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COMPASS

COMMUNITY PLANNING ASSOCIATION
of Southwest Idaho

FINANCIAL STATEMENTS

September 30, 2011

Report Number 02-2012

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INDEPENDENT AUDITOR'S REPORT

Board of Directors Community Planning Association of Southwest Idaho Boise, Idaho

We have audited the accompanying financial statements of the governmental activities and each major fund of Community Planning Association of Southwest Idaho as of and for the year ended September 30, 2011, which collectively comprise the Association's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Community Planning Association of Southwest Idaho management. Our responsibility is to express opinions 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 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 opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Community Planning Association of Southwest Idaho, as of September 30, 2011, and the respective changes in financial position for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2011, on our consideration of Community Planning Association of Southwest Idaho's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, 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 the internal control over financial reporting and compliance. 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 in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Community Planning Association of Southwest Idaho's basic financial statements. The introductory section and the budgetary comparison schedule 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 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. The budgetary comparison schedule and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the 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 them.

Crandall Swenson, Gleason & Wadsworth, Chtd.

Boise, Idaho
December 15, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Community Planning Association of Southwest Idaho's financial performance provides an overview of the agency's financial activities for the year ended September 30, 2011.

FINANCIAL HIGHLIGHTS

- The assets of the Community Planning Association of Southwest Idaho exceeded its liabilities at September 30, 2011 by \$2,457,429. Of this amount, \$2,382,458 has been designated for specific future use as identified on page 9.
- As of September 30, 2011, the Community Planning Association of Southwest Idaho's governmental funds reported an ending fund balance of \$2,382,458. As noted above, \$2,382,458 has been designated for specific future uses.
- The Community Planning Association of Southwest Idaho recorded \$1,716,203 in Federal Operating Grants.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Community Planning Association of Southwest Idaho's basic financial statements. The financial statements are comprised of four components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements
- 3) Required supplementary information

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of Community Planning Association of Southwest Idaho's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of Community Planning Association of Southwest Idaho's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the agency is improving or deteriorating.

The Statement of Activities presents information showing how the agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include functions of the Community Planning Association of Southwest Idaho that are primarily supported by grants, contributions, and inter-governmental revenues. These are titled Governmental Activities and include Planning Activities, and Pass-through grants to other agencies.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Community Planning Association of Southwest Idaho uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Community Planning Association of Southwest Idaho uses governmental funds as its only fund type.

Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing arrangements.

Because the focus of general governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for general governmental funds with similar information presented for activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is necessary to fully understand the data presented in the government-wide and fund financial statements.

SUPPLEMENTARY INFORMATION

This section has information that further explains and supports the information in the financial statements by including a comparison of the budget data for the year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following condensed financial information was derived from the government-wide Statement of Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Community Planning Association of Southwest Idaho, assets exceeded liabilities by \$2,457,429 at September 30, 2011, as shown in Table A-1.

Table A-1

COMMUNITY PLANNING ASSOCIATION OF SOUTHWEST IDAHO
Net Assets
September 30, 2011 and 2010

	Governmental Activities <u>FY2011</u>	Governmental Activities <u>FY2010</u>
Current and Other Assets	\$2,598,787	\$2,303,110
Capital Assets	<u>74,971</u>	<u>42,649</u>
Total Assets	2,673,758	2,345,759
Other Liabilities	<u>216,329</u>	<u>259,729</u>
Total Liabilities	216,329	259,729
Total Net Assets	<u><u>\$2,457,429</u></u>	<u><u>\$2,086,030</u></u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$74,971	\$42,649
Unrestricted	<u>2,382,458</u>	<u>2,043,381</u>
Total Net Assets	<u><u>\$2,457,429</u></u>	<u><u>\$2,086,030</u></u>

The overall increase in "Current and Other Assts" is primarily due to an increase in the building fund and unspent local funds budgeted for equipment, continuing education, building and moving costs, meeting support, and funds set-aside for Communities in Motion implementation program.

In FY2011, member dues were budgeted to provide an additional \$170,000 to the building fund.

The increase in "Capital Assets" is due primarily to legal fees related to the purchase of a new building that will be occupied by COMPASS in early December 2011.

The decrease in "Other Liabilities" is due to a smaller accounts payable balance.

Governmental Activities

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the Community Planning Association of Southwest Idaho's net assets changed during the year.

Table A-2

COMMUNITY PLANNING ASSOCIATION OF SOUTHWEST IDAHO
Changes in Net Assets
September 30, 2011 and 2010

	Governmental Activities <u>FY2011</u>	Governmental Activities <u>FY2010</u>
Revenues:		
Program Revenues		
Operating Grants	\$1,716,203	\$1,864,544
Other Program Revenue	14,648	200,424
General Revenues		
Membership Dues	846,028	854,646
Other Revenue	<u>7,931</u>	<u>8,553</u>
Total Revenues	<u>\$2,584,810</u>	<u>\$2,928,167</u>
Expenses:		
Planning Activities	<u>\$2,213,411</u>	<u>\$2,814,242</u>
Total Expenses	<u>2,213,411</u>	<u>2,814,242</u>
Change in Net Assets	371,399	113,925
Net Assets - Beginning	<u>2,086,030</u>	<u>1,972,105</u>
Net Assets - Ending	<u>\$2,457,429</u>	<u>\$2,086,030</u>

Over the course of the year, net assets for the Community Planning Association of Southwest Idaho increased by \$371,399. This increase includes unexpended membership dues that are designated to be expended in a future period.

"Operating Grants" revenue was lower in FY2011 due to continuing delays in the Federal approval of key documents for the two corridor preservation study projects as well as staff spending considerable time working on program 661, *Communities in Motion*. Remaining budgets for the two corridor preservation studies have been transferred back to the Idaho Transportation Department as COMPASS will no longer manage these projects.

"Other Program revenue" was lower in FY2011 as the FY2010 Orthophotography project is complete. Revenues collected from agencies participating in the Orthophotography project were completed in FY2010.

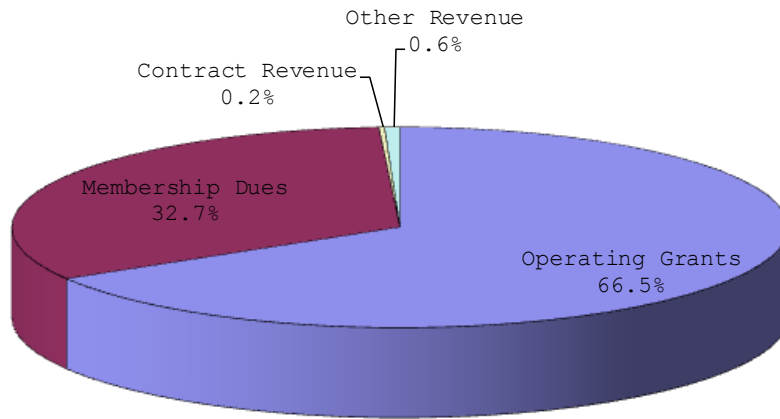
"Other Revenue" was lower in FY2011 due to a declining rate of interest on interest bearing accounts.

"Planning Activities" expenses were lower in FY2011 primarily due to reduced work performed on professional service contracts.

Government Activities-Revenues

The Community Planning Association of Southwest Idaho's major revenue sources are federal operating grants, membership dues, contract revenue, and other revenue as shown in the following chart:

**COMMUNITY PLANNING ASSOCIATION OF SOUTHWEST IDAHO
REVENUE BY SOURCE
FOR THE YEAR ENDED SEPTEMBER 30, 2011**



Operating grants revenues are received primarily from three sources:

- Consolidated Planning Grant Funds (Federal Highway Administration and Federal Transit Administration)
- Surface Transportation Program Funds; and
- Federal Transit Authority Funds

The Community Planning Association Board of Directors assesses membership dues annually.

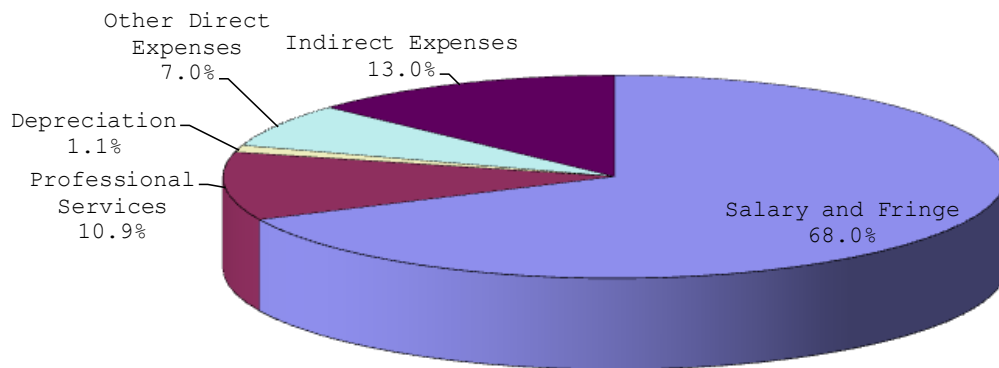
The primary source of "Contract Revenue" is from matching funds paid to COMPASS by the Idaho Transportation Department for the US 20/26 corridor study and the SH44 corridor study.

"Other Revenue" includes interest income, sales of maps, geographic information systems data, and digital Orthophotography.

Government Activities - Expenses

The following chart depicts the expenses of the Community Planning Association of Southwest Idaho's government activities for the year:

**COMMUNITY PLANNING ASSOCIATION OF SOUTHWEST IDAHO
EXPENSE BY CATEGORY
FOR THE YEAR ENDED SEPTEMBER 30, 2011**



The largest expense category in FY2011 was Salary and Fringe. At the end of the fiscal year, the staff of Community Planning Association of Southwest Idaho was comprised of nineteen full-time employees including directors, planners and operations staff.

The second largest expense category in FY2011 was Indirect Expenses.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Community Planning Association of Southwest Idaho uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For fiscal year FY2011 the Association implemented Government Accounting Standards Board Statement Number 54 that considerably alters the categories and terminology used to describe fund balance. Based on this new regulatory statement there are various fund balance designations that should be noted:

Nonspendable:

\$12,922 in Prepaid Expenses

Committed To:

\$1,001,505 - Building Purchase and Contingencies
\$312,111 - Set-Aside for Potential 20% Rescission
\$2,355 - Set-Aside for CIM Implementation Program
\$54,196 - Local Match Requirements
\$11,752 - Orthophotography

Unassigned:

\$987,617

General Fund Budgetary Highlights

Budget development begins with the assistance of the Regional Technical Advisory Committee, and is then approved by the Finance Committee and Board of Directors. Over the course of the year, the Community Planning Association of Southwest Idaho revised the Unified Planning Work Program and Budget two times.

Budget adjustments are completed to incorporate funding and program revisions in order to include planning projects funded under federal grants; to periodically update revenue and expense assumptions; and to incorporate significant changes as a result of timely reviews. Revisions are presented to the Finance Committee, Regional Technical Advisory Committee, and the Board of Directors for approval.

With these adjustments, total expenditures were 53.9% of the revised budget amounts. The most significant expenditure variance is for "Professional Service Expenditures" and is primarily due to delays with the State Highway 44 Corridor Preservation Study and the US 20/26 Corridor Preservation Study as well as staff spending considerable time working on program 661, *Communities in Motion*. As a result, "Operating Grants" revenue and "Contract Revenue" are also under budget because grants are billed only after the expenditure has occurred.

The favorable budget variance in "Salary and Fringe Benefits" is due to staff vacancies, unspent contingency dollars, and savings in fringe benefits.

The favorable budget variance in "Other Direct Expenditures" is due to under expenditures in the categories of Equipment, travel and education, printing, public involvement, meeting support, the increase in building fund, the set-aside for a potential twenty percent rescission of federal aid funds, and carry over amounts into fiscal year 2012.

The favorable budget variance in "Indirect Expenditures" is due primarily to budget savings for professional services, equipment lease, equipment repair and maintenance, travel and education, postage, janitorial, moving costs, copier, legal services, and general supplies.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Community Planning Association of Southwest Idaho's investment in capital assets for governmental activities as of September 30, 2011 amounts to \$74,971 (net of accumulated depreciation). This investment in capital assets includes office equipment, office furniture, software, vehicles, and buildings and improvements.

The investment in capital assets increased \$56,667 during the fiscal year.

Major capital additions for the year include:

- Replacement of computer equipment, \$3,490
- Purchase of software, \$9,943
- Purchase of phone system for new building, \$19,770
- Purchase of chairs, \$2,653
- Legal fees related to building purchase, \$20,811

Debt Administration

At year-end the Community Planning Association of Southwest Idaho had no capital lease obligations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Community Planning Association of Southwest Idaho considered many factors when setting the fiscal year 2012 budget, including funding from federal agencies and program requests from member agencies.

The following revenue assumptions were taken into account when adopting the FY2012 Unified Planning Work Program and Budget:

- Total member dues remain at 2011 levels.
- The Consolidated Planning Grant was adjusted to estimates provided by the Idaho Transportation Department.
- Increased set-aside for potential rescission of federal aid funds to \$312,111.
- Spend out Building Fund in first quarter of FY2012.

The Community Planning Association of Southwest Idaho continues to rely on federal grants to fund its programs. There is still some discussion that Congress could implement a rescission of federal aid funds in FY2012. It could be well into FY2012 before it is known whether or not a rescission will occur.

Requests for Information

This financial report is designed to provide a general overview of the Community Planning Association of Southwest Idaho's finances for all those with an interest in the agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Operations
Community Planning Association of Southwest Idaho
800 South Industry Way, Ste 100
Meridian, ID 83642

COMMUNITY PLANNING ASSOCIATION OF SOUTHWEST IDAHO
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
September 30, 2011

	General Fund	Adjustments Note B	Statement of Net Assets
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 1,042,077		\$ 1,042,077
Board Designated Cash & Cash Equivalents	1,370,167		1,370,167
Receivables	173,621		173,621
Prepaid Expenses	12,922		12,922
TOTAL CURRENT ASSETS	2,598,787		2,598,787
NONCURRENT ASSETS			
Buildings, improvements and Equipment - Net of Accumulated Depreciation	0	\$ 74,971	74,971
TOTAL NON CURRENT ASSETS	0		74,971
TOTAL ASSETS	\$ 2,598,787		\$ 2,673,758
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	\$ 141,859		\$ 141,859
Accrued Payroll Liabilities	74,470		74,470
TOTAL CURRENT LIABILITIES	216,329		216,329
TOTAL LIABILITIES	216,329		216,329
FUND BALANCE / NET ASSETS			
Fund Balances:			
Nonspendable:			
Prepaid Expenses	12,922		
Committed To:			
Building Purchase & Contingencies	1,001,505		
Set-Aside for Potential 20% Rescission	312,111		
Set-Aside for CIM Implementation Program	2,355		
Local Match Requirements	54,196		
Orthophotography	11,752		
Unassigned:	987,617		
Total Fund Balances	2,382,458		
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,598,787		
NET ASSETS			
Invested in Capital Assets, Net of Related Unrestricted			74,971 2,382,458
TOTAL NET ASSETS			\$ 2,457,429

See accompanying notes

COMMUNITY PLANNING ASSOCIATION OF SOUTHWEST IDAHO
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2011

	General Fund	Adjustments Note C	Statement of Activities
EXPENDITURES			
Salary and Fringe Benefits	\$ 1,505,569		\$ 1,505,569
Professional Service Expenditures	240,451		240,451
Depreciation Expense		\$ 24,345	24,345
Other Direct Expenditures	154,645		154,645
Indirect Expenditures	288,401		288,401
Capital Outlay	56,667	(56,667)	0
TOTAL EXPENDITURES	2,245,733	(32,322)	2,213,411
 REVENUES			
Membership Dues	846,028		846,028
Operating Grants	1,716,203		1,716,203
Contract Revenue	6,082		6,082
Program Revenue - Other	8,566		8,566
General Revenue - Other	7,931		7,931
TOTAL REVENUES	2,584,810		2,584,810
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	339,077	32,322	371,399
 NET CHANGE IN FUND BALANCES	339,077	32,322	371,399
 FUND BALANCE AT BEGINNING OF YEAR	2,043,381		2,086,030
 FUND BALANCE AT END OF YEAR	\$ 2,382,458		\$ 2,457,429

See accompanying notes

COMMUNITY PLANNING ASSOCIATION OF SOUTHWEST IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Community Planning Association of Southwest Idaho (Association) was organized November 1, 1999, under the provisions of Idaho Code Section 67-2326 (joint powers agreements). The Association is supported by membership dues and federal pass-through grants from the State of Idaho. Under the direction of the Community Planning Association Board of Directors, staff provides technical support services that are useful for mapping and related data, monitoring growth and development, transportation planning, and other intergovernmental services.

General members:

- Ada County
- Ada County Highway District
- City of Boise
- City of Caldwell
- Canyon County
- Canyon Highway District #4
- City of Eagle
- City of Garden City
- City of Kuna
- City of Meridian
- City of Middleton
- City of Nampa
- Nampa Highway District #1
- City of Parma
- City of Star

Special purpose members:

- Boise State University
- Capital City Development Corporation
- Idaho Department of Environmental Quality
- Idaho Transportation Department
- Valley Regional Transit

Ex officio members:

- Office of the Governor of the State of Idaho
- Central District Health Department
- Greater Boise Auditorium District

Financial Reporting Entity

The Association's financial statements include the accounts of all Association operations. The Association has no component units based on the criteria for including organizations as component units within the Association's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board's (GASB) *Codification of Government Accounting and Financial Reporting Standards*.

Government-Wide and Fund Financial Statements

As allowed under GASB 34, the Association is reported as a Single Purpose Entity. This allows for the government-wide financial statements to be combined with the fund-level financial statements (i.e., the *Statement of Net Assets and Governmental Fund Balance Sheet* and, the *Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, And Changes in Fund Balances*).

The government-wide column of the financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Association. The statement of activities demonstrates the degree to which the direct expenses are offset by program revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide column of the financial statements is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Revenue from grants is recognized when an expenditure under the terms of the grant have been satisfied.

The governmental fund column of the financial statements is reported using the current financial resource measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Association considers all revenues reported in the governmental funds available if the revenues are collected within sixty days after year-end. Federal grant revenue, member dues, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. General capital assets acquisitions are reported as expenditures in government funds. Acquisitions under capital leases are reported as other financing sources.

The Association is accounted for as a special-purpose government engaged in a single governmental program. The combined statement of net assets and the statement of activities display information about the Association. These statements include the financial activities of the overall reporting entity. Governmental activities generally are financed through Federal grant monies and member dues. The Association is a special-purpose government engaged in a single governmental program. Therefore, it accounts for all of its financial resource under the General Fund. The major sources of revenue are membership dues and federal grants passed through from the State of Idaho.

Budgets and Budgetary Accounting

The Association follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to August, the Association submits a proposed work plan and budget for the fiscal year commencing the following October 1 that is ratified by the governing body of each general member and special purpose member that contributes to the budget. The FY2011 budget was approved on August 16, 2010, and a final amendment was approved on July 18, 2011.

2. The Executive Director is the disbursement officer for all funds in accordance with the approved budget.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund.
4. The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Capital Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements. In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Assets costing more than \$1,000 with a useful life of one year or more are included in capital assets. Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

- Buildings and Improvements	10-45 years
- Equipment	3-8 years
- Vehicles	3-5 years

Fund Financial Statements. In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Accumulated Unpaid Vacation and Sick Pay Amounts

The Association provides vacation and sick leave to its employees. Earned vacation is paid to employees when taken or paid to employees or beneficiaries upon the employee's termination, retirement, or death.

In the Governmental Fund, only the amount that normally would be liquidated with expendable available financial resources is accrued as current year expenditures. The Association uses the last-in, first-out method of recognizing use of compensated absences. Unless it is anticipated that compensated absences will be used in excess of a normal year's accumulation, no additional expenditures are accrued.

Pension Plan

The Association participated in the Public Employees Retirement System of Idaho. Funding contributions by the Community Planning Association of Southwest Idaho are determined at 10.39% of total salaries.

Cash

Cash and cash equivalents include cash on hand, cash in banks, and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short-term maturities.

Board-Designated Cash

Certain cash, cash equivalents and investments are designated by the Association's Board of Directors for possible future expenditures of construction or asset acquisition, to cover a potential rescission of federal-aid funds, to cover *Communities in Motion* implementation program, and to fund local match requirements.

Investments

Idaho Code provides authorization for the investment of funds as well as specific direction regarding allowable investments. The Association's policy is consistent with this direction. The Association currently invests in interest bearing bank accounts, money market account, and the State of Idaho Local Government Investment Pool.

NOTE B - EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET

Total fund balances in the Associations governmental fund may differ from the net assets of the governmental activities reported in the Statement of Net Assets as a result of the long-term economic focus of the Statement of Net Assets versus the current financial resources focus of the governmental fund balance sheet.

Fund Balance - Total Governmental Funds	\$ 2,382,458
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.	74,971
Net Assets of Governmental Activities:	<u>\$ 2,457,429</u>

NOTE C - EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

The net change in fund balances for governmental funds may differ from the change in net assets for governmental activities reported in the Statement of Activities as a result of the long-term economic focus of the Statement of Activities versus the current financial resource focus of the governmental funds.

Net Change in Fund Balances - Total Governmental Funds **\$ 339,077**

Governmental Funds report capital outlays as expenditures. 32,322
 However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$56,667 exceeded depreciation expense of \$24,345 in the current period.

Change in Net Assets of Governmental Activities \$ 371,399

NOTE D - GRANTS RECEIVABLE

Grants receivable at September 30, 2011, consist of amounts billed to the state or federal grant agencies that have not yet been received. No provision for an allowance for bad debt has been made since the Association has never had any bad debt.

NOTE E - FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance October 1, 2010	Additions	Deletions	Balance September 30, 2011
Office Equipment, Furniture, Software, and Vehicles	\$ 444,010	\$ 35,856	\$ (47,673)	\$ 432,193
Building and Improvements	0	20,811	0	20,811
Total Capital Assets	444,010	56,667	(47,673)	453,004
Accumulated Depreciation	(401,361)	(24,345)	47,673	(378,033)
Net Capital Assets	\$ 42,649	\$ 32,322	\$ -	\$ 74,971

NOTE F - PENSION PLAN

Public Employee Retirement System of Idaho - The Public Employee Retirement System of Idaho (PERSI), a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries.

The authority to establish and amend benefit provisions is established in Idaho Code.

Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI upon request.

After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.00% of the average monthly salary for the highest consecutive 42 months.

The contribution requirements of Community Planning Association of Southwest Idaho and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended September 30, 2010, the required contribution rate as a percentage of covered payroll for general members was 6.23%. The employer rate as a percentage of covered payroll was 10.39%. The Community Planning Association of Southwest Idaho contributions required and paid were \$183,478, \$188,249, and \$191,427, for the three years ended September 30, 2011, 2010, and 2009 respectively.

NOTE G - LEASES

The Association leases, under an operating lease, a portion of a building.

The original agreement showed the lease term expiring on August 31, 2011. The association had planned on moving into its own building on or prior to August 31, 2011. Due to construction delays, the Association re-negotiated the lease to terminate on December 31, 2011.

Future minimum lease payments under the capital lease, the present value of net minimum lease payments under the capital lease, and minimum lease payments under operating leases at September 30, 2011, are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Operating</u> <u>Lease</u>
2012	28,047
Thereafter	0
Total Minimum Lease Payments	<u><u>\$28,047</u></u>

Actual rent expense for the year ended September 30, 2011, was \$113,015.

NOTE H - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Idaho Code provides authorization for the investment of funds as well as specific direction regarding allowable investments. The Association's policy is consistent with this direction.

Banking and Investment Policy

COMPASS obtains its funding from membership dues and federal grants. The Finance Committee and management of COMPASS will strive to invest with the judgment and care that prudent individuals would exercise in the execution of

their own affairs, to maintain the safety of principal, maintain liquidity to meet cash flow needs, and to provide competitive returns on deposits and investments. These primary objectives in priority order are:

- a. Safety - Safety of principal is foremost. Deposits and investments will be undertaken in a manner that seeks to ensure the preservation of funds.
- b. Liquidity - Dollars will remain sufficiently liquid in order to meet all anticipated operating expenses. COMPASS will strive to maintain a liquid cash balance of at least three months operating costs.
- c. Yield - Deposits and investments will be designed with the objective of attaining a market rate of return taking into account the investment risk constraints and liquidity needs. Yield is secondary to safety and liquidity.

As of September 30, 2011 the Association had deposits or investments in the following accounts:

1. Idaho Central Credit Union - Business Checking (federally insured)
2. Idaho Central Credit Union - Share Savings (federally insured)
3. Zions Bank - Ultimate Savings Account (federally insured)
4. Zions Bank - Collateralized Municipal Money Market Fund (collateralized under an irrevocable standby letter of credit with the Federal Home Loan Bank)
5. State of Idaho - Local Government Investment Pool (uncategorized)

The Association considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents and they are carried at cost, which approximates market value. The level of risk assumed by the Association is shown below:

	Carrying Amount	Bank Balance	Fund
Federally Insured	\$ 441,836	\$ 477,899	General
Collateralized	1,001,505	1,001,505	General
Uncategorized	968,903	968,628	General
	\$ 2,412,244	\$ 2,448,032	

Credit Risk

Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's, and Fitch's. The rating of the LGIP as of September 30, 2009 was AAaf. The LGIP terminated its rating service in December 2009 as the cost of the rating outweighed the benefit to the pool as a whole. The funds objectives and overall strategy and structure has not changed.

Interest Rate Risk

Interest rate risk is the risk that the changes in market interest rates will adversely impact the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. The Associations banking and investment policy ranks yield behind safety and liquidity when making deposit and

investment decisions, and invests accordingly to meet these policy requirements.

Custodial Credit Risk

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Association will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The Associations policy maintains that safety of principal is the foremost consideration in deposits and investments, and invests accordingly to meet this policy requirement. As of September 30, 2011 the federally insured and collateralized bank balances of the Association were adequately insured and collateralized as defined by GASB.

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The GASB has adopted a principal that governments should provide note disclosure when five percent of the total entities investments are concentrated in any one issuer.

Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The Association does not place a limit on the amount it may invest in any one issuer.

NOTE I - USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE J - CONTINGENCIES

The Association receives Grants that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement by the agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Association, such disallowances, if any, will not be significant.

NOTE K - ECONOMIC DEPENDENCY

The Association receives a major portion of its revenue from government grants. The management of the Association is of the opinion that the grants will continue to be funded but feel they would be able to operate for a period of three months even if all the funding sources were not available.

NOTE L - DEFERRED COMPENSATION PLAN

Employees of the Association may elect to participate in a Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The Plan is available to all employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, death, retirement or unforeseeable emergency.

In accordance with GASB #32, the Association does not list this plan on its Financial Statements.

NOTE M - 401(k) PLAN

All employees of the Association that are also an active member of the PERSI pension plan (see Note F) may also join the PERSI Choice 401(k) Plan. An employee may defer from 1 - 100% of their gross income as long as the deferral stays within the annual contribution limits established by the Internal Revenue Service. The Plan allows participants to borrow against their account balance within certain limits set by the plan. The Plan also allows Hardship withdrawals upon satisfying the conditions established by the Plan.

NOTE N - RISK MANAGEMENT

Property, Casualty and Worker Compensation Insurance - The Association is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Association purchases liability, medical and disability insurance through a commercial insurance carrier. Workers compensation insurance is maintained through the State Insurance Fund.

There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the Association's insurance coverage.

NOTE O - FUND BALANCE

In accordance with Government Accounting Standards Board Statement Number 54, Fund Balance Reporting and Government Fund Type Definitions, the Association classifies governmental fund balances as follows:

- Non-Spendable; includes balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. For FY2011, this includes prepaid expenses.
- Restricted; includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. For FY2011, there are no balances that should be classified as restricted fund balance.
- Committed; includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end. By way of Board Resolution, balances for Building Purchase and Contingencies, Set-Aside for Potential 20% Rescission of Federal Aid Funds, Set-Aside for *Communities in Motion* Implementation Program, Local Match Requirements, and a Set-Aside for future Orthophotography costs have been classified as committed fund balance.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or

committed. Fund balance may be assigned by the Finance Committee or Executive Director. For FY2011, there are no balances that should be classified as restricted fund balance.

- Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories.

NOTE P - SUBSEQUENT EVENTS

The Association will begin moving into its newly constructed building during the first quarter of FY2012. By the end of first quarter, the committed fund balance for Building Purchase and Contingencies should be nearly spent out.

SUPPLEMENTARY INFORMATION

COMMUNITY PLANNING ASSOCIATION OF SOUTHWEST IDAHO
Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2011

	<u>Budgeted Amounts-GAAP Basis</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Membership Dues	\$ 854,646	\$ 846,456	\$ 846,028	\$ (428)
Operating Grants	1,902,538	2,938,972	1,716,203	(1,222,769)
Contract Revenue		65,097	6,082	(59,015)
Other Revenue	253,152	316,766	16,497	(300,269)
TOTAL REVENUES	\$ 3,010,336	\$ 4,167,291	\$ 2,584,810	\$ (1,582,481)
EXPENDITURES				
Current:				
Salary and Fringe Benefits	\$ 1,558,591	\$ 1,558,591	\$ 1,505,569	\$ 53,022
Professional Service Expenditures	404,500	1,270,487	240,451	1,030,036
Pass Through Planning Grants	-	-	-	-
Other Direct Expenditures	674,245	880,713	154,644	726,069
Indirect Expenditures	348,000	348,000	288,401	59,599
Capital Outlay	25,000	109,500	56,667	52,833
TOTAL EXPENDITURES	\$ 3,010,336	\$ 4,167,291	\$ 2,245,732	\$ 1,921,559
Unprogrammed Revenue STP-TMA	-		-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ -	\$ -	\$ 339,078	\$ (339,078)

See accompanying notes

SINGLE AUDIT

COMMUNITY PLANNING ASSOCIATION OF SOUTHWEST IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2011

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U. S. Department of Transportation:			
Federal Highway Administration Passed through from State of Idaho Surface Transportation Programs	20.205	Key# 7826, 7827, 9506, 9827, 12274	\$ 446,656
Federal Highway Administration Passed through from State of Idaho Consolidated Planning Grant	20.507	Key# 10698, 11191	1,135,477
Federal Transit Administration Passed through from State of Idaho Formula Grants for Other than Urbanized Areas	20.509	Key# 11909	<u>25,541</u>
Total U.S. Department of Transportation			<u>\$ 1,607,674</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

This accompanying schedule of expenditures of federal awards includes the federal grant activity of the Association under programs of the federal government for the year ended September 30, 2011. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position, changes in net assets, or cash flows to the Association.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the costs principals contained in the OMB Circular A-87, *Cost Principals for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**COMMUNITY PLANNING ASSOCIATION OF SOUTHWEST IDAHO
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**

Board of Directors
Community Planning Association of Southwest Idaho
Boise, Idaho

We have audited the financial statements of governmental activities and each major fund of Community Planning Association of Southwest Idaho as of and for the year ended September 30, 2011, which collectively comprise the Community Planning Association of Southwest Idaho's basic financial statements and have issued our report thereon dated December 15, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Planning Association of Southwest Idaho's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Community Planning Association of Southwest Idaho's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Community Planning Association of Southwest Idaho's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Community Planning Association of Southwest Idaho's financial statements are free of 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*.

This report is intended solely for the information and use of management, the audit committee, City Councils, 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

Crandall Swenson, Gleason & Wadsworth, Chkd.

Boise, Idaho
December 15, 2011



Clyde B Crandall, CPA
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**COMMUNITY PLANNING ASSOCIATION OF SOUTHWEST IDAHO
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Board of Directors
Community Planning Association of Southwest Idaho
Boise, Idaho

Compliance

We have audited the compliance of Community Planning Association of Southwest Idaho 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 each of its major federal programs for the year ended September 30, 2011. Community Planning Association of Southwest Idaho's major federal programs are 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 each of its major federal programs is the responsibility of Community Planning Association of Southwest Idaho's management. Our responsibility is to express an opinion on Community Planning Association of Southwest Idaho's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Community Planning Association of Southwest Idaho'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 Community Planning Association of Southwest Idaho's compliance with those requirements.

In our opinion, Community Planning Association of Southwest Idaho 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, 2011.

Internal Control Over Compliance

The management of Community Planning Association of Southwest Idaho 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 Community Planning Association of Southwest Idaho's 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 the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, 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.

Crandall Swenson, Gleason & Wadsworth, Chtd.

Boise, Idaho
December 15, 2011

**COMMUNITY PLANNING ASSOCIATION OF SOUTHWEST IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2011**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of audit report issued:	Unqualified
Internal control over financial reporting:	
Material weakness over financial reporting?	No
Significant Deficiency identified not considered a material weakness?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal Control over major programs:	
Material weakness identified?	No
Reportable conditions identified not considered a material weakness?	None reported
Type of audit report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Federal Highway Administration
20.507	Federal Highway Administration
20.509	Federal Transit Administration

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings, no matters are reported.

SECTION III - FEDERAL AWARD FINDING AND QUESTIONED COSTS

There were no findings, no matters are reported.