

SOUTHWEST MICHIGAN PLANNING COMMISSION

FINANCIAL REPORT

December 31, 2010

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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 & 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

Assets	<u>2010</u>	<u>2009</u>
Current Assets		
Cash and cash equivalents	\$ 77,121	\$ 83,975
Due from grantors	226,826	238,745
Prepaid expenses	34,110	40,994
Total Current Assets	<u>\$ 338,057</u>	<u>\$ 363,714</u>
Furniture and Equipment		
less accumulated depreciation of \$128,296 for 2010 and \$138,992 for 2009	\$ 7,741	\$ 5,377
Total Assets	<u>\$ 345,798</u>	<u>\$ 369,091</u>
Liabilities and Net Assets		
Current Liabilities		
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
Total Current Liabilities	<u>\$ 145,690</u>	<u>\$ 168,983</u>
Net Assets		
Unrestricted and undesignated	<u>200,108</u>	<u>200,108</u>
Total Liabilities and Net Assets	<u>\$ 345,798</u>	<u>\$ 369,091</u>

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 2010</u>	<u>Unrestricted 2009</u>
Support and Revenues		
Support		
Federal	\$ 350,898	\$ 374,703
State	200,568	211,294
County	60,862	60,862
Local	197,955	88,411
Total Support	<u>\$ 810,283</u>	<u>\$ 735,270</u>
Revenue		
Local revenues	\$ 1,943	\$ 2,824
Interest	371	731
Total Revenues	<u>\$ 2,314</u>	<u>\$ 3,555</u>
Total Support and Revenues	<u>\$ 812,597</u>	<u>\$ 738,825</u>
Expenditures		
Grants and Projects		
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
Total Grants and Projects	<u>\$ 766,462</u>	<u>\$ 696,331</u>
Local projects and services	46,135	40,562
Total Expenditures	<u>\$ 812,597</u>	<u>\$ 736,893</u>
Change in Net Assets	\$ -	\$ 1,932
Net Assets, Beginning of Year	<u>200,108</u>	<u>198,176</u>
Net Assets, End of Year	<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>
Cash Flows From Operating Activities		
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/>
Net Cash Provided by (Used in) Operating Activities	\$ (3,013)	\$ 38,925
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Purchase of equipment	\$ (3,841)	\$ (526)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (6,854)	\$ 38,399
Cash and Cash Equivalents - Beginning of Year	83,975	45,576
	<hr/>	<hr/>
Cash and Cash Equivalents - End of Year	\$ 77,121	\$ 83,975
	<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 Transit	US 12 Heritage Route Plan	Rideshare	CED/EDA	Galien Watershed	Asset Management	Paw Paw Watershed	Black River Watershed	Green Infrastructure	FTA Mobility Management	PAL Grant	Local Planning	Totals
Expenditures																	
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
Total Expenditures	\$ 242,854	\$ 61,252	\$ 21,317	\$ 86,897	\$ (6,419)	\$ 27,934	\$ 45,743	\$ 74,403	\$ 16,258	\$ 35,538	\$ 63	\$ (13)	\$ 9,296	\$ 85,762	\$ 15,449	\$ 50,128	\$ 766,462

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:

	<u>2010</u>	<u>2009</u>
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:

	<u>2010</u>	<u>2009</u>
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 & 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 Watershed	MDOT	NCST Transit	US 12 Heritage Route Plan	Rideshare	CED/EDA	Galien Watershed	Asset Management	Paw Paw Watershed	Black River Watershed	Green Infrastructure	FTA Mobility Management	PAL Grant	Local Planning	Totals
Assets																		
Current Assets																		
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)
Total Current Assets	\$ 52,117	\$ 35,466	\$ 75	\$ 1,208	\$ 7,026	\$ -	\$ 39	\$ -	\$ 409	\$ -	\$ -	\$ 1,820	\$ 252	\$ 9,629	\$ -	\$ -	\$ 7,016	\$ 115,057
Liabilities and Net Assets																		
Current Liabilities																		
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
Total Current Liabilities	\$ 52,117	\$ 35,466	\$ 75	\$ 1,208	\$ 7,026	\$ -	\$ 39	\$ -	\$ 409	\$ -	\$ -	\$ 1,820	\$ 252	\$ 9,629	\$ -	\$ -	\$ 7,016	\$ 115,057
Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities and Net Assets	\$ 52,117	\$ 35,466	\$ 75	\$ 1,208	\$ 7,026	\$ -	\$ 39	\$ -	\$ 409	\$ -	\$ -	\$ 1,820	\$ 252	\$ 9,629	\$ -	\$ -	\$ 7,016	\$ 115,057

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

	FHWA	FTA	I-69	MDOT	NCST Transit	US 12 Heritage Route Plan	Rideshare	CED/EDA	Galien Watershed	Asset Management	Paw Paw Watershed	Black River Watershed	Green Infrastructure	FTA Mobility Management	PAL Grant	Local Planning	Totals
Support																	
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
Total Support	\$ 242,854	\$ 61,252	\$ 21,317	\$ 86,897	\$ (6,419)	\$ 27,934	\$ 45,743	\$ 74,403	\$ 16,258	\$ 35,538	\$ 63	\$ (13)	\$ 9,296	\$ 85,762	\$ 15,449	\$ 50,128	\$ 766,462
Expenditures																	
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
Total Expenditures	\$ 242,854	\$ 61,252	\$ 21,317	\$ 86,897	\$ (6,419)	\$ 27,934	\$ 45,743	\$ 74,403	\$ 16,258	\$ 35,538	\$ 63	\$ (13)	\$ 9,296	\$ 85,762	\$ 15,449	\$ 50,128	\$ 766,462
Deficiency of Revenues under Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer in Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change In Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Assets - Beginning Of Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets - End Of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

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

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

	FHWA Niles	FHWA Twin Cats	Total
Support			
Federal	\$ 65,494	\$ 144,570	\$ 210,064
Local	15,524	17,266	32,790
Total Support	\$ 81,018	\$ 161,836	\$ 242,854
Expenditures			
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
Total Expenditures	\$ 81,018	\$ 161,836	\$ 242,854
Change In Net Assets	\$ -	\$ -	\$ -
Net Assets - Beginning of Year	-	-	-
Net Assets - End of Year	\$ -	\$ -	\$ -

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

	FTA Niles	FTA Twin Cats	Total
Support			
Federal	\$ 9,843	\$ 32,535	\$ 42,378
Local	7,882	10,992	18,874
Total Support	\$ 17,725	\$ 43,527	\$ 61,252
Expenditures			
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
Total Expenditures	\$ 17,725	\$ 43,527	\$ 61,252
Change In Net Assets	\$ -	\$ -	\$ -
Net Assets - Beginning of Year	-	-	-
Net Assets - End of Year	\$ -	\$ -	\$ -

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 Management</u>	<u>Data Base</u>	<u>Long Range Plan</u>	<u>Short Range 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 Update</u>	<u>Traffic Counting</u>	<u>Public Involvement</u>	<u>Local - Technical Assistance</u>	<u>Technical Assistance to MDOT</u>	<u>9 County Non- Motorized</u>	<u>Total</u>
MDOT/Region - Actual	\$ 6,880	\$ -	\$ 8,549	\$ 369	\$ 20,348	\$ 2,552	\$ 64,522	\$ 103,220
MDOT/Region - 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

Support and Revenues	<u>2010</u>	<u>2009</u>
Support		
County	\$ 43,821	\$ 38,939
Total Support	<u>\$ 43,821</u>	<u>\$ 38,939</u>
Revenue		
Local revenues	\$ 1,943	\$ 2,824
Interest	371	731
Total Revenues	<u>\$ 2,314</u>	<u>\$ 3,555</u>
Total Support and Revenues	<u><u>\$ 46,135</u></u>	<u><u>\$ 42,494</u></u>
Expenditures		
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
Total Expenditures	<u>\$ 46,135</u>	<u>\$ 40,562</u>
Excess (Deficiency) of Revenues over (under)		
Expenditures	\$ -	\$ 1,932
Net Assets, Beginning of Year	<u>200,108</u>	<u>198,176</u>
Net Assets, End of Year	<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