KOOTENAI METROPOLITAN PLANNING ORGANIZATION

FINANCIAL STATEMENT
SEPTEMBER 30, 2021

KOOTENAI METROPOLITAN PLANNING ORGANIZATION

September 30, 2021

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<u>FINANCIAL SECTION</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021

As management of Kootenai Metropolitan Planning Organization (KMPO), we offer readers of the Organization's financial statements this narrative overview and analysis of the financial activities of Kootenai Metropolitan Planning Organization for the fiscal year ended September 30, 2021.

KMPO generally adopts a budget in June for the subsequent year. The current year budget is updated as part of the subsequent year budget development process and approved by the KMPO Board.

FINANCIAL HIGHLIGHTS

At the end of the fiscal year, total net position was $(57,590) which is an increase of $21,523 in the net position over 2020. A summary of KMPO's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net assets follows:

Assets	$ 79,910
Deferred outflows resources	78,286
Liabilities	(45,000)
Deferred inflows of resources	(170,786)
Net position	$ (57,590)

Fiscal year program revenues totaled $583,429 and expenses totaled $598,040 on the statement of activities.

A detailed statement of activities which includes all revenues and expenses can be found on page 9 of the financial section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of not only this management's discussion and analysis, but two other kinds of statements that present different views of KMPO's financial activities.

- The statement of net position and statement of activities provide information on a government-wide basis. The statements present an aggregate view of KMPO's finances. Government-wide statements contain useful long-term information, as well as information for the just-completed fiscal year.
- The remaining statements are fund financial statements that focus on current financial resources. Since KMPO is a special organization with only governmental funds. There are two differences between the fund financial statements and the statement of net position and statement of activities. The first is the long-term information regarding compensated absences, which is not presented in the fund financial statements. Compensated absences are carried forward based on the KMPO Board's policy of allowing the annual carry forward of up to 240hrs into the new fiscal year, recognizing the compensated absences referred to as Paid Time Off (PTO) is the combination of what has previously referred to as vacation and sick leave. The second difference is the GASB 68 requirement to state the theoretical unfunded liability associated with the Public Employees Retirement System of Idaho (PERSI). This liability is outside the control of KMPO but is stated in the financials required.

The notes to the financial statements provide further explanation of some of KMPO's information in the statements and provide additional disclosures so statement users have a complete picture of KMPO's financial activities and position. The notes provide additional information that is essential to fully understand the data provided in the government-wide financial statements. The notes to financial statements can be found beginning on page 14.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

Required supplementary information and other supplementary information further explains and supports the financial statements by including a comparison of KMPO's budget data for the year and more detail of the expenditures.

Government-wide Statements

The government-wide statements report information about KMPO as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report KMPO's net position and how they have changed. Net position, the difference between the KMPO's assets and liabilities, is one way to evaluate KMPO's financial position.

- Over time, increases or decreases in KMPO's net assets are one indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall financial condition of KMPO, additional non-financial factors, such as changes in the KMPO's member assessments and the condition of its equipment, building, and other facilities should be considered.

In the government-wide financial statements, KMPO's activities are all classified as governmental activities, as KMPO has only governmental activities, and the general fund. KMPO owns office related equipment and furniture that was acquired in 2011, 2012, 2013 and 2017; however, leases its office space on a multi-year contract. KMPO's membership, which provides the annual local funding to support the Organization has been stable since 2003, when the organization was established through a Joint Powers Agreement.

Fund Financial Statements

Since KMPO has only governmental funds, the fund financial statements provide similar information about KMPO's operations and financial position for the year ended September 30, 2021 as the government-wide statements. Funds are accounting devices KMPO uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements.

> Governmental funds*:* All activities of KMPO are accounted for in one governmental fund, the general fund, which focus on: (1) how cash and other financial assets, which can readily be converted to cash, flow in and out, and (2) the balances left at year-end that are available for funding future basic services. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance KMPO's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide reconciliations with brief explanations to better identify the relationship between the government-wide statements and statements for governmental funds.

FINANCIAL ANALYSIS

Net Position

Net position may serve over time as a useful indicator of a government's financial position. KMPO's calculated liabilities exceeded assets by $57,590 as of September 30, 2021. This is due primarily to the GASB 68 reporting requirement for KMPO's future potential share of the Public Employee's Retirement System of Idaho (PERSI) unfunded liability or over funded asset being included in the annual financial statements. The potential unfunded liability risk of PERSI to KMPO will vary over time based on several factors, including performance of investments and participation levels in the retirement program. Therefore, KMPO's Net Position should be considered in context with and without the GASB 68 net pension liability and asset reporting requirements.

TABLE 1
STATEMENT OF NET POSITION
September 30, 2021 and 2020

	2021	2020
ASSETS		
Cash	$ 51,116	$ 32,773
Accounts receivable	23,455	75,323
Net pension asset	5,339	-
Total assets	79,910	108,096
DEFERRED OUTFLOWS OF RESOURCES		
Proportionate share of collective defferred outflows of resources	78,286	44,017
Total deferred outflows of resources	78,286	44,017
LIABILITIES		
Accrued payroll and related costs	-	9,280
Accounts payable	5,658	34,553
Deferred revenue	10,984	-
Noncurrent liabilities:		
Compensated absences	28,358	28,277
Net pension liability	-	154,085
Total liabilities	45,000	226,195
DEFERRED INFLOWS OF RESOURCES		
Proportionate share of collective defferred inflows of resources	170,786	5,031
Total deferred inflows of resources	170,786	5,031
NET POSITION		
Unrestricted	(57,590)	(79,113)
Total net position	$ (57,590)	$ (79,113)

FINANCIAL ANALYSIS (CONCLUDED)

Changes in Net Position

KMPO's total revenues for the fiscal year ended September 30, 2021 were $619,563. The total expenses were $598,040. The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2021 and 2020.

Table 2
CHANGES IN NET POSITION
September 30, 2021 and 2020

	2021	2020
REVENUES		
Program revenues:		
Operating grants and contributions	$ 583,429	$ 452,155
General revenues:		
Member assessments	36,134	35,378
Total revenues	619,563	487,533
EXPENSES		
Transportation planning services	625,978	486,463
Unallocated actual PERSI contributions	(30,687)	(30,221)
Change in net pension liability	2,749	52,343
Total expenses	598,040	508,585
Change in net position	$ 21,523	$ (21,052)

Governmental Funds

KMPO completed the year with a total governmental unassigned fund balance of $57,929.

See page 27 for a detailed budget schedule.

As of September 30, 2021, expenditures exceeded revenues by $6,334. This adjustment will be brought forward into the following year by amending the new budget. KMPO generally adopts a budget in June for the subsequent year and account balances are based on previous budgets and expected expenses for the coming year. The budget was amended for the fiscal year ended September 30, 2021.

FACTORS BEARING ON KMPO'S FUTURE

KMPO operates largely on grant funding provided through the U.S. Department of Transportation as authorized by Congress in Federal transportation legislation referred to as FAST Act. Annual appropriations are provided to both the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) to support ongoing transportation planning in urbanized areas over 50,000 population as required by U.S.C. Title 23, Section 134 and Title 49 Section 5303. FY 2021 was the last year of the FAST Act and Congress is working on an infrastructure bill for FY 2022 through FY 2027. It remains to be determined what impact the new multi-year bill will have on the organization. Local jurisdictions, highway districts, Idaho Transportation Department and the Coeur d'Alene Tribe participate in the Organization through annual assessments that are based on the Organizations adopted budget.

As with any organization that is established pursuant to Federal requirements and funded through annual Federal appropriations, funding levels can fluctuate based on the direction of Congress. Continued Federal emphasis on the efficient and effective movement of people and goods through strategic transportation investments, is expected to result in maintained levels of funding in the near and midterm. The stability of KMPO and the continued active participation by member participants and the community is expected to result stable local revenues necessary to match the annual Federal funding provided by the U.S. Department of Transportation.

CONTACTING THE ORGANIZATION'S FINANCIAL MANAGEMENT

This financial overview and report is designed to provide our taxpayers with a general overview of the KMPO's finances and projected continued growth within the boundaries of the KMPO and to demonstrate the KMPO's accountability for the funds received and expenses incurred. If there are any questions about the report or more financial information is needed, please contact the Office located at 250 Northwest Boulevard, Suite 209, Coeur d'Alene, ID 83814 or contact by phone (208) 930-4164.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

Kootenai Metropolitan Planning Organization

STATEMENT OF NET POSITION
September 30, 2021

ASSETS		
Cash	$	51,116
Accounts receivable		23,455
Net pension asset		5,339
Total assets		79,910
DEFERRED OUTFLOWS OF RESOURCES		
Proportionate share of collective deferred outflows of resources		78,286
Total deferred outflows of resources		78,286
LIABILITIES		
Accounts payable		5,658
Deferred revenue		10,984
Noncurrent liabilities:		
Compensated absences		28,358
Total liabilities		45,000
DEFERRED INFLOWS OF RESOURCES		
Proportionate share of collective deferred inflows of resources		170,786
Total deferred inflows of resources		170,786
NET POSITION		
Unrestricted		(57,590)
Total net position	$	(57,590)

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

Kootenai Metropolitan Planning Organization

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

	Expenses	Program Revenues Operating Grants and Contributions	Net Revenues and Change in Net Assets Government Activities Total
Governmental activities:			
General government			
Transportation planning services	$ 625,978	$ 583,429	$ (42,549)
Unallocated actual PERSI contributions	(30,687)	-	30,687
Change in net pension asset	2,749	-	(2,749)
Total governmental activities	$ 598,040	$ 583,429	(14,611)
General revenues:			
Member assessments			36,134
Increase in net position			21,523
Net position - beginning			(79,113)
Net position - ending			$ (57,590)

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

Kootenai Metropolitan Planning Organization

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2021

ASSETS		
Cash	$	51,116
Accounts receivable		23,455
Total assets	$	74,571
LIABILITIES AND FUND BALANCES		
Accounts payable	$	5,658
Deferred revenue		10,984
Total liabilities		16,642
Fund balances:		
Unassigned		57,929
Total fund balances		57,929
Total liabilities and fund balances	$	74,571

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

Kootenai Metropolitan Planning Organization

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2021

Amounts reported for governmental activities in the statement of net assets are different because:		
Total fund balances - governmental funds	$	57,929
Pension liabilities and deferred outflows of resources and deferred inflows of resources related to pensions:		
Organization's proportionate share of the net pension asset		5,339
Proportionate share of collective deferred outflows of resources		78,286
Proportionate share of collective deferred inflows of resources		(170,786)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds		(28,358)
Total net position	$	(57,590)

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

Kootenai Metropolitan Planning Organization

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

REVENUES	
Grants	$ 583,429
Member assessments	36,134
Total revenues	619,563
EXPENDITURES	
Salaries and wages	250,474
Outside contract services	218,156
Payroll expense	20,244
Retirement	30,704
Benefits	42,454
Office rent and utilities	10,221
Travel	3,200
Membership and dues	37,212
Supplies	645
Telephone	1,510
Printing and copying	395
Insurance	1,638
Business expenses	2,023
Books, subscriptions, reference	2,485
Professional fees	3,791
Advertising	686
Postage	59
Total expenditures	625,897
Net change in fund balances	(6,334)
Fund balances - beginning	64,263
Fund balances - ending	$ 57,929

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

Kootenai Metropolitan Planning Organization

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in Fund Balances - total governmental funds	$	(6,334)
Compensated absence expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(81)
Net pension expense		27,938
Change in net position of governmental activities	$	21,523

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Kootenai Metropolitan Planning Organization (the "Organization") for the Coeur d'Alene Urbanized Area and for Kootenai County was created in 2003 as a separate Joint Powers Entity, separate and apart from any member political subdivision or public agency pursuant to the provisions of Idaho Code, Sections 67-2326 through 67-2333.

The accounting methods and procedures adopted by the Organization conform to generally accepted accounting principles as applied to governmental entities. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the Organization's basic financial statements.

Reporting Entity – A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Organization consists of all funds, departments, boards, and agencies that are not legally separate from the Organization. There are no entities that would be considered component units of the Organization.

The financial statements of the Organization have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the Organization's accounting policies are described below:

B. Fund Accounting

The Organization uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Organization functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The Organization has one governmental fund, the general fund.

General Fund – The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund is available for any purpose provided it is expended or transferred according to Idaho State law.

C. Basis of Presentation

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the Organization as a whole. These statements include the financial activities of the primary government. The Organization has activities that are considered to be governmental as opposed to business-type activities.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Concluded)

The government-wide statements are prepared using the economic resources measurement focus. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Organization's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Organization, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Organization.

Fund Financial Statements – Fund financial statements report detailed information about the Organization. The focus of governmental fund statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type. The Organization maintains only a governmental-type general fund.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Organization, available means expected to be received within 60 days of the fiscal year end.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Concluded)

Non-exchange transactions, in which the Organization receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Organization must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Organization on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at the fiscal year then ended: property taxes available in advance, interest, grants, and rentals.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

E. Cash

In the general fund, cash received by the Organization is kept in one checking account and is presented as "Cash" on the financial statements. The Organization had no cash equivalents as of September 30, 2021.

F. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the non-current portion of capital leases, which will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Fund Balance Reserves

The Organization has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (required implementation date of June 2011). This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Organization is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the Organization to classify, and report amounts in the appropriate fund balance classifications. The Organization's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned.

The Organization reports the following classifications:

Non-spendable Fund Balance — Non-spendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form—such as inventory or prepaid insurance, or (b) legally or contractually required to be maintained intact—such as a trust that must be retained in perpetuity.

Restricted Fund Balance — Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the Organization can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance — Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Board of Directors. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Board of Directors. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance — Assigned fund balances are amounts that are constrained by the Organization's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the Director of Finance, or (b) an appointed body (e.g., a budget or finance committee) or official to which the Board of Directors have delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Organization itself.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Fund Balance Reserves (Concluded)

Unassigned Fund Balance — Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Organization's policy is first use restricted fund balance, then committed, then assigned, then unassigned when any of the above fund balance are available to use to satisfy an obligation.

H. Net Position Flow Assumptions

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Organization or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Sometimes the Organization will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Organization's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

I. Compensated Absences

The Organization reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Paid time off benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Organization will compensate the employees for the benefits through paid time off or by other means. The Organization records a liability for accumulated unused paid time off when earned for all employees who qualify. The total liability of $28,358 is included in the government-wide financial statements as a non-current liability due in more than one year.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

K. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from the Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Deferred Outflow/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The System only has one item that qualifies for reporting in this category. It is the deferred outflows relating to the accounting for the net pension obligation on the government-wide statement of net position, in accordance with GASB 68, Accounting and Financial Reporting for Pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Organization has one type of item, which arises under full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, proportionate share of collective deferred inflows of resources, is reported only on the government-wide statement of net position. The government-wide statement of net position reports proportionate share of collective deferred inflows of resources from one source: accounting for the net pension obligation, in accordance with GASB 68, Accounting and Financial Reporting for Pensions.

L. Operating Expenditures

The Organization is required to pay a local match of 7.34% of the operating expenditures. The member participants are charged annual assessments to cover the Organization's local match portion of the operating expenditures. The match portion of the expenditures is included in Membership and Dues category on the statement of revenues, expenditures and changes in fund balances.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the general fund. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general fund.

(Continued)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONCLUDED)

Budgetary Information (Concluded)

This is in conformance with Idaho State Statutes, which require that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation. The budget was amended in the current fiscal year.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

a) The Organization publishes a proposed budget for public review.
b) Public hearings are set to obtain taxpayer comments.
c) Prior to September 1, the budget is adopted by resolution of the Board of Directors and published.

Lapsing of Appropriations – At the close of each year, all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriation.

NOTE 3: CASH

Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned to it. The Organization does not have a policy for custodial credit risk. The carrying amount of the Organization's deposits with financial institutions on September 30, 2021 was $51,116, and the bank balance was $60,194. The bank balance is on deposit with one financial institution and is recorded at cost. The bank balance is categorized as follows:

Amounts insured by the FDIC or other agencies	$60,194

Idaho State Code allows the Organization to invest idle monies in certain categories. No violations of those categories have occurred during the year.

NOTE 4: DEFINED BENEFIT PENSION PLAN

Plan Description

The Organization contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

(Continued)

NOTE 4: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months. Amounts in parenthesis represent police/firefighters.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (74%) of the employer rate. As of June 30, 2021, it was 7.16% (9.13%). The employer contribution rate is set by the Retirement Board and was 11.94% (12.28%) of covered compensation. The Organization's contributions were $30,687 for the year ended September 30, 2021.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2021, the Organization reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Organization's proportion of the net pension asset was based on the Organization's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, the Organization's proportion was 0.0067597 percent.

(Continued)

NOTE 4: DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended September 30, 2021, the Organization recognized a pension expense of $2,749. At September 30, 2021, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 167,683
Changes of assumptions	61,281	-
Net difference between projected and actual earnings on pension plan investments	7,866	3,103
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	1,857	-
Kootenai Metropolitan Planning Organization's contributions subsequent to the measurement date	7,282	-
Total	$ 78,286	$ 170,786

$7,282 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2021.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2021 the beginning of the measurement period ended June 30, 2020 is 4.7 and 4.6 for the measurement period June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year ended June 30:	
2022	$ (23,909)
2023	$ (21,547)
2024	$ (18,830)
2025	$ (37,354)

(Continued)

NOTE 4: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increase	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1.00%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2015, through June 30, 2020, which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2021, is based on the results of an actuarial valuation date July 1, 2021.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

(Continued)

NOTE 4: DEFINED BENEFIT PENSION PLAN (CONTINUED)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2021.

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	1.80%	-0.20%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.14%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			2.30%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			**6.35%**

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

(Continued)

NOTE 4: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's net pension liability (asset)	$ 185,582	$ (5,339)	$ (161,841)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan

At September 30, 2021, the Organization reported no amount payable to the defined benefit pension plan for legally required employer contributions and no amount payable for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 5: LONG-TERM DEBT

Changes in Long-term Liabilities

	10/01/20	Increase	09/30/21
Government-type activities:			
Compensated absences	$ 28,277	$ 81	$ 28,358

Compensated absences are paid from the general fund in the form of paid time off.

NOTE 6: RISK MANAGEMENT

The Organization 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 Organization contracts with an insurance company for property insurance and general liability insurance.

(Continued)

NOTE 7: OPERATING LEASE

During the year ended September 30, 2011, the Organization entered into a lease agreement for an office. The original lease expired in 2014 and has been extended multiple times and the expiration is currently June 30, 2023. Required monthly payments are $1,295 for the remaining term of the lease. The following is a schedule of the future minimum lease payments required under the above lease:

Year ended September 30,	
2022	15,542
2023	11,656
Total	$ 27,198

(Concluded)

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

Kootenai Metropolitan Planning Organization

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
Grants	$ 684,084	$ 764,616	$ 583,429	$ (181,187)
Member assessments	39,600	53,409	36,134	(17,275)
Total revenues	723,684	818,025	619,563	(198,462)
EXPENDITURES				
Salaries and wages	246,500	246,879	250,474	(3,595)
Payroll expense	18,858	18,886	20,244	(1,358)
Retirement	29,432	29,477	30,704	(1,227)
Benefits	48,558	48,942	42,454	6,488
Office rent and utilities	18,400	18,400	10,221	8,179
Software updates and maintenance	5,000	5,000	-	5,000
Operating supplies, copying and postage	3,200	3,000	1,099	1,901
Professional services	15,000	5,600	5,814	(214)
Contractual services and training	305,316	305,316	255,368	49,948
Telephone and internet	1,900	2,500	1,510	990
Travel	13,170	13,170	3,200	9,970
Advertising	2,100	2,100	686	1,414
Property liability insurance	2,250	2,419	1,638	781
Equipment maintenance	1,500	1,500	-	1,500
Dues, subscriptions, and membership	8,500	7,500	2,485	5,015
Office furniture and equipment	4,000	4,000	-	4,000
Total expenditures	723,684	714,689	625,897	88,792
Net change in fund balances	-	103,336	(6,334)	(109,670)
Fund balances - beginning	62,901	62,901	64,263	1,362
Fund balances - ending	$ 62,901	$ 166,237	$ 57,929	$ (108,308)

Kootenai Metropolitan Planning Organization

GASB 68 Required Supplementary Information
For the Year Ended September 30, 2021

Schedule of Employers's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years *

	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension asset	0.0067597%	0.0066355%	0.0062111%	0.0066050%	0.0071799%	0.0079819%	0.0080913%
Employer's proportionate share of the net pension liability (asset)	$ (5,339)	$ 154,085	$ 70,898	$ 97,425	$ 112,856	$ 161,805	$ 106,549
Employer's covered-employee payroll	$ 257,014	$ 253,099	$ 222,219	$ 205,016	$ 207,633	$ 235,162	$ 228,804
Employer's proportional share of the net pension asset as a percentage of its covered employee payroll	-2.08%	60.88%	31.90%	47.52%	54.35%	68.81%	46.57%
Plan fiduciary net position as a percentage of the total pension asset	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Organization will present information for those years for which information is available.

Data reported is measured as of June 30, 2021 (measurement date).

Schedule of Employer Contributions
PERSI - Base Plan
Last 10 - Fiscal Years *

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 30,687	$ 30,221	$ 25,423	$ 23,208	$ 23,504	$ 26,620	$ 25,901
Contributions in relation to the statutorily required contribution	30,687	30,221	25,423	23,208	23,504	26,620	25,901
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll of its covered employee payroll	$ 257,014	$ 253,099	$ 222,219	$ 205,016	$ 207,633	$ 235,162	$ 228,804
Contributions as a percentage of covered-employee payroll	11.94%	11.94%	11.44%	11.32%	11.32%	11.32%	11.32%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Organization will present information for those years for which information is available.

Data reported is reported as of September 30, 2021.

REPORT REQUIRED BY GAO