)         |
| Accounts payable   | (11,893)          | (20,556)         |
| Provision for accrued leave  | 824               | 6,844            |
| Accrued payroll taxes  | 170               | 171              |
| Escrow accounts  | 13,903            | 4,689            |
| Deferred revenue   | (26,297)          | (5,402)          |
|  | <hr/>             | <hr/>            |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                   | <b>\$ (3,013)</b> | <b>\$ 38,925</b> |
|  | <hr/>             | <hr/>            |
| <b>Cash Flows From Investing Activities</b>                                  |                   |                  |
| Purchase of equipment  | \$ (3,841)        | \$ (526)         |
|  | <hr/>             | <hr/>            |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                  | <b>\$ (6,854)</b> | <b>\$ 38,399</b> |
| <b>Cash and Cash Equivalents - Beginning of Year</b>                         | <b>83,975</b>     | <b>45,576</b>    |
|  | <hr/>             | <hr/>            |
| <b>Cash and Cash Equivalents - End of Year</b>                               | <b>\$ 77,121</b>  | <b>\$ 83,975</b> |
|  | <hr/> <hr/>       | <hr/> <hr/>      |

*The accompanying notes are an integral part of these financial statements.*

**SOUTHWEST MICHIGAN PLANNING COMMISSION  
STATEMENT OF FUNCTIONAL EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

|                           | FHWA              | FTA              | I-69             | MDOT             | NCST<br>Transit   | US 12<br>Heritage<br>Route Plan | Rideshare        | CED/EDA          | Galien<br>Watershed | Asset<br>Management | Paw Paw<br>Watershed | Black River<br>Watershed | Green<br>Infrastructure | FTA<br>Mobility<br>Management | PAL Grant        | Local<br>Planning | Totals            |
|---------------------------|-------------------|------------------|------------------|------------------|-------------------|---------------------------------|------------------|------------------|---------------------|---------------------|----------------------|--------------------------|-------------------------|-------------------------------|------------------|-------------------|-------------------|
| <b>Expenditures</b>       |                   |                  |                  |                  |                   |                                 |                  |                  |                     |                     |                      |                          |                         |                               |                  |                   |                   |
| Salaries                  | \$ 95,959         | \$ 19,584        | \$ 7,785         | \$ 37,367        | \$ (3,044)        | \$ 9,500                        | \$ 18,060        | \$ 32,021        | \$ 5,055            | \$ 14,405           | \$ 30                | \$ (9)                   | \$ 4,349                | \$ 4,135                      | \$ 9,732         | \$ 20,248         | \$ 275,177        |
| Fringe benefits           | 39,251            | 8,010            | 3,184            | 15,285           | (1,245)           | 3,885                           | 7,388            | 13,098           | 2,068               | 5,892               | 12                   | (4)                      | 1,779                   | 1,652                         | 3,981            | 8,282             | 112,518           |
| Travel                    | 8,530             | 1,266            | 1,047            | 3,311            | -                 | 2,025                           | 866              | 3,295            | 72                  | 1,073               | -                    | -                        | -                       | 1,345                         | 351              | 1,179             | 24,360            |
| Telephone                 | 574               | 128              | 65               | 294              | -                 | 68                              | 134              | 237              | 37                  | 91                  | -                    | -                        | 3                       | 77                            | 10               | 136               | 1,854             |
| Printing and postage      | 585               | 154              | 1,101            | 203              | -                 | 252                             | 1,564            | 380              | -                   | 182                 | -                    | -                        | -                       | 5,636                         | 91               | 50                | 10,198            |
| Dues and subscriptions    | 1,014             | 488              | -                | -                | -                 | -                               | 280              | 371              | -                   | -                   | -                    | -                        | -                       | -                             | -                | -                 | 2,153             |
| Supplies and materials    | 5,145             | 473              | 216              | 1,107            | -                 | 3,025                           | 2,129            | 765              | 36                  | 191                 | -                    | -                        | 105                     | 265                           | 1,205            | 4,644             | 19,306            |
| Computer services         | 2,128             | 1,258            | 142              | 8                | -                 | 223                             | 578              | 214              | -                   | 355                 | -                    | -                        | 81                      | 445                           | 79               | 50                | 5,561             |
| Advertising               | 550               | -                | -                | 213              | -                 | -                               | 40               | -                | -                   | -                   | -                    | -                        | -                       | -                             | -                | -                 | 803               |
| Conferences and training  | 1,768             | 933              | 1,279            | -                | -                 | 272                             | -                | 1,697            | -                   | 155                 | -                    | -                        | -                       | 998                           | -                | 40                | 7,142             |
| Contractual - direct      | 206               | -                | -                | 2,281            | -                 | -                               | 175              | -                | -                   | -                   | -                    | -                        | -                       | 49,119                        | -                | -                 | 51,781            |
| Contractual               | 3,174             | -                | 33               | 547              | -                 | 1,033                           | -                | -                | 5,496               | 3,288               | -                    | -                        | -                       | 8,560                         | -                | 1,500             | 23,631            |
| Direct equipment          | 17,836            | 7,022            | 1,100            | 255              | -                 | 1,100                           | 2,045            | 175              | -                   | -                   | -                    | -                        | -                       | 2,590                         | -                | -                 | 32,123            |
| Pass thru                 | -                 | 8,344            | -                | -                | -                 | -                               | -                | -                | -                   | -                   | -                    | -                        | -                       | -                             | -                | -                 | 8,344             |
| Indirect cost pool        | 66,134            | 13,592           | 5,365            | 26,026           | (2,130)           | 6,551                           | 12,484           | 22,150           | 3,494               | 9,906               | 21                   | -                        | 2,979                   | 10,940                        | -                | 13,999            | 191,511           |
| <b>Total Expenditures</b> | <b>\$ 242,854</b> | <b>\$ 61,252</b> | <b>\$ 21,317</b> | <b>\$ 86,897</b> | <b>\$ (6,419)</b> | <b>\$ 27,934</b>                | <b>\$ 45,743</b> | <b>\$ 74,403</b> | <b>\$ 16,258</b>    | <b>\$ 35,538</b>    | <b>\$ 63</b>         | <b>\$ (13)</b>           | <b>\$ 9,296</b>         | <b>\$ 85,762</b>              | <b>\$ 15,449</b> | <b>\$ 50,128</b>  | <b>\$ 766,462</b> |

*The accompanying notes are an integral part of these financial statements.*

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. **General** - The Southwest Michigan Planning Commission (the "Commission"), one of fourteen Michigan regional planning and development agencies, serves Berrien, Cass, and Van Buren Counties. Through the Commission, local units of government coordinate their efforts to maintain and improve the physical, economic and social well being of the area. The Commission has been determined to be a not-for-profit agency for financial reporting purposes.

Commission funding is obtained from county per capita contributions and federal, state and other contracts for specified projects designed to further the Commission's goals and objectives.

- B. **Accounting Method** -The financial statements of the Commission are prepared on the accrual basis.

The Commission prepares its financial statements in accordance with FASB Accounting Standards Codification ("ASC") 958-210-45, formally known as Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*, and FASB ASC 958-605, formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. FASB ASC 958-210-45 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions or the lack thereof (i.e., unrestricted, temporarily restricted or permanently restricted). When an expense is incurred for a purpose for which both unrestricted and temporarily restricted net assets are available, FASB ASC 958-605 generally requires that organizations treat the expense as if it first satisfies a donor-imposed restriction. FASB ASC 958-605 also requires that unconditional promises to give received by the Commission be recorded as receivables and revenues when received.

The three net asset groups used for financial reporting purposes are as follows:

*Unrestricted Net Assets* - Reflect assets which have not been restricted as to use by donors.

*Temporarily Restricted Net Assets* - Reflect contributed assets whose use by the Commission has been limited by donors for a specific time period or purpose.

*Permanently Restricted Net Assets* - Reflect contributions with donor-imposed restrictions which do not expire and which allow, in certain cases, only the income earned thereon to be expended by the Commission.

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**Year Ended December 31, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED**

- C. **Project and Salary Expenditures** - The costs of goods and services which are identifiable for specific projects are directly charged to those projects at the time costs are incurred. Indirect costs are allocated to projects as described in Note 3.

Salary expenditures for Commission employees are direct charges to the appropriate projects, with the exception of management and administrative time, which is charged to the indirect cost pool. Fringe benefits are accumulated in cost pools and distributed to projects in proportion to their direct chargeable salaries. For 2010 and 2009, the total fringe benefit rate was 41.20 % and 39.70%, respectively.

- D. **Fixed Assets** - Fixed assets are valued at historical cost. Depreciation has been provided over the estimated useful lives using the straight line method. When a grantor has designated funds to be used for an equipment purchase as part of a specific grant to the Commission, the equipment is immediately expensed.
- E. **Comparative Totals for 2009** - The financial information for the year ended December 31, 2009, presented for comparative purposes, is not intended to be a complete financial statement presentation.
- F. **Income Tax Status** - The Commission has been determined a governmental unit for income tax purposes and is therefore exempt from taxation.
- G. **Statement of Cash Flows** - For the purpose of the statement of cash flows, the Commission considers all highly liquid instruments purchased with an original maturity of three months or less to be cash and cash equivalents.
- H. **Deferred Revenue** - The deferred revenue represents amounts received, but not yet earned, from various granting and local agencies.
- I. **Estimates** - The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses.

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**Year Ended December 31, 2010**

**NOTE 2. FISCAL PERIODS**

The grants/programs listed below are awarded on a December 31 year-end basis. Expenditures and revenues relating to these grants/programs have been included in their entirety in these financial statements.

Grants/Program

Economic Development Administration (EDA) - Community Economic Development  
Public Education Program Phase II (PEP)

The grants/programs listed below are awarded on a September 30 year-end basis. Only those expenditures and related revenues applicable to the activities occurring during the Commission's calendar year ended December 31, 2010, are included in the accompanying financial statements.

Grants/Programs

Twin City Area Transportation Study – Federal Highway Administration (TCATS – FHWA)  
Twin Cities Area Transportation Study – Federal Transit Administration (TCATS-FTA)  
Twin City Area Transportation Authority – Mobility Management (TCATA – M/M)  
Niles Area Transportation Study – Federal Highway Administration (NATS - FHWA)  
Niles Area Transportation Study – Federal Transit Administration (NATS-FTA)  
Michigan Department of Transportation Regional Transportation Planning (MDOT)  
I-69 Heritage Route Planning  
US-12 Heritage Route Planning  
Asset Management  
Berrien County Consolidated Transit

The Rideshare grant/program is awarded on a June 30 year-end basis. Only those expenditures and related revenues applicable to the activities occurring during the Commission's calendar year ended December 31, 2010, are included in the accompanying financial statements.

The remaining grants/programs are entered based on a project specific contractual agreement that varies depending on the project. Only those expenditures and related revenues applicable to the activities occurring during the Commission's calendar year ended December 31, 2010 are included in the accompanying financial statements.

**SOUTHWEST MICHIGAN PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2010**

**NOTE 3.      INDIRECT COSTS**

Indirect costs which support all on-premises projects are allocated based on the ratio of the individual project’s salaries, fringe benefits and contract services on-site. Occasionally the Commission will take on projects with a maximum allowable indirect rate predetermined by contract. Two such projects were part of the Commission’s portfolio of projects in 2010. The People and Land (PAL) project had an indirect rate ceiling of 20%. The Mobility Management project was a contractual project with the Twin Cities Area Transportation Authority (TCATA) and did not have an indirect rate specified by that contract.

The Commission’s bookkeeping necessitates that projects with contractually fixed maximum allowable indirect rates must be segregated from the overall indirect rate calculation for the Commission. The resulting indirect cost rate for the years ended December 31, 2010 and 2009 was 49% and 56.5%.

The following are the total indirect costs allocated to projects:

|                          | <b><u>2010</u></b> | <b><u>2009</u></b> |
|--------------------------|--------------------|--------------------|
| Salaries (chargeable)    | \$ 103,621         | \$ 101,573         |
| Benefits                 | 36,706             | 39,219             |
| Printing and advertising | 27                 | 135                |
| Rent                     | 33,353             | 31,600             |
| Postage                  | 1,690              | 1,402              |
| Dues and subscriptions   | 325                | 933                |
| Office supplies          | 5,224              | 8,579              |
| Equipment depreciation   | 1,477              | 1,749              |
| Equipment maintenance    | 1,886              | 505                |
| Computer services        | 14,488             | 8,545              |
|                          | <u>\$ 198,797</u>  | <u>\$ 194,240</u>  |

**NOTE 4.      PENSION PLAN**

The Commission has established an insured, money purchase contributory pension plan which covers substantially all full time employees. Pension expense for December 31, 2010 and 2009 amounted to \$24,686 and \$18,488, respectively.

**SOUTHWEST MICHIGAN PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2010**

**NOTE 5. LEASE COMMITMENT**

Effective January 1, 2008 the Commission signed a five year lease with monthly rent for 2008 at \$2,917 per month. Rent for the remaining years of lease will vary between \$3,009 and \$3,194 per month. Future minimum rent payments for the next three years are as follows:

|      |    |        |
|------|----|--------|
| 2011 | \$ | 38,323 |
| 2012 |    | 38,323 |
|      |    | 76,646 |
|      | \$ | 76,646 |

**NOTE 6. EXPLANATION OF ACRONYMS:**

|                |  |
|----------------|--|
| FHWA           | Federal Highway Administration (U.S. Department of Transportation)                                 |
| FTA            | Federal Transit Administration (U.S. Department of Transportation)                                 |
| TCATA          | Twin City Area Transportation Authority  |
| MDOT           | Michigan Department of Transportation  |
| CED/EDA        | Community Economic Development - Economic Development Administration (U.S. Department of Commerce) |
| Local Planning | Local Technical Assistance, Local Recreational Planning and Local Planning Assistance              |
| NCST Transit   | The National Center on Senior Transportation   |
| PAL Grant      | People and Land Grant  |

**NOTE 7. FIXED ASSETS**

A summary of property follows:

|                               |                    |                    |
|-------------------------------|--------------------|--------------------|
|                               | <b><u>2010</u></b> | <b><u>2009</u></b> |
| Furniture and equipment       | \$136,037          | \$144,369          |
| Less accumulated depreciation | (128,296)          | (138,992)          |
|                               | \$ 7,741           | \$ 5,377           |

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS, CONCLUDED**  
**Year Ended December 31, 2010**

**NOTE 8. CONCENTRATION OF CREDIT RISK**

The Commission maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2010 and 2009 all deposits were insured.

**NOTE 9. DONATED SERVICES**

The Commission has received contributed services from various organizations. These services are valued based on the actual wages and actual time spent by the organizations for the Commission. The contributed services are reflected in the financial statements as contributed services and contractual or salary expense. For the year ended December 31, 2010 and 2009, the contributed services were \$1,250 and \$1,250.

**NOTE 10. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 4, 2011 which is the date the financial statements were ready to be issued.



## INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Directors of the  
Southwest Michigan Planning Commission

We have audited the financial statements of Southwest Michigan Planning Commission as of and for the year ended December 31, 2010, and have issued our report thereon dated October 4, 2011, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The additional information is presented for the purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Schaffer &amp; Layher".

Schaffer & Layher, PLLC  
St. Joseph, Michigan  
October 4, 2011

David Schaffer, CPA  
Michael Layher, CPA  
*Founding Partners:*  
Morris McMurray, CPA  
Raymond Marks, CPA  
Jeff Edmunds, CPA

**SOUTHWEST MICHIGAN PLANNING COMMISSION  
STATEMENT OF FINANCIAL POSITION – DESIGNATED  
DECEMBER 31, 2010**

|   | FHWA             | FTA              | I-69         | St. Joseph<br>Watershed | MDOT            | NCST<br>Transit | US 12<br>Heritage<br>Route Plan | Rideshare   | CED/EDA       | Galien<br>Watershed | Asset<br>Management | Paw Paw<br>Watershed | Black River<br>Watershed | Green<br>Infrastructure | FTA<br>Mobility<br>Management | PAL Grant   | Local<br>Planning | Totals            |
|---|------------------|------------------|--------------|-------------------------|-----------------|-----------------|---------------------------------|-------------|---------------|---------------------|---------------------|----------------------|--------------------------|-------------------------|-------------------------------|-------------|-------------------|-------------------|
| <b>Assets</b>                           |                  |                  |              |                         |                 |                 |                                 |             |               |                     |                     |                      |                          |                         |                               |             |                   |                   |
| <b>Current Assets</b>                   |                  |                  |              |                         |                 |                 |                                 |             |               |                     |                     |                      |                          |                         |                               |             |                   |                   |
| Cash and cash equivalents               | \$ -             | \$ -             | \$ -         | \$ -                    | \$ -            | \$ -            | \$ -                            | \$ -        | \$ -          | \$ -                | \$ -                | \$ -                 | \$ -                     | \$ -                    | \$ -                          | \$ -        | \$ -              | \$ -              |
| Due from grantors                       | 100,468          | 32,039           | 300          | -                       | 16,097          | -               | -                               | 10,486      | 18,820        | 6,728               | 3,924               | -                    | -                        | -                       | 24,970                        | -           | 12,994            | 226,826           |
| Due from/to other funds                 | (48,351)         | 3,427            | (225)        | 1,208                   | (9,071)         | -               | 39                              | (10,486)    | (18,411)      | (6,728)             | (3,924)             | 1,820                | 252                      | 9,629                   | (24,970)                      | -           | (5,978)           | (111,769)         |
| <b>Total Current Assets</b>             | <b>\$ 52,117</b> | <b>\$ 35,466</b> | <b>\$ 75</b> | <b>\$ 1,208</b>         | <b>\$ 7,026</b> | <b>\$ -</b>     | <b>\$ 39</b>                    | <b>\$ -</b> | <b>\$ 409</b> | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 1,820</b>      | <b>\$ 252</b>            | <b>\$ 9,629</b>         | <b>\$ -</b>                   | <b>\$ -</b> | <b>\$ 7,016</b>   | <b>\$ 115,057</b> |
| <b>Liabilities and Net Assets</b>       |                  |                  |              |                         |                 |                 |                                 |             |               |                     |                     |                      |                          |                         |                               |             |                   |                   |
| <b>Current Liabilities</b>              |                  |                  |              |                         |                 |                 |                                 |             |               |                     |                     |                      |                          |                         |                               |             |                   |                   |
| Escrow accounts                         | \$ 19,680        | \$ 19,050        | \$ -         | \$ 1,208                | \$ -            | \$ -            | \$ -                            | \$ -        | \$ 409        | \$ -                | \$ -                | \$ -                 | \$ -                     | \$ -                    | \$ -                          | \$ -        | \$ -              | \$ 40,347         |
| Deferred revenue                        | 32,437           | 16,416           | 75           | -                       | 7,026           | -               | 39                              | -           | -             | -                   | -                   | 1,820                | 252                      | 9,629                   | -                             | -           | 7,016             | 74,710            |
| <b>Total Current Liabilities</b>        | <b>\$ 52,117</b> | <b>\$ 35,466</b> | <b>\$ 75</b> | <b>\$ 1,208</b>         | <b>\$ 7,026</b> | <b>\$ -</b>     | <b>\$ 39</b>                    | <b>\$ -</b> | <b>\$ 409</b> | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 1,820</b>      | <b>\$ 252</b>            | <b>\$ 9,629</b>         | <b>\$ -</b>                   | <b>\$ -</b> | <b>\$ 7,016</b>   | <b>\$ 115,057</b> |
| <b>Net Assets</b>                       | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ -</b>  | <b>\$ -</b>             | <b>\$ -</b>     | <b>\$ -</b>     | <b>\$ -</b>                     | <b>\$ -</b> | <b>\$ -</b>   | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>          | <b>\$ -</b>              | <b>\$ -</b>             | <b>\$ -</b>                   | <b>\$ -</b> | <b>\$ -</b>       | <b>\$ -</b>       |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 52,117</b> | <b>\$ 35,466</b> | <b>\$ 75</b> | <b>\$ 1,208</b>         | <b>\$ 7,026</b> | <b>\$ -</b>     | <b>\$ 39</b>                    | <b>\$ -</b> | <b>\$ 409</b> | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 1,820</b>      | <b>\$ 252</b>            | <b>\$ 9,629</b>         | <b>\$ -</b>                   | <b>\$ -</b> | <b>\$ 7,016</b>   | <b>\$ 115,057</b> |

**SOUTHWEST MICHIGAN PLANNING COMMISSION  
STATEMENT OF ACTIVITIES – DESIGNATED  
FOR THE YEAR ENDED DECEMBER 31, 2010**

|  | FHWA              | FTA              | I-69             | MDOT             | NCST<br>Transit   | US 12<br>Heritage<br>Route Plan | Rideshare        | CED/EDA          | Galien<br>Watershed | Asset<br>Management | Paw Paw<br>Watershed | Black River<br>Watershed | Green<br>Infrastructure | FTA<br>Mobility<br>Management | PAL Grant        | Local<br>Planning | Totals            |
|--|-------------------|------------------|------------------|------------------|-------------------|---------------------------------|------------------|------------------|---------------------|---------------------|----------------------|--------------------------|-------------------------|-------------------------------|------------------|-------------------|-------------------|
| <b>Support</b>                                       |                   |                  |                  |                  |                   |                                 |                  |                  |                     |                     |                      |                          |                         |                               |                  |                   |                   |
| Federal  | \$ 210,064        | \$ 42,378        | \$ 16,854        | \$ -             | \$ (7,419)        | \$ 22,452                       | \$ -             | \$ 57,362        | \$ -                | \$ -                | \$ -                 | \$ -                     | \$ -                    | \$ -                          | \$ 9,207         | \$ -              | \$ 350,898        |
| State  | -                 | -                | 4,463            | 86,832           | -                 | 5,482                           | 45,743           | -                | 16,258              | 34,306              | 63                   | (13)                     | 7,434                   | -                             | -                | -                 | 200,568           |
| County   | -                 | -                | -                | -                | -                 | -                               | -                | 17,041           | -                   | -                   | -                    | -                        | -                       | -                             | -                | -                 | 17,041            |
| Local  | 32,790            | 18,874           | -                | 65               | 1,000             | -                               | -                | -                | -                   | 1,232               | -                    | -                        | 1,862                   | 85,762                        | 6,242            | 50,128            | 197,955           |
| <b>Total Support</b>                                 | <b>\$ 242,854</b> | <b>\$ 61,252</b> | <b>\$ 21,317</b> | <b>\$ 86,897</b> | <b>\$ (6,419)</b> | <b>\$ 27,934</b>                | <b>\$ 45,743</b> | <b>\$ 74,403</b> | <b>\$ 16,258</b>    | <b>\$ 35,538</b>    | <b>\$ 63</b>         | <b>\$ (13)</b>           | <b>\$ 9,296</b>         | <b>\$ 85,762</b>              | <b>\$ 15,449</b> | <b>\$ 50,128</b>  | <b>\$ 766,462</b> |
| <b>Expenditures</b>                                  |                   |                  |                  |                  |                   |                                 |                  |                  |                     |                     |                      |                          |                         |                               |                  |                   |                   |
| Salaries   | \$ 95,959         | \$ 19,584        | \$ 7,785         | \$ 37,367        | \$ (3,044)        | \$ 9,500                        | \$ 18,060        | \$ 32,021        | \$ 5,055            | \$ 14,405           | \$ 30                | \$ (9)                   | \$ 4,349                | \$ 4,135                      | \$ 9,732         | \$ 20,248         | \$ 275,177        |
| Fringe benefits                                      | 39,251            | 8,010            | 3,184            | 15,285           | (1,245)           | 3,885                           | 7,388            | 13,098           | 2,068               | 5,892               | 12                   | (4)                      | 1,779                   | 1,652                         | 3,981            | 8,282             | 112,518           |
| Travel   | 8,530             | 1,266            | 1,047            | 3,311            | -                 | 2,025                           | 866              | 3,295            | 72                  | 1,073               | -                    | -                        | -                       | 1,345                         | 351              | 1,179             | 24,360            |
| Telephone  | 574               | 128              | 65               | 294              | -                 | 68                              | 134              | 237              | 37                  | 91                  | -                    | -                        | 3                       | 77                            | 10               | 136               | 1,854             |
| Printing and postage                                 | 585               | 154              | 1,101            | 203              | -                 | 252                             | 1,564            | 380              | -                   | 182                 | -                    | -                        | -                       | 5,636                         | 91               | 50                | 10,198            |
| Dues and subscriptions                               | 1,014             | 488              | -                | -                | -                 | -                               | 280              | 371              | -                   | -                   | -                    | -                        | -                       | -                             | -                | -                 | 2,153             |
| Supplies and materials                               | 5,145             | 473              | 216              | 1,107            | -                 | 3,025                           | 2,129            | 765              | 36                  | 191                 | -                    | -                        | 105                     | 265                           | 1,205            | 4,644             | 19,306            |
| Computer services                                    | 2,128             | 1,258            | 142              | 8                | -                 | 223                             | 578              | 214              | -                   | 355                 | -                    | -                        | 81                      | 445                           | 79               | 50                | 5,561             |
| Advertising  | 550               | -                | -                | 213              | -                 | -                               | 40               | -                | -                   | -                   | -                    | -                        | -                       | -                             | -                | -                 | 803               |
| Conferences and training                             | 1,768             | 933              | 1,279            | -                | -                 | 272                             | -                | 1,697            | -                   | 155                 | -                    | -                        | -                       | 998                           | -                | 40                | 7,142             |
| Contractual - direct                                 | 206               | -                | -                | 2,281            | -                 | -                               | 175              | -                | -                   | -                   | -                    | -                        | -                       | 49,119                        | -                | -                 | 51,781            |
| Contractual - off site                               | 3,174             | -                | 33               | 547              | -                 | 1,033                           | -                | -                | 5,496               | 3,288               | -                    | -                        | -                       | 8,560                         | -                | 1,500             | 23,631            |
| Direct equipment                                     | 17,836            | 7,022            | 1,100            | 255              | -                 | 1,100                           | 2,045            | 175              | -                   | -                   | -                    | -                        | -                       | 2,590                         | -                | -                 | 32,123            |
| Pass thru  | -                 | 8,344            | -                | -                | -                 | -                               | -                | -                | -                   | -                   | -                    | -                        | -                       | -                             | -                | -                 | 8,344             |
| Indirect cost pool                                   | 66,134            | 13,592           | 5,365            | 26,026           | (2,130)           | 6,551                           | 12,484           | 22,150           | 3,494               | 9,906               | 21                   | -                        | 2,979                   | 10,940                        | -                | 13,999            | 191,511           |
| <b>Total Expenditures</b>                            | <b>\$ 242,854</b> | <b>\$ 61,252</b> | <b>\$ 21,317</b> | <b>\$ 86,897</b> | <b>\$ (6,419)</b> | <b>\$ 27,934</b>                | <b>\$ 45,743</b> | <b>\$ 74,403</b> | <b>\$ 16,258</b>    | <b>\$ 35,538</b>    | <b>\$ 63</b>         | <b>\$ (13)</b>           | <b>\$ 9,296</b>         | <b>\$ 85,762</b>              | <b>\$ 15,449</b> | <b>\$ 50,128</b>  | <b>\$ 766,462</b> |
| <b>Deficiency of Revenues<br/>under Expenditures</b> | \$ -              | \$ -             | \$ -             | \$ -             | \$ -              | \$ -                            | \$ -             | \$ -             | \$ -                | \$ -                | \$ -                 | \$ -                     | \$ -                    | \$ -                          | \$ -             | \$ -              | \$ -              |
| <b>Transfer in Net Assets</b>                        | -                 | -                | -                | -                | -                 | -                               | -                | -                | -                   | -                   | -                    | -                        | -                       | -                             | -                | -                 | -                 |
| <b>Change In Net Assets</b>                          | \$ -              | \$ -             | \$ -             | \$ -             | \$ -              | \$ -                            | \$ -             | \$ -             | \$ -                | \$ -                | \$ -                 | \$ -                     | \$ -                    | \$ -                          | \$ -             | \$ -              | \$ -              |
| <b>Net Assets - Beginning Of<br/>Year</b>            | -                 | -                | -                | -                | -                 | -                               | -                | -                | -                   | -                   | -                    | -                        | -                       | -                             | -                | -                 | -                 |
| <b>Net Assets - End Of Year</b>                      | \$ -              | \$ -             | \$ -             | \$ -             | \$ -              | \$ -                            | \$ -             | \$ -             | \$ -                | \$ -                | \$ -                 | \$ -                     | \$ -                    | \$ -                          | \$ -             | \$ -              | \$ -              |

**SOUTHWEST MICHIGAN PLANNING COMMISSION  
STATEMENT OF FINANCIAL POSITION- FHWA PROGRAMS  
December 31, 2010**

|   | <u>FHWA<br/>Niles</u> | <u>FHWA<br/>Twin Cats</u> | <u>Total</u>     |
|---|-----------------------|---------------------------|------------------|
| <b>Assets</b>                           |                       |                           |                  |
| <b>Current Assets</b>                   |                       |                           |                  |
| Due from grantors                       | \$ 28,049             | \$ 72,419                 | \$ 100,468       |
| Due from /(to) other funds              | (12,858)              | (35,493)                  | (48,351)         |
| <b>Total Current Assets</b>             | <u>\$ 15,191</u>      | <u>\$ 36,926</u>          | <u>\$ 52,117</u> |
| <b>Liabilities and Net Assets</b>       |                       |                           |                  |
| <b>Current Liabilities</b>              |                       |                           |                  |
| Escrow accounts                         | \$ 2,592              | \$ 17,088                 | \$ 19,680        |
| Deferred revenue                        | 12,599                | 19,838                    | 32,437           |
| <b>Total Current Liabilities</b>        | <u>\$ 15,191</u>      | <u>\$ 36,926</u>          | <u>\$ 52,117</u> |
| <b>Net Assets</b>                       | <u>\$ -</u>           | <u>\$ -</u>               | <u>\$ -</u>      |
| <b>Total Liabilities and Net Assets</b> | <u>\$ 15,191</u>      | <u>\$ 36,926</u>          | <u>\$ 52,117</u> |

**SOUTHWEST MICHIGAN PLANNING COMMISSION  
STATEMENT OF FINANCIAL POSITION- FTA PROGRAMS  
December 31, 2010**

|   | <u>FTA<br/>Niles</u> | <u>FTA<br/>Twin Cats</u> | <u>Total</u>     |
|---|----------------------|--------------------------|------------------|
| <b>Assets</b>                           |                      |                          |                  |
| <b>Current Assets</b>                   |                      |                          |                  |
| Due from grantors                       | \$ 10,409            | \$ 21,630                | \$ 32,039        |
| Due from /(to) other funds              | 10,892               | (7,465)                  | 3,427            |
| <b>Total Current Assets</b>             | <u>\$ 21,301</u>     | <u>\$ 14,165</u>         | <u>\$ 35,466</u> |
| <b>Liabilities and Net Assets</b>       |                      |                          |                  |
| <b>Current Liabilities</b>              |                      |                          |                  |
| Escrow accounts                         | \$ 13,901            | \$ 5,149                 | \$ 19,050        |
| Deferred revenue                        | 7,400                | 9,016                    | 16,416           |
| <b>Total Current Liabilities</b>        | <u>\$ 21,301</u>     | <u>\$ 14,165</u>         | <u>\$ 35,466</u> |
| <b>Net Assets</b>                       | <u>\$ -</u>          | <u>\$ -</u>              | <u>\$ -</u>      |
| <b>Total Liabilities and Net Assets</b> | <u>\$ 21,301</u>     | <u>\$ 14,165</u>         | <u>\$ 35,466</u> |

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**STATEMENT OF ACTIVITIES – FHWA PROGRAMS**  
**For the Year Ended December 31, 2010**

|                                       | <b>FHWA<br/>Niles</b> | <b>FHWA<br/>Twin Cats</b> | <b>Total</b>      |
|---------------------------------------|-----------------------|---------------------------|-------------------|
| <b>Support</b>                        |                       |                           |                   |
| Federal                               | \$ 65,494             | \$ 144,570                | \$ 210,064        |
| Local                                 | 15,524                | 17,266                    | 32,790            |
| <b>Total Support</b>                  | <b>\$ 81,018</b>      | <b>\$ 161,836</b>         | <b>\$ 242,854</b> |
| <b>Expenditures</b>                   |                       |                           |                   |
| Salaries                              | \$ 29,075             | \$ 66,884                 | \$ 95,959         |
| Fringe benefits                       | 11,893                | 27,358                    | 39,251            |
| Travel                                | 4,355                 | 4,175                     | 8,530             |
| Telephone                             | 198                   | 376                       | 574               |
| Dues and subscriptions                | 507                   | 507                       | 1,014             |
| Printing and postage                  | 250                   | 335                       | 585               |
| Supplies and materials                | 1,816                 | 3,329                     | 5,145             |
| Conferences and training              | 884                   | 884                       | 1,768             |
| Computer service                      | 1,064                 | 1,064                     | 2,128             |
| Advertising                           | 275                   | 275                       | 550               |
| Contractual - direct                  | -                     | 206                       | 206               |
| Contractual - off site                | 1,571                 | 1,603                     | 3,174             |
| Direct equipment                      | 8,918                 | 8,918                     | 17,836            |
| Indirect cost pool                    | 20,212                | 45,922                    | 66,134            |
| <b>Total Expenditures</b>             | <b>\$ 81,018</b>      | <b>\$ 161,836</b>         | <b>\$ 242,854</b> |
| <b>Change In Net Assets</b>           | \$ -                  | \$ -                      | \$ -              |
| <b>Net Assets - Beginning of Year</b> | -                     | -                         | -                 |
| <b>Net Assets - End of Year</b>       | <b>\$ -</b>           | <b>\$ -</b>               | <b>\$ -</b>       |

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**STATEMENT OF ACTIVITIES – FTA PROGRAMS**  
**For the Year Ended December 31, 2010**

|                                       | <b>FTA<br/>Niles</b> | <b>FTA<br/>Twin Cats</b> | <b>Total</b>     |
|---------------------------------------|----------------------|--------------------------|------------------|
| <b>Support</b>                        |                      |                          |                  |
| Federal                               | \$ 9,843             | \$ 32,535                | \$ 42,378        |
| Local                                 | 7,882                | 10,992                   | 18,874           |
| <b>Total Support</b>                  | <b>\$ 17,725</b>     | <b>\$ 43,527</b>         | <b>\$ 61,252</b> |
| <b>Expenditures</b>                   |                      |                          |                  |
| Salaries                              | \$ 2,961             | \$ 16,623                | \$ 19,584        |
| Fringe benefits                       | 1,211                | 6,799                    | 8,010            |
| Travel                                | 216                  | 1,050                    | 1,266            |
| Telephone                             | 15                   | 113                      | 128              |
| Dues and subscriptions                | 244                  | 244                      | 488              |
| Printing and postage                  | 5                    | 149                      | 154              |
| Supplies and materials                | 225                  | 248                      | 473              |
| Conferences and training              | 429                  | 504                      | 933              |
| Computer service                      | 629                  | 629                      | 1,258            |
| Direct equipment                      | 3,511                | 3,511                    | 7,022            |
| Pass thru                             | 6,251                | 2,093                    | 8,344            |
| Indirect cost pool                    | 2,028                | 11,564                   | 13,592           |
| <b>Total Expenditures</b>             | <b>\$ 17,725</b>     | <b>\$ 43,527</b>         | <b>\$ 61,252</b> |
| <b>Change In Net Assets</b>           | <b>\$ -</b>          | <b>\$ -</b>              | <b>\$ -</b>      |
| <b>Net Assets - Beginning of Year</b> | <b>-</b>             | <b>-</b>                 | <b>-</b>         |
| <b>Net Assets - End of Year</b>       | <b>\$ -</b>          | <b>\$ -</b>              | <b>\$ -</b>      |

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**SUMMARY OF EXPENDITURES BY WORK PROGRAM**  
**FHWA AND FTA COMPLETED PROGRAMS – 10/01/09 TO 9/30/10– ACTUAL TO BUDGET**  
**December 31, 2010**

|                         | <u>Program<br/>Management</u> | <u>Data Base</u> | <u>Long Range<br/>Plan</u> | <u>Short Range<br/>Plan</u> | <u>Other</u> | <u>Total</u> |
|-------------------------|-------------------------------|------------------|----------------------------|-----------------------------|--------------|--------------|
| FHWA/Niles- Actual      | \$ 37,564                     | \$ 18,514        | \$ 4,943                   | \$ 8,995                    | \$ 4,599     | \$ 74,615    |
| FHWA/Niles - Budget     | \$ 37,696                     | \$ 23,870        | \$ 8,825                   | \$ 5,547                    | \$ 10,926    | \$ 86,864    |
| FHWA/Twin Cats - Actual | \$ 61,743                     | \$ 24,755        | \$ 15,962                  | \$ 16,329                   | \$ 4,209     | \$ 122,998   |
| FHWA/Twin Cats - Budget | \$ 81,881                     | \$ 41,274        | \$ 13,255                  | \$ 15,554                   | \$ 10,228    | \$ 162,192   |
| FTA/Niles - Actual      | \$ 12,125                     | \$ 7,389         | \$ 1,979                   | \$ 1                        | \$ 380       | \$ 21,874    |
| FTA/Niles - Budget      | \$ 11,936                     | \$ 7,557         | \$ 2,796                   | \$ 1,755                    | \$ 3,461     | \$ 27,505    |
| FTA/Twin Cats - Actual  | \$ 27,821                     | \$ 4,998         | \$ 3,430                   | \$ 1,051                    | \$ 416       | \$ 37,716    |
| FTA/Twin Cats - Budget  | \$ 25,309                     | \$ 12,757        | \$ 4,097                   | \$ 4,807                    | \$ 3,161     | \$ 50,131    |

**SOUTHWEST MICHIGAN PLANNING COMMISSION  
SUMMARY OF EXPENDITURES BY WORK PROGRAM  
MDOT COMPLETED PROGRAMS – 10/01/09 TO 9/30/10 - ACTUAL TO BUDGET  
December 31, 2010**

|                         | <u>Admin</u> | <u>HPMS<br/>Update</u> | <u>Traffic<br/>Counting</u> | <u>Public<br/>Involvement</u> | <u>Local -<br/>Technical<br/>Assistance</u> | <u>Technical<br/>Assistance to<br/>MDOT</u> | <u>9 County<br/>Non-<br/>Motorized</u> | <u>Total</u> |
|-------------------------|--------------|------------------------|-----------------------------|-------------------------------|---|---|--|--------------|
| MDOT/Region<br>- Actual | \$ 6,880     | \$ -                   | \$ 8,549                    | \$ 369                        | \$ 20,348                                   | \$ 2,552                                    | \$ 64,522                              | \$ 103,220   |
| MDOT/Region -<br>Budget | \$ 9,553     | \$ 462                 | \$ 9,121                    | \$ 918                        | \$ 17,005                                   | \$ 1,845                                    | \$ 38,700                              | \$ 77,604    |

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**ANALYSIS OF LOCAL ACTIVITIES**  
**For the Year Ended December 31, 2010**

| <b>Support and Revenues</b>                         | <b><u>2010</u></b>       | <b><u>2009</u></b>       |
|---|--------------------------|--------------------------|
| <b>Support</b>                                      |                          |                          |
| County  | \$ 43,821                | \$ 38,939                |
| <b>Total Support</b>                                | <u>\$ 43,821</u>         | <u>\$ 38,939</u>         |
| <b>Revenue</b>                                      |                          |                          |
| Local revenues                                      | \$ 1,943                 | \$ 2,824                 |
| Interest  | 371                      | 731                      |
| <b>Total Revenues</b>                               | <u>\$ 2,314</u>          | <u>\$ 3,555</u>          |
| <b>Total Support and Revenues</b>                   | <u><u>\$ 46,135</u></u>  | <u><u>\$ 42,494</u></u>  |
| <b>Expenditures</b>                                 |                          |                          |
| Salaries  | \$ 10,458                | \$ 7,138                 |
| Fringe benefits                                     | 4,277                    | 2,756                    |
| Travel  | 1,058                    | 1,816                    |
| Printing and postage                                | 8                        | 19                       |
| Telephone   | 195                      | 98                       |
| Supplies and materials                              | 2,654                    | 2,058                    |
| Professional services                               | 5,200                    | 5,100                    |
| Conferences and training                            | -                        | 111                      |
| Commission expenses                                 | 14,689                   | 15,800                   |
| Bad debts   | 310                      | 53                       |
| Indirect cost pool                                  | 7,286                    | 5,613                    |
| <b>Total Expenditures</b>                           | <u>\$ 46,135</u>         | <u>\$ 40,562</u>         |
| <b>Excess (Deficiency) of Revenues over (under)</b> |                          |                          |
| <b>Expenditures</b>                                 | \$ -                     | \$ 1,932                 |
| <b>Net Assets, Beginning of Year</b>                | <u>200,108</u>           | <u>198,176</u>           |
| <b>Net Assets, End of Year</b>                      | <u><u>\$ 200,108</u></u> | <u><u>\$ 200,108</u></u> |



To the Board of Directors  
Southwest Michigan Planning Commission

In planning and performing our audit of the financial statements of Southwest Michigan Planning Commission as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered Southwest Michigan Planning Commission's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control 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. We consider the following deficiencies in Southwest Michigan Planning Commission's internal control to be material weaknesses:

During the course of our engagement, we have been asked to prepare drafts of the Organization's financial statements in accordance with generally accepted accounting principles. Consistent with many other small not-for-profit Organizations, the employees and management responsible for reviewing those financial statements lack the knowledge to properly apply generally accepted accounting principles.

David Schaffer, CPA  
Michael Layher, CPA  
*Founding Partners:*  
Morris McMurray, CPA  
Raymond Marks, CPA  
Jeff Edmunds, CPA

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. We consider the following deficiencies in Southwest Michigan Planning Commission's internal control to be significant deficiencies:

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions, and continue to look at ways to enhance controls with the existing staff.

This communication is intended solely for the information and use of management, Southwest Michigan Planning Commission's Board and others within the organization and is not intended to be, and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Schaffer & Layher".

Schaffer & Layher  
October 4, 2011