



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,

Handwritten signature in blue ink that reads "Kruegel, Lawton & Company, LLC".

Certified Public Accountants

St. Joseph, Michigan
July 6, 2018

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

Assets	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and cash equivalents	\$ 178,089	\$ 206,143
Due from grantors	552,417	340,939
Prepaid expenses	24,802	24,802
Total Current Assets	<u>\$ 755,308</u>	<u>\$ 571,884</u>
Fixed Assets		
Less accumulated depreciation of \$152,388 for 2017 and \$146,576 for 2016	\$ 18,280	\$ 15,120
Total Assets	<u>\$ 773,588</u>	<u>\$ 587,004</u>
Liabilities and Net Assets		
Current Liabilities		
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
Total Current Liabilities	<u>\$ 542,090</u>	<u>\$ 355,490</u>
Net Assets		
Unrestricted	\$ 231,498	\$ 231,514
Total Liabilities and Net Assets	<u>\$ 773,588</u>	<u>\$ 587,004</u>

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

	<u>2017</u>	<u>2016</u>
Support and Revenues		
Federal	\$ 459,003	\$ 372,270
State	606,185	353,142
County	38,537	57,485
Local	158,484	201,846
Interest	166	201
Total Support and Revenues	<u>\$ 1,262,375</u>	<u>\$ 984,944</u>
Expenses		
Grants and Projects		
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
Total Grants and Projects	<u>\$ 1,224,045</u>	<u>\$ 934,100</u>
Local projects and services	<u>38,346</u>	<u>50,783</u>
Total Expenses	<u>\$ 1,262,391</u>	<u>\$ 984,883</u>
Change in Net Assets	\$ (16)	\$ 61
Net Assets, Beginning of Year	<u>231,514</u>	<u>231,453</u>
Net Assets, End of Year	<u><u>\$ 231,498</u></u>	<u><u>\$ 231,514</u></u>

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

	2017	2016
Cash Flows From Operating Activities		
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
Net Cash Provided by (Used In) Operating Activities	\$ (19,082)	\$ 557
Cash Flows From Investing Activities		
Purchase of equipment	\$ (8,972)	\$ -
Net Cash Used in Investing Activities	\$ (8,972)	\$ -
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (28,054)	\$ 557
Cash and Cash Equivalents - Beginning of Year	206,143	205,586
Cash and Cash Equivalents - End of Year	\$ 178,089	\$ 206,143

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**

	<u>NATS</u>	<u>TCATS</u>	<u>MACOG TDM</u>	<u>MDOT</u>	<u>CZM</u>	<u>PPRWT</u>	<u>MDEQ/SA W</u>	<u>Rideshare</u>	<u>CED/EDA</u>	<u>RPI</u>	<u>PEP Phase II</u>	<u>Asset Management</u>	<u>FTA Mobility Management</u>	<u>Berrien Consolidated Transit</u>	<u>Local Planning</u>	<u>Totals</u>
Expenses																
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
Total Expenses	\$ 128,625	\$ 228,693	\$ 53,744	\$ 57,132	\$ 9,912	\$ 55,495	\$ 124,695	\$ 34,860	\$ 68,091	\$ 137,986	\$ 16,006	\$ 29,412	\$ 74,975	\$ 136,642	\$ 67,777	\$ 1,224,045

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**

	<u>NATS</u>	<u>TCATS</u>	<u>MDOT</u>	<u>CZM</u>	<u>PPRWT</u>	<u>MDEQ SAW</u>	<u>Rideshare</u>	<u>CED/EDA</u>	<u>RPI</u>	<u>PEP Phase II</u>	<u>Asset Management</u>	<u>Trail Towns</u>	<u>FTA Mobility Management</u>	<u>Berrien Consolidated Transit</u>	<u>Local Planning</u>	<u>Totals</u>
Expenditures																
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
Total Expenditures	\$ 153,745	\$ 248,217	\$ 51,460	\$ 4,139	\$ 2,555	\$ 100,916	\$ 34,996	\$ 12,173	\$ 158,523	\$ 10,549	\$ 41,581	\$ 577	\$ 67,141	\$ 357	\$ 47,171	\$ 934,100

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:

	<u>2017</u>	<u>2016</u>
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>\$</u>	<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 Management 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:

	Estimated Asset Lives	2017	2016
Furniture and equipment	5 years	\$ 170,668	\$ 161,696
Less accumulated depreciation		(152,388)	(146,576)
		\$ 18,280	\$ 15,120

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

	2017	2016
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
	\$ 327,076	\$ 290,853

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 & 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 TDM	St. Joseph Watershed	MDOT	CZM	PPRWT	MDEQ SAW	Rideshare	CED/EDA	RPI	Pep Phase II	Asset Management	FTA Mobility Management	Berrien Consolidated Transit	Local 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

	<u>NATS</u>	<u>TCATS</u>	<u>St. Joseph Watershed</u>	<u>MDOT</u>	<u>CZM</u>	<u>PPRWT</u>	<u>MDEQ SAW</u>	<u>Rideshare</u>	<u>CED/EDA</u>	<u>RPI</u>	<u>Pep Phase II</u>	<u>Asset Management</u>	<u>Trail Towns</u>	<u>FTA Mobility Management</u>	<u>Berrien Consolidated Transit</u>	<u>Local Planning</u>	<u>Totals</u>
Assets																	
Current Assets																	
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)
Total Current Assets	\$ 33,464	\$ 46,844	\$ 1,208	\$ 206	\$ -	\$ -	\$ 2,789	\$ 60	\$ 45,680	\$ 109,496	\$ -	\$ 6,787	\$ 2,844	\$ -	\$ 33,830	\$ 45,152	\$ 328,360
Liabilities and Net Assets																	
Current Liabilities																	
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
Total Current Liabilities	\$ 33,464	\$ 46,844	\$ 1,208	\$ 206	\$ -	\$ -	\$ 2,789	\$ 60	\$ 45,680	\$ 109,496	\$ -	\$ 6,787	\$ 2,844	\$ -	\$ 33,830	\$ 45,152	\$ 328,360
Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities and Net Assets	\$ 33,464	\$ 46,844	\$ 1,208	\$ 206	\$ -	\$ -	\$ 2,789	\$ 60	\$ 45,680	\$ 109,496	\$ -	\$ 6,787	\$ 2,844	\$ -	\$ 33,830	\$ 45,152	\$ 328,360

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

	NATS	TCATS	MACOG TDM	MDOT	CZM	PPRWT	MDEQ/SAW	Rideshare	CED/EDA	RPI	PEP Phase II	Asset Management	FTA Mobility Management	Berrien Consolidated Transit	Local Planning	Totals
Support																
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
Total Support	\$ 128,625	\$ 228,693	\$ 53,744	\$ 57,132	\$ 9,912	\$ 55,495	\$ 124,695	\$ 34,860	\$ 68,091	\$ 137,986	\$ 16,006	\$ 29,412	\$ 74,975	\$ 136,642	\$ 67,777	\$ 1,224,045
Expenses																
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
Total Expenses	\$ 128,625	\$ 228,693	\$ 53,744	\$ 57,132	\$ 9,912	\$ 55,495	\$ 124,695	\$ 34,860	\$ 68,091	\$ 137,986	\$ 16,006	\$ 29,412	\$ 74,975	\$ 136,642	\$ 67,777	\$ 1,224,045
Excess (Deficiency) of Revenues over (under) Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer in Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Assets - Beginning of Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets - End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	NATS	TCATS	MDOT	CZM	PPRWT	MDEQ SAW	Rideshare	CED/EDA	RPI	PEP Phase II	Asset Management	Trail Towns	FTA Mobility Management	Berrien Consolidated Transit	Local Planning	Totals
Support																
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
Total Support	\$ 153,745	\$ 248,217	\$ 51,460	\$ 4,139	\$ 2,555	\$ 100,916	\$ 34,996	\$ 12,173	\$ 158,523	\$ 10,549	\$ 41,581	\$ 577	\$ 67,141	\$ 357	\$ 47,171	\$ 934,100
Expenses																
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
Total Expenses	\$ 153,745	\$ 248,217	\$ 51,460	\$ 4,139	\$ 2,555	\$ 100,916	\$ 34,996	\$ 12,173	\$ 158,523	\$ 10,549	\$ 41,581	\$ 577	\$ 67,141	\$ 357	\$ 47,171	\$ 934,100
Excess (Deficiency) of Revenues over (under) Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer in Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Assets - Beginning of Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets - End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Support and Revenues	2017	2016
	<u> </u>	<u> </u>
Support and Revenues		
County	\$ 38,164	\$ 50,478
Local revenues	-	165
Interest	166	201
Total Support and Revenues	<u>\$ 38,330</u>	<u>\$ 50,844</u>
Expenses		
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
Total Expenses	<u>\$ 38,346</u>	<u>\$ 50,783</u>
Excess (Deficiency) of Revenues Over (Under)		
Expenses	\$ (16)	\$ 61
Net Assets, Beginning of Year	<u>231,514</u>	<u>231,453</u>
Net Assets, End of Year	<u><u>\$ 231,498</u></u>	<u><u>\$ 231,514</u></u>

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,

A handwritten signature in blue ink that reads "Krueger, Lawton & Company, LLC". The signature is written in a cursive style.

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.