



# SOUTHWEST MICHIGAN PLANNING COMMISSION

## FINANCIAL REPORT

December 31, 2017 and 2016

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**FINANCIAL REPORT**  
**DECEMBER 31, 2017 AND 2016**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Southwest Michigan Planning Commission  
Benton Harbor, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Southwest Michigan Planning Commission (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT, CONCLUDED

### *Opinion*

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Michigan Planning Commission as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2018 on our consideration of Southwest Michigan Planning Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwest Michigan Planning Commission's internal control over financial reporting and compliance.

Respectfully submitted,



Certified Public Accountants

St. Joseph, Michigan  
July 6, 2018

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2017 and 2016**

| <b>Assets</b>                                                                 | <b>2017</b>       | <b>2016</b>       |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Current Assets</b>                                                         |                   |                   |
| Cash and cash equivalents                                                     | \$ 178,089        | \$ 206,143        |
| Due from grantors                                                             | 552,417           | 340,939           |
| Prepaid expenses                                                              | 24,802            | 24,802            |
| <b>Total Current Assets</b>                                                   | <b>\$ 755,308</b> | <b>\$ 571,884</b> |
| <b>Fixed Assets</b>                                                           |                   |                   |
| Less accumulated depreciation of \$152,388 for 2017 and<br>\$146,576 for 2016 | \$ 18,280         | \$ 15,120         |
| <b>Total Assets</b>                                                           | <b>\$ 773,588</b> | <b>\$ 587,004</b> |
| <b>Liabilities and Net Assets</b>                                             |                   |                   |
| <b>Current Liabilities</b>                                                    |                   |                   |
| Accounts payable                                                              | \$ 150,321        | \$ -              |
| Provision for accrued leave                                                   | 23,769            | 23,769            |
| Accrued payroll taxes                                                         | 3,417             | 3,361             |
| Escrow accounts                                                               | 37,507            | 37,507            |
| Deferred revenue                                                              | 327,076           | 290,853           |
| <b>Total Current Liabilities</b>                                              | <b>\$ 542,090</b> | <b>\$ 355,490</b> |
| <b>Net Assets</b>                                                             |                   |                   |
| Unrestricted                                                                  | \$ 231,498        | \$ 231,514        |
| <b>Total Liabilities and Net Assets</b>                                       | <b>\$ 773,588</b> | <b>\$ 587,004</b> |

*The Notes to Financial Statements are an integral part of this statement.*

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**STATEMENTS OF ACTIVITIES**  
**For the years ended December 31, 2017 and 2016**

|                                      | <b>2017</b>         | <b>2016</b>       |
|--------------------------------------|---------------------|-------------------|
| <b>Support and Revenues</b>          |                     |                   |
| Federal                              | \$ 459,003          | \$ 372,270        |
| State                                | 606,185             | 353,142           |
| County                               | 38,537              | 57,485            |
| Local                                | 158,484             | 201,846           |
| Interest                             | 166                 | 201               |
| <b>Total Support and Revenues</b>    | <b>\$ 1,262,375</b> | <b>\$ 984,944</b> |
| <b>Expenses</b>                      |                     |                   |
| <b>Grants and Projects</b>           |                     |                   |
| NATS                                 | \$ 128,625          | \$ 153,745        |
| TCATS                                | 228,693             | 248,217           |
| MACOG TDM                            | 53,744              | -                 |
| MDOT                                 | 57,132              | 51,460            |
| CZM                                  | 9,912               | 4,139             |
| PPRWT                                | 55,495              | 2,555             |
| MDEQ/SAW                             | 124,695             | 100,916           |
| Rideshare                            | 34,860              | 34,996            |
| CED/EDA                              | 68,091              | 12,173            |
| RPI                                  | 137,986             | 158,523           |
| PEP Phase II                         | 16,006              | 10,549            |
| Asset Management                     | 29,412              | 41,581            |
| Trail Towns                          | -                   | 577               |
| FTA Mobility Management              | 74,975              | 67,141            |
| Berrien Consolidated Transit         | 136,642             | 357               |
| Local Planning                       | 67,777              | 47,171            |
| <b>Total Grants and Projects</b>     | <b>\$ 1,224,045</b> | <b>\$ 934,100</b> |
| Local projects and services          | 38,346              | 50,783            |
| <b>Total Expenses</b>                | <b>\$ 1,262,391</b> | <b>\$ 984,883</b> |
| <b>Change in Net Assets</b>          | <b>\$ (16)</b>      | <b>\$ 61</b>      |
| <b>Net Assets, Beginning of Year</b> | <b>231,514</b>      | <b>231,453</b>    |
| <b>Net Assets, End of Year</b>       | <b>\$ 231,498</b>   | <b>\$ 231,514</b> |

*The Notes to Financial Statements are an integral part of this statement.*

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2017 and 2016**

|                                                                                     | <u>2017</u>              | <u>2016</u>              |
|-------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>Cash Flows From Operating Activities</b>                                         |                          |                          |
| Change in net assets                                                                | \$ (16)                  | \$ 61                    |
| Adjustment to reconcile change in net assets to net cash from operating activities: |                          |                          |
| Depreciation                                                                        | 5,812                    | 6,010                    |
| Changes in operating assets and liabilities which provided (used) cash:             |                          |                          |
| Due from grantors                                                                   | (211,478)                | (19,440)                 |
| Accounts payable                                                                    | 150,321                  | (21,088)                 |
| Provision for accrued leave                                                         | -                        | (12,874)                 |
| Accrued payroll taxes                                                               | 56                       | (1,192)                  |
| Deferred revenue                                                                    | 36,223                   | 49,080                   |
| <b>Net Cash Provided by (Used In) Operating Activities</b>                          | <u>\$ (19,082)</u>       | <u>\$ 557</u>            |
| <b>Cash Flows From Investing Activities</b>                                         |                          |                          |
| Purchase of equipment                                                               | <u>\$ (8,972)</u>        | <u>\$ -</u>              |
| <b>Net Cash Used in Investing Activities</b>                                        | <u>\$ (8,972)</u>        | <u>\$ -</u>              |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                         | \$ (28,054)              | \$ 557                   |
| <b>Cash and Cash Equivalents - Beginning of Year</b>                                | <u>206,143</u>           | <u>205,586</u>           |
| <b>Cash and Cash Equivalents - End of Year</b>                                      | <u><u>\$ 178,089</u></u> | <u><u>\$ 206,143</u></u> |

*The Notes to Financial Statements are an integral part of this statement.*

**SOUTHWEST MICHIGAN PLANNING COMMISSION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                          | NATS              | TCATS             | MACOG<br>TDM     | MDOT             | CZM             | PPRWT            | MDEQ/SA<br>W      | Rideshare        | CED/EDA          | RPI               | PEP Phase<br>II  | Asset<br>Management | FTA<br>Mobility<br>Management | Berrien<br>Consolidated<br>Transit | Local<br>Planning | Totals              |
|--------------------------|-------------------|-------------------|------------------|------------------|-----------------|------------------|-------------------|------------------|------------------|-------------------|------------------|---------------------|-------------------------------|------------------------------------|-------------------|---------------------|
| <b>Expenses</b>          |                   |                   |                  |                  |                 |                  |                   |                  |                  |                   |                  |                     |                               |                                    |                   |                     |
| Salaries                 | \$ 48,964         | \$ 87,948         | \$ -             | \$ 21,275        | \$ 3,845        | \$ 3,375         | \$ 22,524         | \$ 12,475        | \$ 26,835        | \$ 16,906         | \$ 5,955         | \$ 10,774           | \$ 11,401                     | \$ 4,350                           | \$ 14,583         | \$ 291,210          |
| Fringe benefits          | 21,202            | 38,083            | -                | 9,213            | 1,665           | 1,461            | 9,754             | 5,402            | 11,620           | 7,321             | 2,579            | 4,665               | 4,937                         | 1,884                              | 6,315             | 126,101             |
| Travel                   | 3,450             | 6,189             | -                | 2,407            | 293             | 151              | 1,751             | 723              | 326              | 1,340             | 1,041            | 2,307               | 1,372                         | 99                                 | 932               | 22,381              |
| Printing and postage     | 55                | 41                | -                | 182              | -               | -                | 133               | 161              | -                | 50                | -                | -                   | 216                           | 12                                 | 73                | 923                 |
| Dues and subscriptions   | 100               | 100               | -                | -                | -               | -                | 266               | -                | -                | -                 | -                | -                   | 30                            | -                                  | 943               | 1,439               |
| Supplies and materials   | 905               | 1,154             | -                | 104              | 55              | 348              | -                 | 23               | 199              | 86                | 88               | 77                  | 399                           | 219                                | 2,218             | 5,875               |
| Computer services        | 925               | 925               | -                | 330              | -               | 190              | -                 | 375              | 990              | 111               | -                | -                   | 465                           | -                                  | 925               | 5,236               |
| Advertising              | 40                | -                 | -                | 649              | -               | -                | -                 | 2,500            | -                | -                 | -                | -                   | -                             | 731                                | -                 | 3,920               |
| Conferences and training | 1,280             | 1,850             | -                | 335              | -               | -                | 50                | -                | -                | 125               | 50               | 205                 | 750                           | -                                  | 10                | 4,655               |
| Contractual - direct     | -                 | -                 | -                | -                | -               | -                | -                 | -                | -                | -                 | -                | -                   | 38,760                        | -                                  | -                 | 38,760              |
| Contractual              | 85                | 65                | 53,744           | 255              | -               | 46,418           | 66,486            | 33               | -                | 94,243            | -                | 65                  | 4,590                         | 124,753                            | 26,392            | 417,129             |
| General Commissions      | 12                | -                 | -                | -                | -               | -                | -                 | -                | -                | -                 | -                | -                   | -                             | -                                  | -                 | 12                  |
| Indirect cost pool       | 51,607            | 92,338            | -                | 22,382           | 4,054           | 3,552            | 23,731            | 13,168           | 28,121           | 17,804            | 6,293            | 11,319              | 12,055                        | 4,594                              | 15,386            | 306,404             |
| <b>Total Expenses</b>    | <b>\$ 128,625</b> | <b>\$ 228,693</b> | <b>\$ 53,744</b> | <b>\$ 57,132</b> | <b>\$ 9,912</b> | <b>\$ 55,495</b> | <b>\$ 124,695</b> | <b>\$ 34,860</b> | <b>\$ 68,091</b> | <b>\$ 137,986</b> | <b>\$ 16,006</b> | <b>\$ 29,412</b>    | <b>\$ 74,975</b>              | <b>\$ 136,642</b>                  | <b>\$ 67,777</b>  | <b>\$ 1,224,045</b> |

*The Notes to Financial Statements are an integral part of this statement.*



**SOUTHWEST MICHIGAN PLANNING COMMISSION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|                           | NATS              | TCATS             | MDOT             | CZM             | PPRWT           | MDEQ<br>SAW       | Rideshare        | CED/EDA          | RPI               | PEP Phase<br>II  | Asset<br>Management | Trail Towns   | FTA<br>Mobility<br>Management | Berrien<br>Consolidated<br>Transit | Local<br>Planning | Totals            |
|---------------------------|-------------------|-------------------|------------------|-----------------|-----------------|-------------------|------------------|------------------|-------------------|------------------|---------------------|---------------|-------------------------------|------------------------------------|-------------------|-------------------|
| <b>Expenditures</b>       |                   |                   |                  |                 |                 |                   |                  |                  |                   |                  |                     |               |                               |                                    |                   |                   |
| Salaries                  | \$ 58,537         | \$ 95,309         | \$ 18,616        | \$ 1,631        | \$ 1,039        | \$ 26,539         | \$ 11,200        | \$ 4,170         | \$ 13,200         | \$ 4,177         | \$ 13,099           | \$ 210        | \$ 9,100                      | \$ 147                             | \$ 15,755         | \$ 272,729        |
| Fringe benefits           | 24,839            | 40,491            | 7,899            | 692             | 441             | 11,261            | 4,752            | 1,769            | 5,601             | 1,772            | 5,558               | 89            | 3,861                         | 62                                 | 6,685             | 115,772           |
| Travel                    | 3,838             | 5,786             | 1,504            | 116             | 25              | 1,361             | 1,280            | 849              | 1,625             | 341              | 1,043               | 34            | 2,937                         | -                                  | 1,517             | 22,256            |
| Printing and postage      | 89                | 130               | 655              | 6               | -               | 186               | 66               | 55               | -                 | -                | 24                  | -             | 125                           | -                                  | 113               | 1,449             |
| Dues and subscriptions    | 263               | 332               | 213              | -               | -               | -                 | -                | 213              | 213               | -                | 213                 | -             | 225                           | -                                  | -                 | 1,672             |
| Supplies and materials    | 1,253             | 2,815             | 511              | 59              | -               | 580               | 247              | 151              | 264               | 33               | 268                 | 33            | 730                           | 1                                  | 1,156             | 8,101             |
| Computer services         | 5,156             | 3,581             | 1,950            | -               | -               | -                 | 746              | 757              | -                 | -                | -                   | -             | 341                           | -                                  | 1,325             | 13,856            |
| Advertising               | 647               | 2,454             | 1,357            | -               | -               | -                 | 5,445            | -                | -                 | -                | 105                 | -             | 113                           | -                                  | -                 | 10,121            |
| Conferences and training  | 65                | 1,200             | -                | -               | -               | -                 | 11               | 30               | -                 | -                | 370                 | -             | 1,824                         | -                                  | 120               | 3,620             |
| Contractual - direct      | 150               | 174               | 24               | -               | -               | -                 | 48               | -                | -                 | -                | -                   | -             | 38,698                        | -                                  | 24                | 39,118            |
| Contractual               | 62                | -                 | 74               | -               | -               | 34,341            | -                | -                | 124,370           | -                | 7,663               | -             | -                             | -                                  | 4,575             | 171,085           |
| Direct equipment          | 354               | 491               | -                | -               | -               | -                 | -                | -                | -                 | -                | -                   | -             | -                             | -                                  | -                 | 845               |
| Indirect cost pool        | 58,492            | 95,454            | 18,657           | 1,635           | 1,050           | 26,648            | 11,201           | 4,179            | 13,250            | 4,226            | 13,238              | 211           | 9,187                         | 147                                | 15,901            | 273,476           |
| <b>Total Expenditures</b> | <b>\$ 153,745</b> | <b>\$ 248,217</b> | <b>\$ 51,460</b> | <b>\$ 4,139</b> | <b>\$ 2,555</b> | <b>\$ 100,916</b> | <b>\$ 34,996</b> | <b>\$ 12,173</b> | <b>\$ 158,523</b> | <b>\$ 10,549</b> | <b>\$ 41,581</b>    | <b>\$ 577</b> | <b>\$ 67,141</b>              | <b>\$ 357</b>                      | <b>\$ 47,171</b>  | <b>\$ 934,100</b> |

*The Notes to Financial Statements are an integral part of this statement.*

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

**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.

**Financial Statement Presentation** - The Commission follows the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-210, “*Financial Statements of Not-for-Profit Organizations*.” FASB ASC 958-210 requires the Commission to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Commission is required to present a statement of cash flows.

**Contributions** - The Commission also follows FASB ASC 958-605, “*Accounting for Contributions Received and Contributions Made*.” In compliance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Pledged contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets as 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**  
**December 31, 2017 and 2016**

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

- C. Project and Salary Expenses** - 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 expenses 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 the years ended December 31, 2017 and 2016, the total fringe benefit rate was 43% and 42%, 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. Income Tax Status** - The Commission has been determined to be a governmental unit for income tax purposes and is therefore exempt from taxation.
- F. 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.
- G. Deferred Revenue** - The deferred revenue represents amounts received, but not yet earned, from various granting and local agencies.
- H. 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.
- I. Reclassifications** - The Commission's policy is to reclassify, where appropriate, prior year financials to conform to the current year presentation.

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

**NOTE 2. FISCAL PERIODS**

The grants/programs listed below are awarded on a December 31 year-end basis. Expenses 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  
Regional Prosperity Initiative

The grants/programs listed below are awarded on a September 30 year-end basis. Only those expenses and related revenues applicable to the activities occurring during the Commission's fiscal years ended December 31, 2017 and 2016, are included in the accompanying financial statements.

Grants/Programs

Twin Cities Area Transportation Study (TCATS)  
Niles Area Transportation Study – (NATS)  
Niles Area Transportation Study – Federal Transit Administration (NATS - FTA)  
Michigan Department of Transportation Regional Transportation Planning (MDOT)  
Asset Management

The Rideshare grant/program is awarded on a June 30 year-end basis. Only those expenses and related revenues applicable to the activities occurring during the Commission's fiscal years ended December 31, 2017 and 2016, are included in the accompanying financial statements.

The remaining grants/programs including National Pollutant Discharge Elimination System: Public Education Program Phase II (PEP II) are entered based on a project specific contractual agreement that varies depending on the project. Only those expenses and related revenues applicable to the activities occurring during the Commission's fiscal years ended December 31, 2017 and 2016, are included in the accompanying financial statements.

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

**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. One such project, the Mobility Management project, which is a contractual project with the Twin Cities Area Transportation Study (TCATS), has a contracted indirect rate of 20%.

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, 2017 and 2016 was 75% and 71%, respectively.

The following are the total indirect costs allocated to projects:

|                          | <b>2017</b>       | <b>2016</b>       |
|--------------------------|-------------------|-------------------|
| Salaries (chargeable)    | \$ 115,684        | \$ 98,519         |
| Benefits                 | 75,423            | 72,184            |
| Travel                   | 298               | 845               |
| Printing and advertising | -                 | 150               |
| Rent                     | 67,896            | 69,756            |
| Telephone                | 3,138             | 2,633             |
| Professional fees        | 9,347             | 4,678             |
| Postage                  | 691               | 799               |
| Dues and subscriptions   | 578               | 1,555             |
| Office supplies          | 6,112             | 4,425             |
| Conferences              | 4,524             | 360               |
| Equipment depreciation   | 5,812             | 6,010             |
| Equipment maintenance    | -                 | 278               |
| Computer services        | 28,562            | 23,606            |
|                          | <u>\$ 318,065</u> | <u>\$ 285,798</u> |

**NOTE 4.      DEFINED CONTRIBUTION PENSION PLAN**

The Commission has established an insured; money purchase contributory pension plan which covers substantially all full time employees. Pension expense for the years ended December 31, 2017 and 2016 amounted to \$28,503 and \$22,717, respectively.

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

**NOTE 5. 457 DEFERRED COMPENSATION PLAN**

The 457 Deferred Compensation Plan is offered on a voluntary basis to all employees. These funds are withheld from the employee's wages or salary on a pretax basis as allowed by the Internal Revenue Service.

**NOTE 6. LEASE COMMITMENT**

The Commission entered into a new 10 - year lease at a new location effective January 1, 2014. Monthly rent is \$5,610 under this new lease. Future minimum rent payments are as follows:

|            |    |                |
|------------|----|----------------|
| 2018       | \$ | 67,320         |
| 2019       |    | 67,320         |
| 2020       |    | 67,320         |
| 2021       |    | 67,320         |
| 2022       |    | 67,320         |
| Thereafter |    | 67,320         |
|            | \$ | <u>403,920</u> |

**NOTE 7. EXPLANATION OF ACRONYMS**

|                |                                                                                                    |
|----------------|----------------------------------------------------------------------------------------------------|
| TCATS          | Twin Cities Area Transportation Study                                                              |
| NATS           | Niles Area Transportation Study                                                                    |
| 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              |
| PPRWT          | Paw Paw River Water Trail                                                                          |
| MDEQ SAW       | MIchigan Department of Environmental Quality/Stormwater Asset Manangement and Wastewater           |
| SJRWS Wetland  | St. Joseph River Watershed Wetland                                                                 |
| RPI            | Regional Prosperity Initiative                                                                     |
| PEP II         | National Pollutant Discharge Elimination System: Public Education Program                          |
| CZM            | Coastal Zone Management                                                                            |

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

**NOTE 8. FIXED ASSETS**

Fixed assets are summarized as follows as of December 31:

|                               | <b>Estimated<br/>Asset Lives</b> | <b>2017</b>      | <b>2016</b>      |
|-------------------------------|----------------------------------|------------------|------------------|
| Furniture and equipment       | 5 years                          | \$ 170,668       | \$ 161,696       |
| Less accumulated depreciation |                                  | (152,388)        | (146,576)        |
|                               |                                  | <u>\$ 18,280</u> | <u>\$ 15,120</u> |

Depreciation included in the statement of activities and changes in net assets for the years ended December 31, 2017 and 2016, amounted to \$5,812 and \$6,010, respectively.

**NOTE 9. 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, 2017 and 2016 all deposits were insured.

**NOTE 10. DEFERRED REVENUES**

|                             | <u>2017</u>       | <u>2016</u>       |
|-----------------------------|-------------------|-------------------|
| NATS                        | \$ 24,036         | \$ 16,971         |
| TCATS                       | 27,690            | 27,447            |
| MDOT                        | 835               | 206               |
| MDEQ SAW                    | -                 | 2,789             |
| Rideshare                   | 2,781             | 60                |
| CED/EDA                     | 49,464            | 45,271            |
| RPI                         | 152,698           | 109,496           |
| Asset Management            | 9,853             | 6,787             |
| Trail Towns                 | -                 | 2,844             |
| FTA Mobility Management     | 5,401             | -                 |
| Berrien County Transit Plan | -                 | 33,830            |
| Local Planning              | 54,318            | 45,152            |
|                             | <u>\$ 327,076</u> | <u>\$ 290,853</u> |

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

**NOTE 11.     SUBSEQUENT EVENTS**

The Commission has evaluated subsequent events through July 6, 2018 the date the financials were available to be issued. No events or transactions occurred during this period which requires recognition of disclosures in the financial statements.



## **SUPPLEMENTARY INFORMATION**



## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of  
Southwest Michigan Planning Commission  
Benton Harbor, Michigan

We have audited the financial statements of Southwest Michigan Planning Commission as of and for the years ended December 31, 2017 and 2016, and have issued our report thereon dated July 6, 2018 , which expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The following supplementary information is presented for 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.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Kruggel Lawton &amp; Company, LLC'.

Certified Public Accountants

St. Joseph, Michigan  
July 6, 2018

SOUTHWEST MICHIGAN PLANNING COMMISSION  
STATEMENT OF FINANCIAL POSITION – DESIGNATED  
DECEMBER 31, 2017

|                                  | NATS      | TCATS     | MACOG<br>TDM | St. Joseph<br>Watershed | MDOT     | CZM     | PPRWT    | MDEQ<br>SAW | Rideshare | CED/EDA   | RPI        | Pep Phase<br>II | Asset<br>Management | FTA<br>Mobility<br>Management | Berrien<br>Consolidated<br>Transit | Local<br>Planning | Totals     |
|----------------------------------|-----------|-----------|--------------|-------------------------|----------|---------|----------|-------------|-----------|-----------|------------|-----------------|---------------------|-------------------------------|------------------------------------|-------------------|------------|
| Assets                           |           |           |              |                         |          |         |          |             |           |           |            |                 |                     |                               |                                    |                   |            |
| Current Assets                   |           |           |              |                         |          |         |          |             |           |           |            |                 |                     |                               |                                    |                   |            |
| Cash and cash equivalents        | \$ -      | \$ -      | \$ -         | \$ -                    | \$ -     | \$ -    | \$ -     | \$ -        | \$ -      | \$ -      | \$ -       | \$ -            | \$ -                | \$ -                          | \$ -                               | \$ -              | \$ -       |
| Due from grantors                | 52,211    | 92,308    | 15,910       | -                       | 12,472   | 6,991   | 57,987   | 144,377     | 15,410    | 9,047     | -          | 636             | 8,076               | 52,626                        | 21,592                             | 62,774            | 552,417    |
| Due from (to) other funds        | (11,682)  | (45,221)  | (15,910)     | 1,208                   | (11,637) | (6,991) | (57,987) | (144,377)   | (12,629)  | 40,826    | 152,698    | (636)           | 1,777               | (47,225)                      | (21,592)                           | (8,456)           | (187,834)  |
| Total Current Assets             | \$ 40,529 | \$ 47,087 | \$ -         | \$ 1,208                | \$ 835   | \$ -    | \$ -     | \$ -        | \$ 2,781  | \$ 49,873 | \$ 152,698 | \$ -            | \$ 9,853            | \$ 5,401                      | \$ -                               | \$ 54,318         | \$ 364,583 |
| Liabilities and Net Assets       |           |           |              |                         |          |         |          |             |           |           |            |                 |                     |                               |                                    |                   |            |
| Current Liabilities              |           |           |              |                         |          |         |          |             |           |           |            |                 |                     |                               |                                    |                   |            |
| Escrow accounts                  | \$ 16,493 | \$ 19,397 | \$ -         | \$ 1,208                | \$ -     | \$ -    | \$ -     | \$ -        | \$ -      | \$ 409    | \$ -       | \$ -            | \$ -                | \$ -                          | \$ -                               | \$ -              | \$ 37,507  |
| Deferred revenue                 | 24,036    | 27,690    | -            | -                       | 835      | -       | -        | -           | 2,781     | 49,464    | 152,698    | -               | 9,853               | 5,401                         | -                                  | 54,318            | 327,076    |
| Total Current Liabilities        | \$ 40,529 | \$ 47,087 | \$ -         | \$ 1,208                | \$ 835   | \$ -    | \$ -     | \$ -        | \$ 2,781  | \$ 49,873 | \$ 152,698 | \$ -            | \$ 9,853            | \$ 5,401                      | \$ -                               | \$ 54,318         | \$ 364,583 |
| Net Assets                       | \$ -      | \$ -      | \$ -         | \$ -                    | \$ -     | \$ -    | \$ -     | \$ -        | \$ -      | \$ -      | \$ -       | \$ -            | \$ -                | \$ -                          | \$ -                               | \$ -              | \$ -       |
| Total Liabilities and Net Assets | \$ 40,529 | \$ 47,087 | \$ -         | \$ 1,208                | \$ 835   | \$ -    | \$ -     | \$ -        | \$ 2,781  | \$ 49,873 | \$ 152,698 | \$ -            | \$ 9,853            | \$ 5,401                      | \$ -                               | \$ 54,318         | \$ 364,583 |

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**STATEMENT OF FINANCIAL POSITION – DESIGNATED**  
**DECEMBER 31, 2016**

|                                         | NATS             | TCATS            | St. Joseph<br>Watershed | MDOT          | CZM         | PPRWT       | MDEQ<br>SAW     | Rideshare    | CED/EDA          | RPI               | Pep Phase<br>II | Asset<br>Management | Trail<br>Towns  | FTA<br>Mobility<br>Management | Berrien<br>Consolidated<br>Transit | Local<br>Planning | Totals            |
|-----------------------------------------|------------------|------------------|-------------------------|---------------|-------------|-------------|-----------------|--------------|------------------|-------------------|-----------------|---------------------|-----------------|-------------------------------|------------------------------------|-------------------|-------------------|
| <b>Assets</b>                           |                  |                  |                         |               |             |             |                 |              |                  |                   |                 |                     |                 |                               |                                    |                   |                   |
| <b>Current Assets</b>                   |                  |                  |                         |               |             |             |                 |              |                  |                   |                 |                     |                 |                               |                                    |                   |                   |
| Cash and cash equivalents               | \$ -             | \$ -             | \$ -                    | \$ -          | \$ -        | \$ -        | \$ -            | \$ -         | \$ -             | \$ -              | \$ -            | \$ -                | \$ -            | \$ -                          | \$ -                               | \$ -              | \$ -              |
| Due from grantors                       | 58,697           | 82,626           | -                       | 9,706         | 5,705       | 2,555       | 25,026          | 14,074       | 7,584            | -                 | 10,166          | 24,823              | -               | 13,577                        | 17,060                             | 69,340            | 340,939           |
| Due from (to) other funds               | (25,233)         | (35,782)         | 1,208                   | (9,500)       | (5,705)     | (2,555)     | (22,237)        | (14,014)     | 38,096           | 109,496           | (10,166)        | (18,036)            | 2,844           | (13,577)                      | 16,770                             | (24,188)          | (12,579)          |
| <b>Total Current Assets</b>             | <b>\$ 33,464</b> | <b>\$ 46,844</b> | <b>\$ 1,208</b>         | <b>\$ 206</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 2,789</b> | <b>\$ 60</b> | <b>\$ 45,680</b> | <b>\$ 109,496</b> | <b>\$ -</b>     | <b>\$ 6,787</b>     | <b>\$ 2,844</b> | <b>\$ -</b>                   | <b>\$ 33,830</b>                   | <b>\$ 45,152</b>  | <b>\$ 328,360</b> |
| <b>Liabilities and Net Assets</b>       |                  |                  |                         |               |             |             |                 |              |                  |                   |                 |                     |                 |                               |                                    |                   |                   |
| <b>Current Liabilities</b>              |                  |                  |                         |               |             |             |                 |              |                  |                   |                 |                     |                 |                               |                                    |                   |                   |
| Escrow accounts                         | \$ 16,493        | \$ 19,397        | \$ 1,208                | \$ -          | \$ -        | \$ -        | \$ -            | \$ -         | \$ 409           | \$ -              | \$ -            | \$ -                | \$ -            | \$ -                          | \$ -                               | \$ -              | \$ 37,507         |
| Deferred revenue                        | 16,971           | 27,447           | -                       | 206           | -           | -           | 2,789           | 60           | 45,271           | 109,496           | -               | 6,787               | 2,844           | -                             | 33,830                             | 45,152            | 290,853           |
| <b>Total Current Liabilities</b>        | <b>\$ 33,464</b> | <b>\$ 46,844</b> | <b>\$ 1,208</b>         | <b>\$ 206</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 2,789</b> | <b>\$ 60</b> | <b>\$ 45,680</b> | <b>\$ 109,496</b> | <b>\$ -</b>     | <b>\$ 6,787</b>     | <b>\$ 2,844</b> | <b>\$ -</b>                   | <b>\$ 33,830</b>                   | <b>\$ 45,152</b>  | <b>\$ 328,360</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>Total Liabilities and Net Assets</b> | <b>\$ 33,464</b> | <b>\$ 46,844</b> | <b>\$ 1,208</b>         | <b>\$ 206</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 2,789</b> | <b>\$ 60</b> | <b>\$ 45,680</b> | <b>\$ 109,496</b> | <b>\$ -</b>     | <b>\$ 6,787</b>     | <b>\$ 2,844</b> | <b>\$ -</b>                   | <b>\$ 33,830</b>                   | <b>\$ 45,152</b>  | <b>\$ 328,360</b> |

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**STATEMENT OF ACTIVITIES – DESIGNATED**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                                              | NATS              | TCATS             | MACOG<br>TDM     | MDOT             | CZM             | PPRWT            | MDEQ/SAW          | Rideshare        | CED/EDA          | RPI               | PEP Phase<br>II  | Asset<br>Management | FTA<br>Mobility<br>Management | Berrien<br>Consolidated<br>Transit | Local<br>Planning | Totals              |
|--------------------------------------------------------------|-------------------|-------------------|------------------|------------------|-----------------|------------------|-------------------|------------------|------------------|-------------------|------------------|---------------------|-------------------------------|------------------------------------|-------------------|---------------------|
| <b>Support</b>                                               |                   |                   |                  |                  |                 |                  |                   |                  |                  |                   |                  |                     |                               |                                    |                   |                     |
| Federal                                                      | \$ 126,586        | \$ 215,937        | \$ 46,177        | \$ -             | \$ -            | \$ -             | \$ -              | \$ -             | \$ 68,091        | \$ -              | \$ -             | \$ -                | \$ -                          | \$ -                               | \$ 2,212          | \$ 459,003          |
| State                                                        | -                 | -                 | 7,567            | 57,132           | 5,290           | 55,388           | 122,003           | 34,860           | -                | 137,986           | -                | 29,412              | -                             | 118,531                            | 38,016            | 606,185             |
| County                                                       | -                 | -                 | -                | -                | -               | -                | -                 | -                | -                | -                 | -                | -                   | -                             | -                                  | 373               | 373                 |
| Local                                                        | 2,039             | 12,756            | -                | -                | 4,622           | 107              | 2,692             | -                | -                | -                 | 16,006           | -                   | 74,975                        | 18,111                             | 27,176            | 158,484             |
| <b>Total Support</b>                                         | <b>\$ 128,625</b> | <b>\$ 228,693</b> | <b>\$ 53,744</b> | <b>\$ 57,132</b> | <b>\$ 9,912</b> | <b>\$ 55,495</b> | <b>\$ 124,695</b> | <b>\$ 34,860</b> | <b>\$ 68,091</b> | <b>\$ 137,986</b> | <b>\$ 16,006</b> | <b>\$ 29,412</b>    | <b>\$ 74,975</b>              | <b>\$ 136,642</b>                  | <b>\$ 67,777</b>  | <b>\$ 1,224,045</b> |
| <b>Expenses</b>                                              |                   |                   |                  |                  |                 |                  |                   |                  |                  |                   |                  |                     |                               |                                    |                   |                     |
| Salaries                                                     | \$ 48,964         | \$ 87,948         | \$ -             | \$ 21,275        | \$ 3,845        | \$ 3,375         | \$ 22,524         | \$ 12,475        | \$ 26,835        | \$ 16,906         | \$ 5,955         | \$ 10,774           | \$ 11,401                     | \$ 4,350                           | \$ 14,583         | \$ 291,210          |
| Fringe benefits                                              | 21,202            | 38,083            | -                | 9,213            | 1,665           | 1,461            | 9,754             | 5,402            | 11,620           | 7,321             | 2,579            | 4,665               | 4,937                         | 1,884                              | 6,315             | 126,101             |
| Travel                                                       | 3,450             | 6,189             | -                | 2,407            | 293             | 151              | 1,751             | 723              | 326              | 1,340             | 1,041            | 2,307               | 1,372                         | 99                                 | 932               | 22,381              |
| Printing and postage                                         | 55                | 41                | -                | 182              | -               | -                | 133               | 161              | -                | 50                | -                | -                   | 216                           | 12                                 | 73                | 923                 |
| Dues and subscriptions                                       | 100               | 100               | -                | -                | -               | -                | 266               | -                | -                | -                 | -                | -                   | 30                            | -                                  | 943               | 1,439               |
| Supplies and materials                                       | 905               | 1,154             | -                | 104              | 55              | 348              | -                 | 23               | 199              | 86                | 88               | 77                  | 399                           | 219                                | 2,218             | 5,875               |
| Computer services                                            | 925               | 925               | -                | 330              | -               | 190              | -                 | 375              | 990              | 111               | -                | -                   | 465                           | -                                  | 925               | 5,236               |
| Advertising                                                  | 40                | -                 | -                | 649              | -               | -                | -                 | 2,500            | -                | -                 | -                | -                   | -                             | 731                                | -                 | 3,920               |
| Conferences and training                                     | 1,280             | 1,850             | -                | 335              | -               | -                | 50                | -                | -                | 125               | 50               | 205                 | 750                           | -                                  | 10                | 4,655               |
| Contractual - direct                                         | -                 | -                 | -                | -                | -               | -                | -                 | -                | -                | -                 | -                | -                   | 38,760                        | -                                  | -                 | 38,760              |
| Contractual - off site                                       | 85                | 65                | 53,744           | 255              | -               | 46,418           | 66,486            | 33               | -                | 94,243            | -                | 65                  | 4,590                         | 124,753                            | 26,392            | 417,129             |
| General Commissions                                          | 12                | -                 | -                | -                | -               | -                | -                 | -                | -                | -                 | -                | -                   | -                             | -                                  | -                 | 12                  |
| Indirect cost pool                                           | 51,607            | 92,338            | -                | 22,382           | 4,054           | 3,552            | 23,731            | 13,168           | 28,121           | 17,804            | 6,293            | 11,319              | 12,055                        | 4,594                              | 15,386            | 306,404             |
| <b>Total Expenses</b>                                        | <b>\$ 128,625</b> | <b>\$ 228,693</b> | <b>\$ 53,744</b> | <b>\$ 57,132</b> | <b>\$ 9,912</b> | <b>\$ 55,495</b> | <b>\$ 124,695</b> | <b>\$ 34,860</b> | <b>\$ 68,091</b> | <b>\$ 137,986</b> | <b>\$ 16,006</b> | <b>\$ 29,412</b>    | <b>\$ 74,975</b>              | <b>\$ 136,642</b>                  | <b>\$ 67,777</b>  | <b>\$ 1,224,045</b> |
| <b>Excess (Deficiency) of Revenues over (under) Expenses</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>Transfer in 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>Change in 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>Net Assets - Beginning of Year</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>Net Assets - End of Year</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>         |

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**STATEMENT OF ACTIVITIES – DESIGNATED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                                              | NATS              | TCATS             | MDOT             | CZM             | PPRWT           | MDEQ<br>SAW       | Rideshare        | CED/EDA          | RPI               | PEP Phase<br>II  | Asset<br>Management | Trail Towns   | FTA<br>Mobility<br>Management | Berrien<br>Consolidated<br>Transit | Local<br>Planning | Totals            |
|--------------------------------------------------------------|-------------------|-------------------|------------------|-----------------|-----------------|-------------------|------------------|------------------|-------------------|------------------|---------------------|---------------|-------------------------------|------------------------------------|-------------------|-------------------|
| <b>Support</b>                                               |                   |                   |                  |                 |                 |                   |                  |                  |                   |                  |                     |               |                               |                                    |                   |                   |
| Federal                                                      | \$ 126,864        | \$ 192,812        | \$ 809           | \$ -            | \$ -            | \$ -              | \$ -             | \$ 12,173        | \$ -              | \$ 9,773         | \$ -                | \$ -          | \$ -                          | \$ -                               | \$ 29,839         | \$ 372,270        |
| State                                                        | -                 | 13,556            | 50,651           | 4,139           | 2,555           | 47,141            | 34,996           | -                | 158,523           | -                | 41,581              | -             | -                             | -                                  | -                 | 353,142           |
| County                                                       | -                 | -                 | -                | -               | -               | -                 | -                | -                | -                 | -                | -                   | -             | -                             | -                                  | 7,007             | 7,007             |
| Local                                                        | 26,881            | 41,849            | -                | -               | -               | 53,775            | -                | -                | -                 | 776              | -                   | 577           | 67,141                        | 357                                | 10,325            | 201,681           |
| <b>Total Support</b>                                         | <b>\$ 153,745</b> | <b>\$ 248,217</b> | <b>\$ 51,460</b> | <b>\$ 4,139</b> | <b>\$ 2,555</b> | <b>\$ 100,916</b> | <b>\$ 34,996</b> | <b>\$ 12,173</b> | <b>\$ 158,523</b> | <b>\$ 10,549</b> | <b>\$ 41,581</b>    | <b>\$ 577</b> | <b>\$ 67,141</b>              | <b>\$ 357</b>                      | <b>\$ 47,171</b>  | <b>\$ 934,100</b> |
| <b>Expenses</b>                                              |                   |                   |                  |                 |                 |                   |                  |                  |                   |                  |                     |               |                               |                                    |                   |                   |
| Salaries                                                     | \$ 58,537         | \$ 95,309         | \$ 18,616        | \$ 1,631        | \$ 1,039        | \$ 26,539         | \$ 11,200        | \$ 4,170         | \$ 13,200         | \$ 4,177         | \$ 13,099           | \$ 210        | \$ 9,100                      | \$ 147                             | \$ 15,755         | \$ 272,729        |
| Fringe benefits                                              | 24,839            | 40,491            | 7,899            | 692             | 441             | 11,261            | 4,752            | 1,769            | 5,601             | 1,772            | 5,558               | 89            | 3,861                         | 62                                 | 6,685             | 115,772           |
| Travel                                                       | 3,838             | 5,786             | 1,504            | 116             | 25              | 1,361             | 1,280            | 849              | 1,625             | 341              | 1,043               | 34            | 2,937                         | -                                  | 1,517             | 22,256            |
| Printing and postage                                         | 89                | 130               | 655              | 6               | -               | 186               | 66               | 55               | -                 | -                | 24                  | -             | 125                           | -                                  | 113               | 1,449             |
| Dues and subscriptions                                       | 263               | 332               | 213              | -               | -               | -                 | -                | 213              | 213               | -                | 213                 | -             | 225                           | -                                  | -                 | 1,672             |
| Supplies and materials                                       | 1,253             | 2,815             | 511              | 59              | -               | 580               | 247              | 151              | 264               | 33               | 268                 | 33            | 730                           | 1                                  | 1,156             | 8,101             |
| Computer services                                            | 5,156             | 3,581             | 1,950            | -               | -               | -                 | 746              | 757              | -                 | -                | -                   | -             | 341                           | -                                  | 1,325             | 13,856            |
| Advertising                                                  | 647               | 2,454             | 1,357            | -               | -               | -                 | 5,445            | -                | -                 | -                | 105                 | -             | 113                           | -                                  | -                 | 10,121            |
| Conferences and training                                     | 65                | 1,200             | -                | -               | -               | -                 | 11               | 30               | -                 | -                | 370                 | -             | 1,824                         | -                                  | 120               | 3,620             |
| Contractual - direct                                         | 150               | 174               | 24               | -               | -               | -                 | 48               | -                | -                 | -                | -                   | -             | 38,698                        | -                                  | 24                | 39,118            |
| Contractual - off site                                       | 62                | -                 | 74               | -               | -               | 34,341            | -                | -                | 124,370           | -                | 7,663               | -             | -                             | -                                  | 4,575             | 171,085           |
| Direct equipment                                             | 354               | 491               | -                | -               | -               | -                 | -                | -                | -                 | -                | -                   | -             | -                             | -                                  | -                 | 845               |
| Indirect cost pool                                           | 58,492            | 95,454            | 18,657           | 1,635           | 1,050           | 26,648            | 11,201           | 4,179            | 13,250            | 4,226            | 13,238              | 211           | 9,187                         | 147                                | 15,901            | 273,476           |
| <b>Total Expenses</b>                                        | <b>\$ 153,745</b> | <b>\$ 248,217</b> | <b>\$ 51,460</b> | <b>\$ 4,139</b> | <b>\$ 2,555</b> | <b>\$ 100,916</b> | <b>\$ 34,996</b> | <b>\$ 12,173</b> | <b>\$ 158,523</b> | <b>\$ 10,549</b> | <b>\$ 41,581</b>    | <b>\$ 577</b> | <b>\$ 67,141</b>              | <b>\$ 357</b>                      | <b>\$ 47,171</b>  | <b>\$ 934,100</b> |
| <b>Excess (Deficiency) of Revenues over (under) Expenses</b> | \$ -              | \$ -              | \$ -             | \$ -            | \$ -            | \$ -              | \$ -             | \$ -             | \$ -              | \$ -             | \$ -                | \$ -          | \$ -                          | \$ -                               | \$ -              | \$ -              |
| <b>Transfer in Net Assets</b>                                | -                 | -                 | -                | -               | -               | -                 | -                | -                | -                 | -                | -                   | -             | -                             | -                                  | -                 | -                 |
| <b>Change in Net Assets</b>                                  | \$ -              | \$ -              | \$ -             | \$ -            | \$ -            | \$ -              | \$ -             | \$ -             | \$ -              | \$ -             | \$ -                | \$ -          | \$ -                          | \$ -                               | \$ -              | \$ -              |
| <b>Net Assets - Beginning of Year</b>                        | -                 | -                 | -                | -               | -               | -                 | -                | -                | -                 | -                | -                   | -             | -                             | -                                  | -                 | -                 |
| <b>Net Assets - End of Year</b>                              | \$ -              | \$ -              | \$ -             | \$ -            | \$ -            | \$ -              | \$ -             | \$ -             | \$ -              | \$ -             | \$ -                | \$ -          | \$ -                          | \$ -                               | \$ -              | \$ -              |

**SOUTHWEST MICHIGAN PLANNING COMMISSION**  
**ANALYSIS OF LOCAL ACTIVITIES**  
**For the Years Ended December 31, 2017 and 2016**

| <b>Support and Revenues</b>                         | <b>2017</b>       | <b>2016</b>       |
|-----------------------------------------------------|-------------------|-------------------|
| <b>Support and Revenues</b>                         |                   |                   |
| County                                              | \$ 38,164         | \$ 50,478         |
| Local revenues                                      | -                 | 165               |
| Interest                                            | 166               | 201               |
| <b>Total Support and Revenues</b>                   | <b>\$ 38,330</b>  | <b>\$ 50,844</b>  |
| <b>Expenses</b>                                     |                   |                   |
| Salaries                                            | \$ 10,228         | \$ 20,914         |
| Fringe benefits                                     | 4,429             | 8,900             |
| Travel                                              | 88                | 99                |
| Printing and postage                                | 129               | 262               |
| Supplies and materials                              | 601               | 392               |
| Computer services                                   | -                 | 168               |
| Professional services                               | 4,215             | 1,552             |
| Commission expenses                                 | 6,869             | 6,076             |
| Bank Fees                                           | 126               | 98                |
| Indirect cost pool                                  | 11,661            | 12,322            |
| <b>Total Expenses</b>                               | <b>\$ 38,346</b>  | <b>\$ 50,783</b>  |
| <b>Excess (Deficiency) of Revenues Over (Under)</b> |                   |                   |
| <b>Expenses</b>                                     | <b>\$ (16)</b>    | <b>\$ 61</b>      |
| <b>Net Assets, Beginning of Year</b>                | <b>231,514</b>    | <b>231,453</b>    |
| <b>Net Assets, End of Year</b>                      | <b>\$ 231,498</b> | <b>\$ 231,514</b> |

## **MANAGEMENT COMPLIANCE LETTER**





**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
Southwest Michigan Planning Commission  
Benton Harbor, Michigan 49022

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southwestern Michigan Planning Commission (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 6, 2018.

**Internal Control over Financial Reporting**

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

*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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses. See findings 2017-001 through 2017-003.

## **Compliance and Other Matters**

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

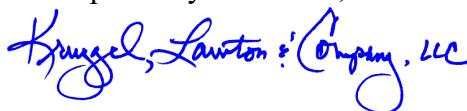
## **Southwest Planning Commission's Response to Findings**

Southwest Planning Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Southwest Planning Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

Respectfully submitted,



Certified Public Accountants

St. Joseph, Michigan  
July 6, 2018

**SOUTHWEST MICHIGAN PLANNING COMMISSION  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SECTION I – FINANCIAL STATEMENT FINDINGS**

**Finding 2017 – 001**

Material Weakness in Internal Control over Financial Reporting

*Specific Requirement:* Establishment and maintenance of internal controls over the financial reporting process.

*Condition:* Personnel responsible for financial reporting have time and monetary constraints that require assistance in preparing the financial statements and related footnotes. The staff of the Commission does understand all information included in the annual financial statements, but obtains assistance in the preparation.

*Criteria:* Internal controls should be in place to provide reasonable assurance to the Commission that management prepare, monitor, and report annual financial activity without auditor intervention.

*Effect:* The effect of this condition places a reliance on the independent auditor to be part of the Organization's internal controls over financial reporting.

*Recommendation:* The Commission should review and implement the necessary education and procedural activities to monitor and report annual financial activity.

*Views of Responsible Officials and Planned Corrective Actions:* We are aware of this deficiency. However, due to budget constraints, we have not developed these processes. We intend to re-evaluate if funding circumstances change.

**SOUTHWEST MICHIGAN PLANNING COMMISSION  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Finding 2017 – 002**

Material Weakness in Internal Control over Financial Reporting

*Specific Requirement:* Establishment and maintenance of internal controls over the financial reporting process.

*Condition:* General ledger balances (accounts payables) were materially misstated during the fiscal year.

*Criteria:* Management has overall financial responsibility to properly record transactions and provide accurate interim financial reporting.

*Effect:* The effect of this condition places a reliance on the independent auditor to be part of the Organization's internal controls over financial reporting.

*Recommendation:* The Commission should review the general ledger year end balances to ensure all account balances are correct and all accruals and receivables are booked.

*Views of Responsible Officials and Planned Corrective Actions:* Responsible parties within the Commission are working to improve internal controls in this area during the fiscal year. Independent review is an important control and current processes in this area will be improved. The Commission plans to record all year-end accruals.

**SOUTHWEST MICHIGAN PLANNING COMMISSION  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Finding 2017 – 003**

Material Weakness in Internal Control over Financial Reporting

*Specific Requirement:* Establishment and maintenance of internal controls over the financial reporting process.

*Condition:* Segregation of incompatible duties.

*Criteria:* Management has overall financial responsibility to properly record transactions and provide accurate interim financial reporting.

*Effect:* The effect of this condition places a reliance on the independent auditor to be part of the Organization's internal controls over financial reporting.

*Recommendation:* While there are no easy answers to the challenge of balancing the costs and benefits of internal control and segregation of duties, we would nevertheless encourage management to actively seek ways to further strengthen its internal control structure by requiring as much independent review, reconciliation and approval of accounting functions by qualified members of management as possible.

*Views of Responsible Officials and Planned Corrective Actions:* The Commission is aware of the risks associated with this condition and continues to evaluate options to mitigate this deficiency.

**SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

The Commission has spent under the \$750,000 threshold for federal expenditures and is not required to have a single audit under the Uniform Guidance.