

TRI-COUNTY REGIONAL PLANNING COMMISSION
33-7-538
FINANCIAL STATEMENTS

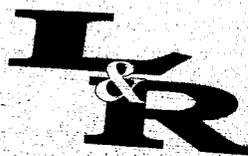
FOR THE YEAR ENDED SEPTEMBER 30, 2004

AND

INDEPENDENT AUDITORS' REPORT

AND

SINGLE AUDIT REPORTS



Layton & Richardson, P.C.
Certified Public Accountants

AUDITING PROCEDURES REPORT

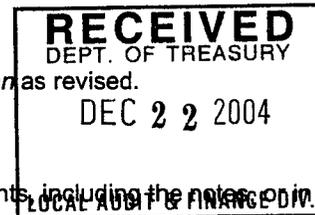
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Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <i>Tri-County Regional Planning Commission</i>	County <i>Ingham</i>
Audit Date <i>9-30-04</i>	Opinion Date <i>10-29-04</i>	Date Accountant Report Submitted to State: <i>12-17-04</i>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes to the report of comments and recommendations

You must check the applicable box for each item below.

- yes no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- yes no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- yes no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- yes no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- yes no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- yes no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- yes no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- yes no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- yes no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).	X		
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name) <i>Layton & Richardson P.C.</i>			
Street Address <i>1000 Coolidge Road</i>	City <i>East Lansing</i>	State <i>MI</i>	ZIP <i>48820</i>
Accountant Signature <i>Frank A. Richardson CPA</i>			

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Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Commission Members
Tri-County Regional Planning Commission
Lansing, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tri-County Regional Planning Commission as of and for the year ended September 30, 2004, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Tri-County Regional Planning Commission. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Tri-County Regional Planning Commission as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 1 to the financial statements, Tri-County Regional Planning Commission adopted the provision of Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Omnibus*. The result is a change in the format and content of the basic financial statements.

The management's discussion and analysis and the required supplementary information on pages 3 through 5 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Tri-County Regional Planning Commission's basic financial statements. The accompanying introductory section and supplemental financial information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Tri-County Regional Planning Commission. The supplemental financial information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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In accordance with *Government Auditing Standards*, we have also issued a report dated October 29, 2004 on our consideration of Tri-County Regional Planning Commission's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report considering the results of our audit.

Layton + Richardson PC

Certified Public Accountants

East Lansing, Michigan
October 29, 2004



Tri-County Regional Planning Commission

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TRI-COUNTY REGIONAL PLANNING COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

OFFICERS

CHAIRPERSON
Philip Chisholm

VICE-CHAIRPERSON
Shirley Rodgers

TREASURER
Susan McGillicuddy

SECRETARY
Larry Martin

COMMISSIONERS
Russel Bauerte
J. William Hawes
Dianne Holman
Alvin Kempf
Harold Leeman, Jr.
Calvin Lynch
Fred Marquardt
Jean McDonald
Larry Meyer
Ralph Monsma
David Pohl
Bill Sharp
Marsha Small
Mark Smuts
Carol Wood

EX-OFFICIO

LANSING MAYOR
Tony Benavides

COUNTY BOARD CHAIRPERSONS
John Arehart
Leonard Peters
Victor Celentino

EXECUTIVE DIRECTOR
Jon W. Coleman

This section of the Tri-County Regional Planning Commission annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year ended September 30, 2004. Please read it in conjunction with the financial statements that immediately follow this section.

Financial Highlights

Our financial status improved over the last year. Assets increased by approximately \$ 9,200. Total assets are now \$ 264,928 of which \$ 49,594 represents capital assets.

Overall revenues were \$ 1,200,047 and overall expenses were \$ 1,190,893 in the statement of activities. These amounts include transfers from Commission General Fund to Project Special Revenue Funds used as match when required.

Overview of the Financial Statements

This annual report consists of three parts - management discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the entity.

The first two statements are entity wide financial statements and provide both long and short-term information about our overall financial status. These statements present government activities.

The remaining statements are fund financial statements, which focus on detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

Entity Wide Statements

The entity wide statements report information about the Commission as a whole, using accounting methods used by private companies. The statements of net assets includes all the Commission's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity wide statements report net assets and how they have changed. Net assets are the difference between the Commission's assets and liabilities and this is one method to measure the Commission's financial health or position.

Over time, increases or decreases in the Commission's net assets are an indicator of whether financial position is improving or deteriorating.

Fund Financial Statements

The fund financial statements provide more detailed information about the Commission's funds. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The entity has the following Governmental funds:

General Revenue Fund - The Commission's activities are accounted for in the general fund, classified in the governmental fund category.

Special Revenue Fund - The Project activities are accounted for in special revenue Fund.

These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that differences between the entity wide statements and the fund statements are disclosed in the reconciling financial statements to explain the differences between them.

Financial Analysis of the Entity as a Whole

Net Assets - The Commission's net assets increased during the year ended September 30, 2004 by \$ 9,154. Total unrestricted net assets were \$215,334 at year end. The unrestricted net assets will be used for operating cash-flow and future capital asset purchases.

Liabilities - The Commission's liabilities decreased by \$17,385. This was due to a decrease in accounts payable and contract holdback . There was an increase in deferred revenue from projects that offset some of the decrease in accounts payable.

This is the first year presenting the financial statements according to Governmental Accounting Standards Board(GASB) # 34. Comparative information will be provided in subsequent year's MD&As.

Financial Analysis of the Commission's Fund

Amendments to our budget for the year ended September 30, 2004 were to cover changes in certain operational expenditures and a revenue increase of \$6,000.

Known Factors Affecting Future Operations

The Commission intends to increase member dues by \$ 92,304 and use \$105,200 in Urban STP funds in fiscal year 2005 to pay for Air Quality Conformity requirements.

Contacting Commission Management

This financial report is designed to provide a general overview of the Commission's finances and to demonstrate the Commission's accountability for the revenue it receives. If you have any questions concerning this report, please contact the Commission's office.



Jon W. Coleman
Executive Director

GENERAL PURPOSE FINANCIAL STATEMENTS

General purpose financial statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.

TRI-COUNTY REGIONAL PLANNING COMMISSION

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2004

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash deposits	\$ 391,917
Investments	39,102
Due from other governmental units	258,903
Prepaid expenses	6,852
Fixed assets (net of accumulated depreciation)	<u>49,594</u>
TOTAL ASSETS	\$ <u><u>746,368</u></u>
 LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	
Trade	\$ 136,353
Retainers	3,718
Due to other governmental units	477
Accrued wages and related items	50,631
Deferred revenue	<u>290,261</u>
TOTAL LIABILITIES	<u>481,440</u>
 NET ASSETS	
Invested in capital assets, net of related debt	49,594
Unrestricted	<u>215,334</u>
TOTAL NET ASSETS	<u>264,928</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>746,368</u></u>

See accompanying notes to financial statements.

TRI-COUNTY REGIONAL PLANNING COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	DIRECT EXPENSES	INDIRECT EXPENSES	CHARGES FOR SERVICES
FUNCTIONS/ PROGRAMS			
Governmental activities			
General commission	\$ 132,992	\$	\$
Project expenses	<u>584,434</u>	<u>358,262</u>	<u> </u>
Total governmental activities	<u><u>\$ 717,426</u></u>	<u><u>\$ 358,262</u></u>	<u><u>\$</u></u>
	<p style="margin-left: 40px;">General Revenues</p> <p style="margin-left: 40px;"> Miscellaneous</p> <p style="margin-left: 40px;"> Grants and contributions not restricted to specific programs</p> <p style="margin-left: 40px;"> Unrestricted investment earnings</p> <p style="margin-left: 40px;">Total General Revenues and Transfers</p> <p style="margin-left: 40px;">Change in Net Assets</p> <p>Net assets, October 1</p> <p>Net assets, September 30</p>		

See accompanying notes to financial statements.

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

PROGRAM REVENUES		PRIMARY GOVERNMENT		
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
\$	\$	\$ (132,992)	\$	\$ (132,992)
853,084		(89,612)		(89,612)
<u>\$ 853,084</u>	<u>\$</u>	<u>\$ (222,604)</u>		<u>(222,604)</u>
		300		300
		223,632		223,632
		2,314		2,314
		<u>226,246</u>		<u>226,246</u>
		3,642		3,642
		<u>261,286</u>		<u>261,286</u>
		<u>\$ 264,928</u>	<u>\$</u>	<u>\$ 264,928</u>

TRI-COUNTY REGIONAL PLANNING COMMISSION

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2004

	GENERAL	SPECIAL REVENUE FUND - PROJECTS <u>INDIRECT COST</u>
ASSETS		
Cash and deposits	\$ 391,917	\$
Investments	39,102	
Due from other governmental units	6,712	
Due from Planning Commission		
Prepaid expenses	<u>6,852</u>	<u> </u>
TOTAL ASSETS	\$ <u>444,583</u>	\$ <u> </u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 136,353	\$
Retainers	3,718	
Trade	477	
Due to other governmental units		
Accrued wages and related items	50,631	
Due to projects	38,070	
Deferred revenue		
TOTAL LIABILITIES	<u>229,249</u>	<u> </u>
 FUND BALANCE		
Undesignated	<u>215,334</u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>444,583</u>	\$ <u> </u>

See accompanying notes to financial statements.

SPECIAL REVENUE FUND - PROJECTS

DIRECT COSTS	TOTAL SPECIAL REVENUE	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
\$	\$	\$	\$
252,191 38,070	252,191 38,070	(38,070)	391,917 39,102 258,903
<u>\$ 290,261</u>	<u>\$ 290,261</u>	<u>\$ (38,070)</u>	<u>6,852</u> <u>\$ 696,774</u>
\$	\$	\$	\$
290,261 290,261	290,261 290,261	(38,070) (38,070)	136,353 3,718 477 50,631
<u>\$ 290,261</u>	<u>\$ 290,261</u>	<u>\$ (38,070)</u>	<u>290,261</u> <u>481,440</u> <u>215,334</u> <u>\$ 696,774</u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Total fund balances-governmental funds	\$ 215,334
Amounts reported for governmental activities in the statement of net assets are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$ 182,345 and the accumulated depreciation is \$132,751	<u>49,594</u>
Total net assets-governmental activities	<u>\$ 264,928</u>

See accompanying notes to financial statements.

TRI-COUNTY REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	GENERAL	SPECIAL REVENUE FUND - PROJECTS
	\$	\$
REVENUES		
Federal sources		
State sources		
Local sources		
Member allocations	223,632	
Other sources	300	
Fixed asset reimbursements	18,681	
Interest	2,314	
	<u>244,927</u>	<u> </u>
TOTAL REVENUES		
EXPENDITURES		
Salaries and wages	42,729	171,803
Fringe benefits	19,751	79,422
Legal	330	123
Telephone	2	2,709
Postage	1,300	757
Printing and copying	947	(2,111)
Office supplies		5,863
Graphic supplies		717
Travel-in region	191	2,650
Travel-out region	74	3,777
Training		
Commission meetings and travel	2,031	
Rent of facility		47,792
Rent of office		
Rent of equipment		2,047
Equipment maintenance		4,212
Computer services		1,123
Computer software		5,623
Insurance		
Bank charges	215	352
Subscriptions		296
Publications		18,681
Depreciation		4,517
Membership dues	1,000	
Special projects		
Consultant fee		7,909
Contractual services	11,934	
Furniture and equipment	13,169	
Audit	6,347	
Transfer for match		
Pass through		
Indirect costs	46,141	(358,262)
	<u>146,161</u>	<u> </u>
TOTAL EXPENDITURES		

See accompanying notes to financial statements.

SPECIAL REVENUE FUND - PROJECTS

DIRECT COSTS	TOTAL SPECIAL REVENUE	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
\$ 454,006	\$ 454,006	\$	\$ 454,006
135,260	135,260		135,260
251,818	251,818		251,818
12,000	12,000		223,632
		(18,681)	12,300
			<u>2,314</u>
<u>853,084</u>	<u>853,084</u>	<u>(18,681)</u>	<u>1,079,330</u>
288,468	460,271		503,000
122,624	202,046		221,797
	123		453
306	3,015		3,017
7,221	7,978		9,278
19,234	17,123		18,070
259	6,122		6,122
	717		717
5,992	8,642		8,833
8,062	11,839		11,913
898	898		898
			2,031
553	553		553
	47,792		47,792
2,171	2,171		2,171
	2,047		2,047
157	4,369		4,369
5,251	6,374		6,374
	5,623		5,623
			215
83	435		435
29	325		325
	18,681	(18,681)	
2,523	7,040		8,040
14,371	14,371		14,371
46,367	46,367		46,367
8,427	16,336		28,270
8,997	8,997		22,166
			6,347
12,424	12,424	(12,424)	
88,582	88,582		88,582
<u>312,121</u>	<u>(46,141)</u>		
<u>955,120</u>	<u>955,120</u>	<u>(31,105)</u>	<u>1,070,176</u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Concluded
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	GENERAL FUND	SPECIAL REVENUE FUND - PROJECTS <u>INDIRECT</u> PROJECT COST
OTHER FINANCING SOURCES (USES)		
Operating transfers in (out)	\$ 12,424	\$
Transfer for match	(102,036)	
Local match	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u> (89,612)</u>	<u> </u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	9,154	
FUND BALANCE, OCTOBER 1	<u>206,180</u>	<u> </u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 215,334</u></u>	<u><u>\$</u></u>

See accompanying notes to financial statements.

<u>SPECIAL REVENUE FUND - PROJECTS</u>			
DIRECT PROJECT COSTS	TOTAL SPECIAL REVENUE	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
\$ 102,036	\$ 102,036	\$ (12,424)	\$
<u>102,036</u>	<u>102,036</u>	<u>(12,424)</u>	
			9,154
			<u>206,180</u>
\$ <u><u> </u></u>	\$ <u><u> </u></u>	\$ <u><u> </u></u>	\$ <u><u>215,334</u></u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Net changes in fund balances-total governmental funds	\$	9,154
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures however, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives</p>		
Expenditures for capital assets		13,169
Less current year depreciation		<u>(18,681)</u>
Change in net assets of governmental activities	\$	<u><u>3,642</u></u>

See accompanying notes to financial statements.

TRI-COUNTY REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES				
Federal sources	\$ 485,160	\$ 485,160	\$ 454,006	\$ (31,154)
State sources	173,867	173,867	135,260	(38,607)
Local sources	318,225	324,225	251,818	(72,407)
Member allocations	223,632	223,632	223,632	
Other sources	20,000	20,000	12,300	(7,700)
Fixed asset reimbursements	15,000	15,000	18,681	3,681
Interest			2,314	2,314
TOTAL REVENUES	<u>1,235,884</u>	<u>1,241,884</u>	<u>1,098,011</u>	<u>(143,873)</u>
OTHER FINANCING SOURCES				
Operating transfers in				
Local match	<u>108,318</u>	<u>108,318</u>	<u>102,036</u>	<u>(6,282)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>1,344,202</u>	<u>1,350,202</u>	<u>1,200,047</u>	<u>(150,155)</u>
EXPENDITURES				
Salaries and wages	489,726	503,726	503,000	726
Fringe benefits	207,909	222,409	221,797	612
Staff recognition	250	250		250
Legal	5,000	5,000	453	4,547
Telephone	5,859	4,359	3,017	1,342
Postage	10,526	11,526	9,278	2,248
Printing and copying	36,365	36,365	18,070	18,295
Office supplies	10,275	10,275	6,122	4,153
Graphic supplies	2,750	1,750	717	1,033
Travel-in region	11,887	9,887	8,833	1,054
Travel-out region	21,700	15,950	11,913	4,037
Training	7,200	4,200	898	3,302
Commission meetings and travel	4,500	2,250	2,031	219
Rent of facility	4,900	2,900	553	2,347
Rent of office	49,000	49,000	47,792	1,208
Rent of equipment	1,250	2,250	2,171	79
Equipment maintenance	3,000	2,500	2,047	453
Computer services	6,000	4,500	4,369	131
Computer software	16,500	14,150	6,374	7,776
Insurance	6,600	6,600	5,623	977

See accompanying notes to financial statements.

TRI-COUNTY REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS - BUDGET AND ACTUAL - Concluded
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
EXPENDITURES - Concluded				
Bank charges	\$ 500	\$ 250	\$ 215	\$ 35
Subscriptions	2,586	1,586	435	1,151
Publications	1,350	1,350	325	1,025
Advertising	1,000	1,000		1,000
Depreciation	18,500	18,700	18,681	19
Membership dues	11,375	11,375	8,040	3,335
Special projects	12,500	14,400	14,371	29
Consultant fee	60,000	60,000	46,367	13,633
Contractual services	33,700	31,200	28,270	2,930
Furniture and equipment	24,000	23,000	22,166	834
Audit	6,600	6,600	6,347	253
Pass-through	191,000	191,000	88,582	102,418
TOTAL EXPENDITURES	<u>1,264,308</u>	<u>1,270,308</u>	<u>1,088,857</u>	<u>181,451</u>
OTHER FINANCING USES				
Operating transfers out				
Local match	<u>108,318</u>	<u>108,318</u>	<u>102,036</u>	<u>6,282</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>1,372,626</u>	<u>1,378,626</u>	<u>1,190,893</u>	<u>187,733</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(28,424)	(28,424)	9,154	37,578
FUND BALANCE, OCTOBER 1	<u>206,180</u>	<u>206,180</u>	<u>206,180</u>	
FUND BALANCE, SEPTEMBER 30	<u>\$ 177,756</u>	<u>\$ 177,756</u>	<u>\$ 215,334</u>	<u>\$ 37,578</u>

See accompanying notes to financial statements.

TRI-COUNTY REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tri-County Regional Planning Commission is a governmental component unit established on July 18, 1956 under the authority of Act 281 of Michigan Public Acts of 1945. The Commission is a voluntary organization joining Clinton, Eaton and Ingham Counties and the City of Lansing to foster a cooperative effort in identifying and resolving various community planning issues in the Tri-County area. Primary financing is provided through various agreements with state and federal agencies and local appropriations.

A. Reporting Entity

All funds and account groups (primary government) under direct control of Tri-County Regional Planning Commission are included in this report. These funds and account groups are those which meet the criteria established by the Governmental Accounting Standards Board (GASB) No. 14. Component units, also required under GASB 14, are legally separate organizations for which the elected officials of the primary government are financially accountable. As of September 30, 2004, the Commission does not have any component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of Tri-County Planning Commission. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements. As of September 30, 2004 Tri-County Planning Commission has no proprietary, enterprise or fiduciary funds.

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

TRI-COUNTY REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS - Continued

SEPTEMBER 30, 2004

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

C. Measurement Focus, Basis of Accounting, and Financial Statements - Concluded

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting.

Intergovernmental revenues, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by Tri-County Regional Planning Commission.

The Tri-County Regional Planning Commission reports the following major governmental funds:

The General Fund is the Commission's primary operating fund. It accounts for all financial resources of the general government not directly attributed to a specific project, which are accounted for in another fund.

The Projects Fund accounts for resources and costs, including an allocation of indirect costs, attributed to contractually administered projects. The Projects Fund is a special revenue fund.

The Commission has no non-major governmental funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. Tri-County Regional Planning Commission has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) intergovernmental revenues 2) operating grants and contributions, and 3) capital grants and contributions.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from provided services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. As of September 30, 2004, Tri-County Regional Planning Commission has no proprietary, enterprise or internal service funds.

TRI-COUNTY REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS - Continued

SEPTEMBER 30, 2004

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – Continued

D. Budgets and Budgetary Accounting

The overall budget is based upon individual projects and Planning Commission General Fund budgets. Budgeted amounts are as originally adopted, and may be amended by the Commission members. Individual budget amendments were not material in relation to the originally approved amounts. Budgets lapse at the end of the fiscal year.

E. Accounts Receivable

Accounts receivable are recorded at their net realizable value. The Commission does not require collateral.

F. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by Tri-County Regional Planning Commission as assets with an initial, individual cost of \$100 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Each year, a provision for depreciation is charged to the projects as a means of reimbursing the General Fund for asset acquisition; such reimbursements are included in other sources of revenue in the General Fund. The assets are depreciated using the straight-line method over lives of three to ten years.

G. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

H. Deposits and Investments

All highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are defined as cash equivalents. All investments are reported at fair value.

I. Cash and Cash Equivalents

For purposes of the statements of cash flows, the proprietary and fiduciary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

TRI-COUNTY REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS - Continued

SEPTEMBER 30, 2004

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Concluded**

J. Advertising

The Commission expenses advertising cost as incurred.

K. Accumulated Unpaid Vacation

Accumulated unpaid vacation benefit obligations are accrued when incurred, in as much as such obligations are expected to be paid within the ensuing year.

NOTE 2: **CASH AND INVESTMENTS**

Cash and investments are carried at cost and include short-term investment funds permitted by Michigan law as follows:

State statutes authorize the Commission to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper within the three highest rate classifications by at least two rating services, repurchase agreements collateralized by U.S. Government securities, bankers' acceptances and mutual funds composed of investments which are legal for direct investment by local units of government in Michigan.

Cash and investments consist of the following:

	BOOK BALANCE	BANK BALANCE
Petty cash	\$ 150	\$
Demand deposits	391,767	392,260
Certificate of Deposits with maturities greater than three months - less than one year	<u>39,102</u>	<u>39,102</u>
	<u>\$ 431,019</u>	<u>\$ 431,362</u>

The Commission's deposits are in accordance with statutory authority.

All monies of the Commission are deposited with local banks in the name of the agency, which provides FDIC insurance coverage up to \$100,000 per account holder.

The Commission's cash and investments are categorized as follows to give an indication of the level of risk assumed by the Commission. Category 1 includes deposits and investments that are insured or registered or for which the securities are held by the Commission or its agent in the Commission's name. Category 2 includes investments, secured by the U.S. Treasury, for which the securities are held by the brokers' or dealers' trust department or agent in the Commission's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Commission's name.

At September 30, 2004, the Commission's cash and investments were classified as follows:

	CATEGORY 1
Deposits - insured	<u>\$ 300,000</u>

TRI-COUNTY REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS - Continued

SEPTEMBER 30, 2004

NOTE 3: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units and others represents the excess of amounts earned under a project contract over payments received.

PROJECT	DUE FROM
Federal	\$
TCSP-50961	37,182
FHWA PL-77382	54,951
EDA 06-83-04931	26,728
FTA PL-77351	17,542
Michigan Department of Transportation	
Regional Transportation	16,659
Asset Management	9,659
Hazard Mitigation	77,920
Abandoned Wells	100
City of Lansing	6,212
Mid-Michigan Water Authority	2,303
RED Team	9,147
Mason, Vevay	500
	<u>258,903</u>
	<u>\$ 258,903</u>

NOTE 4: INTERFUND RECEIVABLES/PAYABLES

Amounts due from/to other funds are a result of cash and accrued liability accounts being recorded in the General Fund. At September 30, 2004 project receipts exceeded project costs resulting in a balance of \$38,070 due to the Project Fund from the General Fund.

NOTE 5: CHANGES IN CAPITAL ASSETS

A summary of changes in governmental capital assets is as follows:

	OCTOBER 1, 2003	ADDITIONS	DELETIONS	SEPTEMBER 30, 2004
Capital assets being depreciated				
Furniture and equipment	\$ 180,757	\$ 13,169	\$ 11,580	\$ 182,346
Less: accumulated depreciation				
Furniture and equipment	<u>125,651</u>	<u>18,681</u>	<u>11,580</u>	<u>132,752</u>
NET CAPITAL ASSETS	<u>\$ 55,106</u>	<u>\$ (5,512)</u>	<u>\$ _____</u>	<u>\$ 49,594</u>

NOTE 6: DEFERRED REVENUE

Amounts received under contractual agreements are deferred as revenue until such time as qualifying expenditures are made.

Projects	
Groundwater Management	\$ 1,464
Non-Point Pollution	261,764
Aquifer Study	<u>27,033</u>
	<u>\$ 290,261</u>

TRI-COUNTY REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS - Concluded

SEPTEMBER 30, 2004

NOTE 7: DEFINED CONTRIBUTION PLAN

Tri-County Regional Planning Commission sponsors a defined contribution plan called the Tri-County Regional Planning Commission Employee Money Purchase Plan. The plan covers all permanent employees who have attained the age of twenty-one and have one full year of service with the Commission.

The employer is required to contribute 9.0% of all covered payroll. Required contributions to the plan were \$41,761; covered payroll was \$464,012 and total payroll was \$503,000 during the fiscal year. Contribution to the plan during the fiscal year was \$41,761.

The vesting of the employee benefits are as follows:

<u>YEARS IN PLAN</u>	<u>VESTING PERCENTAGE</u>
1	0%
2	20
3	40
4	60
5	80
6	100

NOTE 8: CONTINGENCIES

Grants and reimbursements are subject to audit by the payers. Upon audit, expenditures may be disallowed as not chargeable to the program and, in such event, would be refundable to the payer. Refunds, if any, generally would be payable from Tri-County Regional Planning Commission's undesignated funds.

NOTE 9: ECONOMIC DEPENDENCY

The Commission receives substantially all of its support from federal, state and local governments. A significant reduction in the level of this support, if this were to occur, could have an effect on the Commission's activities.

NOTE 10: LEASE

The Commission leases office space based on an annual contract. The lease term is December 28, 1998 through November 30, 2004. Rental expense for the year was \$47,792. Future minimum payments at September 30, 2004 are:

November 30, 2004	\$ <u>8,015</u>
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TRI-COUNTY REGIONAL PLANNING COMMISSION
COMBINING SCHEDULE OF PROJECT REVENUES
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	HAZARD MITIGATION 301	NON-POINT POLLUTION COMMITTEE 303	GROUND WATER MANAGEMENT 304
REVENUES			
Federal sources	\$	\$	\$
State sources	61,793		
Local sources		59,473	95,141
Other			<u>12,000</u>
TOTAL REVENUES	<u>61,793</u>	<u>59,473</u>	<u>107,141</u>
OTHER FINANCING SOURCES			
Operating transfers in			
Local match			
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 61,793</u>	<u>\$ 59,473</u>	<u>\$ 107,141</u>

AQUIFER STUDY 306	MID- MICHIGAN WATER AUTHORITY 2004 307	MID- MICHIGAN WATER AUTHORITY 2003 309	EDA ADMIN. EXPENSE GRANT 02-03 314	EDA ADMIN. EXPENSE GRANT 03-04 315
\$	\$	\$	\$	\$
37,000	1,092	577	29,655	26,728
<u>37,000</u>	<u>1,092</u>	<u>577</u>	<u>29,655</u>	<u>26,728</u>
<u>37,000</u>	<u>1,092</u>	<u>577</u>	<u>9,885</u>	<u>8,909</u>
\$ <u><u>37,000</u></u>	\$ <u><u>1,092</u></u>	\$ <u><u>577</u></u>	\$ <u><u>39,540</u></u>	\$ <u><u>35,637</u></u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
COMBINING SCHEDULE OF PROJECT REVENUES - Concluded
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	TCSP 322	RED TEAM FUNDS 345	MDOT GRANT ASSET MANAGEMENT 405
REVENUES			
Federal sources	\$ 37,182	\$	\$ 33,367
State sources			
Local sources		58,535	
Other			
TOTAL REVENUES	<u>37,182</u>	<u>58,535</u>	<u>33,367</u>
OTHER FINANCING SOURCES			
Operating transfers in Local match			
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 37,182</u>	<u>\$ 58,535</u>	<u>\$ 33,367</u>

MDOT/ FHWA PL FUNDS 431	FTA GRANT PL-77351 SECTION 5303 FUNDS 432	REGIONAL TRANSPORTATION CONTRACT 433	TOTAL
\$ 243,072	\$ 117,369	\$ 40,100	\$ 454,006 135,260 251,818 12,000
<u>243,072</u>	<u>117,369</u>	<u>40,100</u>	<u>853,084</u>
<u>53,900</u>	<u>29,342</u>		<u>102,036</u>
\$ <u><u>296,972</u></u>	\$ <u><u>146,711</u></u>	\$ <u><u>40,100</u></u>	\$ <u><u>955,120</u></u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
COMBINING SCHEDULE OF PROJECT EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	HAZARD MITIGATION 301	NON-POINT POLLUTION COMMITTEE 303	GROUND WATER MANAGEMENT 304
EXPENDITURES			
Direct costs			
Salaries and wages	\$ 18,590	\$ 2,786	\$ 39,208
Fringe benefits	3,268	1,288	13,825
Telephone			150
Postage	76	12	954
Printing and copying	201	94	716
Office supplies	163	37	42
Travel-in region	1,174	161	1,342
Travel-out region	54		1,335
Training			
Rent of facility	132		
Rent of equipment	1,250		
Computer services		157	
Computer software			
Subscriptions			
Publications			
Membership dues			205
Special projects			10,485
Consultant fee	3,500		
Contractual services	7,627	800	
Equipment and furniture purchase	8,997		
Transfer for match			
Pass-through		51,086	
Indirect costs	<u>16,761</u>	<u>3,052</u>	<u>38,879</u>
TOTAL EXPENDITURES	\$ <u>61,793</u>	\$ <u>59,473</u>	\$ <u>107,141</u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
COMBINING SCHEDULE OF PROJECT EXPENDITURES - Concluded
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	TCSP 322	RED TEAM FUNDS 345	MDOT GRANT ASSET MANAGEMENT 405
EXPENDITURES			
Direct costs			
Salaries and wages	\$	\$ 22,252	\$ 12,150
Fringe benefits		10,287	5,617
Telephone		6	
Postage		548	
Printing and copying		443	
Office supplies			
Travel-in region		287	124
Travel-out region			
Training			898
Rent of facility			421
Rent of equipment			
Computer services			
Computer software			
Subscriptions			
Publications			
Membership dues		67	
Special projects		1,840	
Consultant fee	37,182		735
Contractual services			
Equipment and furniture purchase			
Transfer for match			
Pass-through			496
Indirect costs		22,805	12,926
TOTAL EXPENDITURES	\$ 37,182	\$ 58,535	\$ 33,367

MDOT/ FHWA PL FUNDS 431	FTA GRANT PL-77351 SECTION 5303 FUNDS 432	REGIONAL TRANSPORTATION CONTRACTS 433	TOTAL
\$ 100,807	\$ 52,261	\$ 11,032	\$ 288,468
46,172	23,440	5,144	122,624
63	24		306
3,928	1,420	7	7,221
12,194	5,100	186	19,234
12	5		259
2,028	663	9	5,992
3,750	1,148		8,062
			898
606	266		553
		49	2,171
3,396	1,428		157
18	7	427	5,251
			83
1,403	583		29
1,367	679		2,523
3,256	1,694		14,371
			46,367
			8,427
			8,997
		12,424	12,424
<u>117,972</u>	<u>57,993</u>	<u>10,822</u>	<u>88,582</u>
\$ <u><u>296,972</u></u>	\$ <u><u>146,711</u></u>	\$ <u><u>40,100</u></u>	\$ <u><u>312,121</u></u>
			\$ <u><u>955,120</u></u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
HAZARD MITIGATION
PROJECT PERIOD MAY 1, 2003 THROUGH SEPTEMBER 30, 2004

HAZARD MITIGATION (301)	OCTOBER 1, 2003 THROUGH SEPTEMBER 30, 2004	MAY 1, 2003 THROUGH SEPTEMBER 30, 2003	MAY 1, 2003 THROUGH SEPTEMBER 30, 2004
REVENUES			
Accounts receivable - current year	\$ <u>61,793</u>	\$ <u>16,127</u>	\$ <u>77,920</u>
EXPENDITURES			
Direct costs			
Salaries and wages	\$ 18,590	\$ 3,888	\$ 22,478
Fringe benefits	3,268	322	3,590
Postage	76	36	112
Printing and copying	201	66	267
Office supplies	163	43	206
Travel in-region	1,174	164	1,338
Rent of facility	132		132
Rent of equipment	1,250		1,250
Travel in-region		164	164
Travel out-region	54	495	549
Computer software		3,595	3,595
Consultant fee	3,500		3,500
Contractual services	7,627	2,205	9,832
Furniture/equipment purchase	8,997		8,997
Indirect costs	<u>16,761</u>	<u>5,313</u>	<u>22,074</u>
TOTAL EXPENDITURES	\$ <u>61,793</u>	\$ <u>16,291</u>	\$ <u>78,084</u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
NON-POINT POLLUTION COMMITTEE 2004
PROJECT PERIOD OCTOBER 1, 2000 THROUGH SEPTEMBER 30, 2004

VARIOUS MUNICIPALITIES - Cash (303)	OCTOBER 1, 2003 THROUGH SEPTEMBER 30, 2004	OCTOBER 1, 2000 THROUGH SEPTEMBER 30, 2003	OCTOBER 1, 2000 THROUGH SEPTEMBER ,30 2004
REVENUES			
Local			
Cash received	\$ 147,097	\$ 155,570	\$ 302,667
Deferred revenue - prior year	174,139		174,139
Deferred revenue - current year	<u>(261,763)</u>		<u>(261,763)</u>
TOTAL REVENUES	\$ <u>59,473</u>	\$ <u>155,570</u>	\$ <u>215,043</u>
EXPENDITURES			
Direct costs			
Salaries and wages	\$ 2,786	\$ 1,355	\$ 4,141
Fringe benefits	1,288	578	1,866
Postage	12	6	18
Printing and copying	94	6	100
Office supplies	37		37
Travel - in region	161	126	287
Computer services	157		157
Contractual services	800		800
Pass-through	51,086	152,220	203,306
Indirect costs	<u>- 3,052</u>	<u>1,279</u>	<u>4,331</u>
TOTAL EXPENDITURES	\$ <u>59,473</u>	\$ <u>155,570</u>	\$ <u>215,043</u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
GROUNDWATER MANAGEMENT 2003
PROJECT PERIOD OCTOBER 1, 2003 THROUGH SEPTEMBER 30, 2004

VARIOUS MUNICIPALITIES - Cash (304)

REVENUES

Local		
Cash received	\$	8,209
Deferred revenue - prior year		88,396
Deferred revenue - current year		(1,464)
Other revenue		<u>12,000</u>
TOTAL REVENUES	\$	<u><u>107,141</u></u>

EXPENDITURES

Direct costs	\$	39,208
Salaries and wages		13,825
Fringe benefits		150
Telephone		954
Postage		716
Printing and copying		42
Office supplies		1,342
Travel-in region		1,335
Travel-out region		205
Membership dues		10,485
Special projects		<u>38,879</u>
Indirect costs		
TOTAL EXPENDITURES	\$	<u><u>107,141</u></u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
AQUIFER STUDY
PROJECT PERIOD MARCH 1, 2004 THROUGH SEPTEMBER 30, 2004

VARIOUS MUNICIPALITIES (306)

REVENUES

Local

Cash received

Deferred revenue - current

\$ 64,033
(27,033)

TOTAL REVENUES

\$ 37,000

EXPENDITURES

Direct costs

Pass through

\$ 37,000

TRI-COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
MID-MICHIGAN WATER AUTHORITY 2004
PROJECT PERIOD JANUARY 1, 2004 THROUGH DECEMBER 31, 2004

MID-MICHIGAN WATER AUTHORITY (307)

JANUARY 1
2004
THROUGH
SEPTEMBER 30
2004

REVENUES

Local

Receivables - current year

\$ 1,092

EXPENDITURES

Direct costs

Salaries and wages

\$ 369

Fringe benefits

170

Postage

92

Printing and copying

22

Indirect costs

439

TOTAL EXPENDITURES

\$ 1,092

TRI-COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
MID-MICHIGAN WATER AUTHORITY 2003
PROJECT PERIOD JANUARY 1, 2003 THROUGH DECEMBER 31, 2003

VARIOUS MUNICIPALITIES - CASH (309)	OCTOBER 1 2003 THROUGH DECEMBER 31 2003	JANUARY 1 2003 THROUGH SEPTEMBER 30 2003	JANUARY 1 2003 THROUGH DECEMBER 31 2003
REVENUES			
Local			
Cash received	\$	\$	\$
Receivables - current year	577	605 634	605 1,211
TOTAL REVENUES	<u>\$ 577</u>	<u>\$ 1,239</u>	<u>\$ 1,816</u>
EXPENDITURES			
Direct costs			
Salaries and wages	\$ 195	\$ 449	\$ 644
Fringe benefits	90	203	293
Postage	34	81	115
Printing and copying	26	50	76
Travel in-region		4	4
Indirect costs	232	452	684
TOTAL EXPENDITURES	<u>\$ 577</u>	<u>\$ 1,239</u>	<u>\$ 1,816</u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
EDA ADMINISTRATION EXPENSE GRANT 2002-2003
PROJECT PERIOD JULY 1, 2003 THROUGH JUNE 30, 2004

EDA GRANT NO 06-83-04829 (314)	OCTOBER 1, 2003 THROUGH JUNE 30, 2004	JULY 1, 2003 THROUGH SEPTEMBER 30, 2003	JULY 1, 2003 THROUGH SEPTEMBER 30, 2004
EDA - \$52,385 - Cash			
TCRPC - \$17,462 - Cash			
REVENUES			
Federal grant			
Cash received	\$ 26,193	\$ 22,730	\$ 48,923
Deferred revenue - prior year	3,462	3,462	3,462
TOTAL REVENUES	<u>29,655</u>	<u>22,730</u>	<u>52,385</u>
OTHER FINANCING SOURCES			
Operating transfers in			
Local match	9,885	7,577	17,462
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 39,540</u>	<u>\$ 30,307</u>	<u>\$ 69,847</u>
EXPENDITURES			
Direct costs			
Salaries and wages	\$ 14,974	\$ 11,797	\$ 26,771
Fringe benefits	6,923	5,480	12,403
Telephone	56	16	72
Postage	1	86	87
Printing and copying	1	375	376
Office supplies		25	25
Travel-in region	144	229	373
Travel-out region	1,186	445	1,631
Subscriptions	58	233	291
Publications	29		29
Membership dues	265		265
Indirect costs	15,903	11,621	27,524
TOTAL EXPENDITURES	<u>\$ 39,540</u>	<u>\$ 30,307</u>	<u>\$ 69,847</u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
EDA ADMINISTRATIVE EXPENSE GRANT 2003-2004
PROJECT PERIOD JULY 1, 2004 THROUGH JUNE 30, 2005

EDA GRANT NO. 06-83-04931 (315)
 EDA - \$52,628 - Cash
 TCRPC - \$17,543 - Cash

REVENUES		
Federal grant		
Receivables - current year		\$ 26,728
		<hr/>
OTHER FINANCING SOURCES		
Operating transfers in		
Local match		8,909
		<hr/>
TOTAL REVENUES AND OTHER FINANCING SOURCES		\$ 35,637
		<hr/> <hr/>
EXPENDITURES		
Direct costs		
Salaries and wages		\$ 13,844
Fringe benefits		6,400
Telephone		7
Postage		149
Printing and copying		251
Travel in-region		60
Travel out-region		589
Indirect costs		14,337
		<hr/>
TOTAL EXPENDITURES		\$ 35,637
		<hr/> <hr/>

TRI-COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
TCSP

PROJECT PERIOD OCTOBER 1, 2000 THROUGH SEPTEMBER 30, 2004

TCSP/FHWA PROJECT NO 50961 (322) FHWA-TCSP - \$355,000 - Cash	OCTOBER 1, 2003 THROUGH SEPTEMBER 30, 2004	OCTOBER 1, 2000 THROUGH SEPTEMBER 30, 2003	OCTOBER 1, 2000 THROUGH SEPTEMBER 30, 2004
REVENUES			
Federal grant			
Cash received	\$	\$	\$
Receivables - current year	<u>37,182</u>	<u>316,987</u>	<u>316,987</u>
TOTAL REVENUES	<u>\$ 37,182</u>	<u>\$ 316,987</u>	<u>\$ 354,169</u>
EXPENDITURES			
Direct costs			
Consultant fee	<u>\$ 37,182</u>	<u>\$ 316,987</u>	<u>\$ 354,169</u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
REGIONAL ECONOMIC DEVELOPMENT TEAM
PROJECT PERIOD OCTOBER 1, 2003 THROUGH SEPTEMBER 30, 2004

RED TEAM (345)

REVENUES

RED Team

Cash received

Receivables - current year

\$ 49,388
9,147

TOTAL REVENUES

\$ 58,535

EXPENDITURES

Direct costs

Salaries and wages

Fringe benefits

Telephone

Postage

Printing and copying

Travel - in region

Membership dues

Special projects

Indirect costs

\$ 22,252
10,287
6
548
443
287
67
1,840

TOTAL EXPENDITURES

22,805
\$ 58,535

TRI-COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
MDOT GRANT - ASSET MANAGEMENT
PROJECT PERIOD OCTOBER 1, 2003 THROUGH SEPTEMBER 30, 2004

MDOT GRANT CASH (405)
MDOT - \$33,786 - Cash

REVENUES

Local

Cash received	\$	23,708
Receivables - current year		<u>9,659</u>

TOTAL REVENUES	\$	<u><u>33,367</u></u>
----------------	----	----------------------

EXPENDITURES

Direct costs

Salaries and wages	\$	12,150
Fringe benefits		5,617
Travel - in region		124
Training		898
Rent of facility		421
Consultant fee		735
Pass through		496

Indirect costs

12,926

TOTAL EXPENDITURES	\$	<u><u>33,367</u></u>
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TRI-COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
MDOT/FHWA PL FUNDS
PROJECT PERIOD OCTOBER 1, 2003 THROUGH SEPTEMBER 30, 2004

MDOT/FHWA PROJECT NO. PL-77382 (431)
 MDOT/FHWA - \$277,406 - Cash
 TCRPC - \$61,514 - Cash

REVENUES

Federal grant	
Cash received	
Receivables - current year	\$ 188,121
	<u>54,951</u>
TOTAL REVENUES	<u><u>243,072</u></u>

OTHER FINANCING SOURCES

Operating transfers in	
Local match	
	<u>53,900</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u><u>\$ 296,972</u></u>

EXPENDITURES

Direct costs	
Salaries and wages	\$ 100,807
Fringe benefits	46,172
Telephone	63
Postage	3,928
Printing and copying	12,194
Office supplies	12
Travel-in region	2,028
Travel-out region	3,750
Rent of equipment	606
Computer software	3,396
Subscriptions	18
Membership dues	1,403
Special projects	1,367
Consultant fees	3,256
Indirect costs	
	<u>117,972</u>
TOTAL EXPENDITURES	<u><u>\$ 296,972</u></u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
FEDERAL TRANSIT ADMINISTRATION
SECTION 5303 FUNDS

PROJECT PERIOD OCTOBER 1, 2003 THROUGH SEPTEMBER 30, 2004

FTA GRANT NO. PL-77351 (432)
 FTA - \$117,369
 TCRPC - \$29,342

REVENUES

Federal grant

Cash

Receivables - current year

\$ 99,276
 18,093

TOTAL REVENUES

117,369

OTHER FINANCING SOURCES

Operating transfers in

Local match

29,342

TOTAL REVENUES AND OTHER
 FINANCING SOURCES

\$ 146,711

EXPENDITURES

Direct costs

Salaries and wages

Fringe benefits

Telephone

Postage

Printing and copying

Office supplies

Travel-in region

Travel-out region

Rent of equipment

Computer software

Subscriptions

Membership dues

Special projects

Consultant fees

\$ 52,261
 23,440
 24
 1,420
 5,100
 5
 663
 1,148
 266
 1,428
 7
 583
 679
 1,694
57,993

Indirect costs

TOTAL EXPENDITURES

\$ 146,711

TRI-COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
REGIONAL TRANSPORTATION CONTRACT
PROJECT PERIOD OCTOBER 1, 2003 THROUGH SEPTEMBER 30, 2004

MDOT GRANT NO. 2003-0022Z4 (433)
MDOT - \$40,100 - Cash

REVENUES

State of Michigan	
Cash received	\$ 23,441
Receivables - current year	16,659
TOTAL REVENUES	<u>\$ 40,100</u>

EXPENDITURES

Direct costs	
Salaries and wages	\$ 11,032
Fringe benefits	5,144
Postage	7
Printing and copying	186
Travel - in region	9
Rent of equipment	49
Computer software	427
Transfers for match	12,424
Indirect costs	10,822
TOTAL EXPENDITURES	<u>\$ 40,100</u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
ANALYSIS OF COMPLETED PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	GROUND WATER MANAGEMENT (304)	MID-MICHIGAN WATER AUTHORITY (309)	EDA ADMIN. EXPENSE GRANT 02-03 (314)
Total expenditures	\$ 107,141	\$ 1,816	\$ 69,847
Less: locally funded expenditures	<u>12,000</u>	<u> </u>	<u>17,462</u>
Allowable expenditures	95,141	1,816	52,385
Grantor participation	<u>88.80%</u>	<u>100.00%</u>	<u>75.00%</u>
Grant revenues	95,141	1,816	52,385
Grant receipts	<u>96,604</u>	<u>605</u>	<u>52,385</u>
Due from Grantor	<u>\$ (1,463)</u>	<u>\$ 1,211</u>	<u>\$</u>

TCSP (322)	RED TEAM FUNDS (345)	MDOT GRANT ASSET MANAGEMENT (405)	MDOT/FHWA PL FUNDS (431)	FTA SECTION 5303 FUNDS (432)	REGIONAL TRANSPORTATION CONTRACT (433)
\$ 162,553	\$ 58,535	\$ 33,367	\$ 296,972	\$ 146,711	\$ 40,100
	<u>58,535</u>		<u>53,900</u>	<u>29,342</u>	
162,553		33,367	243,072	117,369	40,100
<u>100.00%</u>			<u>81.85%</u>	<u>80.00%</u>	<u>100.00%</u>
162,553	58,535	33,367	243,072	117,369	40,100
<u>125,371</u>	<u>49,388</u>	<u>23,708</u>	<u>188,121</u>	<u>99,276</u>	<u>23,441</u>
<u>\$ 37,182</u>	<u>\$ 9,147</u>	<u>\$ 9,659</u>	<u>\$ 54,951</u>	<u>\$ 18,093</u>	<u>\$ 16,659</u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
ANALYSIS OF LOCAL MATCH AND INDIRECT CHARGES
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>LOCAL MATCH</u>		TOTAL
	<u>COMMISSION</u>	<u>PROJECTS</u>	
FHWA PL Funds	\$ 53,900	\$	\$ 53,900
Federal Transportation Administration	29,342		29,342
EDA Planning Grant 04/05	8,909		8,909
EDA Planning Grant 03/04	9,885		9,885
MDOT - State Trunkline		<u>12,424</u>	<u>12,424</u>
	<u>\$ 102,036</u>	<u>\$ 12,424</u>	<u>\$ 114,460</u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
ANALYSIS OF INDIRECT COST RATE
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	INDIRECT BASE	INDIRECT COSTS
Total expenditures	\$	\$ 1,190,893
Direct expenditures	832,631	(832,631)
Less: Special projects	(14,371)	
Furniture and equipment	(22,166)	
Consultant	(46,367)	
Contractual services	(20,361)	
Match	(102,037)	
Audit	(6,347)	
Pass through	(88,582)	
	\$ 532,400	\$ 358,262
Indirect cost rate (indirect costs as a percent of indirect base)	67.2919%	

Indirect costs are allocated to all projects equally. Allocated indirect costs in excess of amounts that can be funded by a contract or grant are absorbed by the Commission through indirect credits. The indirect cost rate percentage is applied only against allowable direct costs in each project.

TRI-COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF FRINGE BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Social Security	\$ 38,136
Unemployment taxes	75
Pension costs	41,761
Health insurance	116,409
Dental insurance	6,699
Group life insurance	8,659
Concern - employee assistance plan	328
Workers' compensation	2,266
Pension administration	5,630
Fringe benefits miscellaneous	1,834
Total fringe benefits	<u>\$ 221,797</u>
Salaries and wages for the year ended September 30, 2004	<u>\$ 503,000</u>
Fringe benefit rate - All employees	<u>44.0948%</u>
Fringe benefit rate - Full-time employees	46.2284%
Fringe benefit rate - Part-time employees	8.3621%

TRI-COUNTY REGIONAL PLANNING COMMISSION
PROJECT YEAR END REPORT (COMPLETED PROJECTS)
REGIONAL TRANSPORTATION
MDOT PL-73440, FTA 77351 AND MDOT 2003-0022Z4
FOR THE PERIOD OCTOBER 1, 2003 THROUGH SEPTEMBER 30, 2004

TASK #	TASK NAME	MDOT/ FHWA BUDGET	MDOT/ FHWA EXPENDED	VARIANCE FAVORABLE (UNFAVORABLE)
I	Database management	\$ 95,926	\$ 73,044	\$ 22,882
II	Long range planning	82,427	59,098	23,329
III	Short range planning	36,991	32,866	4,125
IV	Program management and coordination	101,656	105,795	(4,139)
V	Transportation programming activities	21,920	26,169	(4,249)
VI	Other related activities			
	GRAND TOTALS	<u>\$ 338,920</u>	<u>\$ 296,972</u>	<u>\$ 41,948</u>

FTA SECTION 5303 BUDGET	FTA SECTION 5303 EXPENDED	VARIANCE FAVORABLE (UNFAVORABLE)	MDOT BUDGET	MDOT EXPENDED	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 30,030	\$ 35,875	\$ (5,845)	\$ 12,338	\$ 12,688	\$ (350)
29,619	27,163	2,456	14,738	12,880	1,858
15,040	13,565	1,475			
41,588	36,027	5,561	10,424	10,424	
9,215	10,563	(1,348)	1,600	1,806	(206)
<u>21,219</u>	<u>23,518</u>	<u>(2,299)</u>	<u>1,000</u>	<u>2,302</u>	<u>(1,302)</u>
<u>\$ 146,711</u>	<u>\$ 146,711</u>	<u>\$</u>	<u>\$ 40,100</u>	<u>\$ 40,100</u>	<u>\$</u>

TRI-COUNTY REGIONAL PLANNING COMMISSION
PROJECT YEAR END REPORT (COMPLETED PROJECTS)

TCSP - 50961

FOR THE PERIOD OCTOBER 1, 2003 THROUGH SEPTEMBER 30, 2004

TASK #	TASK NAME	TCSP BUDGET	TCSP EXPENDED	VARIANCE FAVORABLE (UNFAVORABLE)
I	Database management	\$	\$	\$
II	Long range planning	38,000	37,182	818
III	Short range planning			
IV	Program management and coordination			
V	Transportation programming activities			
VI	Other related activities			
	GRAND TOTALS	<u>\$ 38,000</u>	<u>\$ 37,182</u>	<u>\$ 818</u>



Layton & Richardson, P.C.

Certified Public Accountants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Commission Members
Tri-County Regional Planning Commission
Lansing, Michigan

We have audited the general purpose financial statements of Tri-County Regional Planning Commission as of and for the year ended September 30, 2004, and have issued our report thereon dated October 29, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Tri-County Regional Planning Commission's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Tri-County Regional Planning Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the Commission, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Layton + Richardson PC
Certified Public Accountants

East Lansing, Michigan
October 29, 2004

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Commission Members
Tri-County Regional Planning Commission
Lansing, Michigan

Compliance

We have audited the compliance of Tri-County Regional Planning Commission with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that are applicable to its major federal program for the year ended September 30, 2004. Tri-County Regional Planning Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Tri-County Regional Planning Commission's management. Our responsibility is to express an opinion on Tri-County Regional Planning Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about Tri-County Regional Planning Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Tri-County Regional Planning Commission's compliance with those requirements.

In our opinion, Tri-County Regional Planning Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2004.

Internal Control Over Compliance

The management of Tri-County Regional Planning Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management and the Commission. However, this report is a matter of public record and its distribution is not limited.

Layton + Richardson PC
Certified Public Accountants

East Lansing, Michigan
October 29, 2004

TRI-COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF FEDERAL FINANCIAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER
Department of Commerce EDA Support for Planning Programs	11.302 11.302	06-83-04829 06-83-04931
Federal Highway Administration FHWA Passed through Michigan Department of Transportation	20.205	77382
FTA Section 5303 FTA Passed through Michigan Department of Transportation	20.205	77351
TCSP FHWA Passed through Michigan Department of Transportation	20.205	50961

GRANT		AWARD AMOUNT	CURRENT YEAR EXPENDITURES	CUMMULATIVE EXPENDITURES
FROM	TO			
07/01/03	06/30/04	\$ 52,385	\$ 29,655	\$ 52,385
07/01/04	06/30/05	52,628	26,728	26,728
10/01/03	09/30/04	277,406	243,072	243,072
10/01/03	09/30/04	117,369	117,369	117,369
07/02/99	09/30/04	355,000	<u>37,182</u>	<u>162,553</u>
			\$ <u><u>454,006</u></u>	\$ <u><u>602,107</u></u>

TRI-COUNTY REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2004

A. SUMMARY OF AUDIT RESULTS

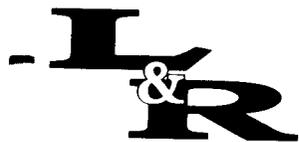
1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Tri-County Regional Planning Commission.
2. No reportable conditions relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Tri-County Regional Planning Commission were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported.
5. The auditor's report on compliance for the major federal award programs for Tri-County Regional Planning Commission expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for Tri-County Regional Planning Commission.
7. The program tested as a major program was: Federal Highway Administration Grant, CFDA No. 20.505.
8. The threshold for distinguishing Types A and B programs was \$500,000.
9. The Tri-County Regional Planning Commission was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.



Layton & Richardson, P.C.

Certified Public Accountants

LETTER OF COMMENTS AND RECOMMENDATIONS

Commission Members
Tri-County Regional Planning
Commission
Lansing, Michigan

We have audited the financial statements of TRI-COUNTY REGIONAL PLANNING COMMISSION for the year ended September 30, 2004, and have issued our report thereon dated October 29, 2004. As part of our audit, we made a study and evaluation of the system of internal accounting control of Tri-County Regional Planning Commission to the extent we considered necessary to evaluate the system as required by U.S. generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Commission's financial statements.

The management of Tri-County Regional Planning Commission is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation, made for the limited purpose described in the first paragraph, would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Tri-County Regional Planning Commission. We noted the following recommendations that could improve the Commission's internal controls.

PRIOR YEAR RECOMMENDATIONS

1. Several W-4 forms were not current. We recommend having all employees fill out new W-4's at least every three years. This will provide current and adequate records as well as verify the appropriate amount of withholding is being deducted. **Management response: This has been implemented.**
2. Not all invoices were approved. We recommend that all invoices to be approved before payment. This will increase controls over cash disbursements and allow only valid approved invoices to be paid. **Management response: This has been implemented.**
3. Not all invoices were cancelled after payment. We recommend all invoices be stamped "paid" with the date and check number. This will increase controls over cash disbursements and prevent double payment of invoices. **Management response: This has been implemented.**

CURRENT YEAR RECOMMENDATIONS

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CURRENT YEAR RECOMMENDATIONS - Concluded

Cash Receipts

1. The Executive Secretary performs several cash receipt functions, such as delivering deposits to the bank, opening the bank statement and reconciling the bank statement to the accounting records. We recommend the Finance Director receive, open and review the monthly bank statements before they are submitted to the Executive Secretary for reconciling. Additionally, we recommend that the Executive Director open and review the bank statement two times annually. This would strengthen internal controls over cash receipts.
2. The Finance Director reviews the bank reconciliation completed by the Executive Secretary. As needed, the Finance Director may assist the Executive Secretary in the reconciliation. The Finance Director does not document his approval of the bank reconciliation. We recommend the Finance Director initial and date the bank reconciliation to indicate his approval. This additional documentation will strengthen the internal controls over cash receipts and disbursements.

These conditions were considered in determining the nature, timing and extent of the tests to be applied in our audit of the September 2004, financial statements, and this report does not affect our report on the financial statements dated October 29, 2004.

We appreciate the assistance and cooperation extended to us by the staff at Tri-County Regional Planning Commission, particularly that of Greg Hoffman, whose contributions greatly facilitated the completion of our audit.

This report is intended solely for the use of management and federal and state agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Tri-County Regional Planning Commission, is a matter of public record.

Lagston + Richardson PC

Certified Public Accountants

East Lansing, Michigan
October 29, 2004