

**LEWIS-CLARK VALLEY METROPOLITAN
PLANNING ORGANIZATION**

FINANCIAL STATEMENTS

Years Ended September 30, 2019 and 2018

LEWIS-CLARK VALLEY METROPOLITAN PLANNING ORGANIZATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lewis-Clark Valley Metropolitan Planning Organization
Asotin, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Lewis-Clark Valley Metropolitan Planning Organization as of September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Lewis-Clark Valley Metropolitan Planning Organization as of September 30, 2019 and 2018, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019, on our consideration of the Lewis-Clark Valley Metropolitan Planning Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lewis-Clark Valley Metropolitan Planning Organization's internal control over financial reporting and compliance.

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November 26, 2019

LEWIS-CLARK VALLEY METROPOLITAN PLANNING ORGANIZATION

STATEMENTS OF NET POSITION
September 30, 2019 and 2018

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash	\$ 18,068	\$ 13,395
Accounts receivable	6,116	54,966
Total current assets	<u>24,184</u>	<u>68,361</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	67	26,071
Accrued wages and expenses	6,133	9,597
Total liabilities	<u>6,200</u>	<u>35,668</u>
Net Position		
Unrestricted	<u>17,984</u>	<u>32,693</u>
Total net position	<u>\$ 17,984</u>	<u>\$ 32,693</u>

See accompanying notes

LEWIS-CLARK VALLEY METROPOLITAN PLANNING ORGANIZATION

STATEMENTS OF ACTIVITIES
Years Ended September 30, 2019 and 2018

	2019			2018		
	<u>Expenses</u>	<u>Program Revenue Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Position Governmental Activities</u>	<u>Expenses</u>	<u>Program Revenue Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Position Governmental Activities</u>
FUNCTIONS/PROGRAMS						
Governmental Activities						
Program expenses	<u>\$ 240,095</u>	<u>\$ 198,747</u>	<u>\$ (41,348)</u>	<u>\$ 248,233</u>	<u>\$ 237,153</u>	<u>\$ (11,080)</u>
Total governmental activities	<u><u>\$ 240,095</u></u>	<u><u>\$ 198,747</u></u>	<u><u>(41,348)</u></u>	<u><u>\$ 248,233</u></u>	<u><u>\$ 237,153</u></u>	<u><u>(11,080)</u></u>
General Revenues						
Intergovernmental contribution			<u>26,639</u>			<u>26,721</u>
Total general revenues			<u>26,639</u>			<u>26,721</u>
Change in net position			<u>(14,709)</u>			<u>15,641</u>
Net position, beginning			<u>32,693</u>			<u>17,052</u>
Net position, ending			<u><u>\$ 17,984</u></u>			<u><u>\$ 32,693</u></u>

See accompanying notes

LEWIS-CLARK VALLEY METROPOLITAN PLANNING ORGANIZATION

BALANCE SHEETS - GOVERNMENTAL FUND

September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Assets		
Cash	\$ 18,068	\$ 13,395
Accounts receivable	6,116	54,966
	<u>24,184</u>	<u>68,361</u>
Total assets	\$ 24,184	\$ 68,361
LIABILITIES		
Liabilities		
Accounts payable	\$ 67	\$ 26,071
Accrued wages and expenses	6,133	9,597
Total liabilities	<u>6,200</u>	<u>35,668</u>
FUND BALANCE		
Unrestricted	<u>17,984</u>	32,693
Total fund balance	<u>17,984</u>	<u>32,693</u>
Total liabilities and fund balance	\$ 24,184	\$ 68,361

**RECONCILIATION OF THE STATEMENTS OF NET POSITION
TO THE BALANCE SHEETS - GOVERNMENTAL FUND**

September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Total Fund Balance - Governmental Fund	\$ 17,984	\$ 32,693
Total Net Position - Governmental Activities	\$ 17,984	\$ 32,693

See accompanying notes

LEWIS-CLARK VALLEY METROPOLITAN PLANNING ORGANIZATION

STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUND
Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
REVENUES		
Washington State Department of Transportation	\$ 191,518	\$ 125,569
Idaho Transportation Department	7,229	111,584
Asotin County	6,225	6,245
Nez Perce County	1,676	1,681
City of Asotin	1,955	1,961
City of Clarkston	3,607	3,618
City of Lewiston	13,176	13,216
Total revenues	<u>225,386</u>	<u>263,874</u>
 EXPENDITURES		
Professional services	3,273	13,989
Payroll expenses	112,556	109,066
Travel	7,400	7,140
Supplies	389	185
Office rent	1,200	1,200
Utilities	3,422	3,588
Postage and shipping	249	218
Dues, publications, and advertising	333	461
Projects	109,599	101,469
Insurance	1,399	1,275
Work tasks		9,317
Bank service fees	275	325
Total expenditures	<u>240,095</u>	<u>248,233</u>
 NET CHANGE IN FUND BALANCE	 (14,709)	 15,641
 FUND BALANCE - beginning of year	 <u>32,693</u>	 <u>17,052</u>
 FUND BALANCE - end of year	 <u>\$ 17,984</u>	 <u>\$ 32,693</u>

See accompanying notes

LEWIS-CLARK VALLEY METROPOLITAN PLANNING ORGANIZATION

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUND
TO THE STATEMENTS OF ACTIVITIES
Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Net Change in Fund Balance - Total Government Funds	\$ (14,709)	\$ 15,641
Total Change in Net Position - Governmental Activities	<u>\$ (14,709)</u>	<u>\$ 15,641</u>

See accompanying notes

LEWIS-CLARK VALLEY METROPOLITAN PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities. The Lewis-Clark Valley Metropolitan Planning Organization (Organization) was established in 2003 in order to provide a regional approach to transportation planning. Prior to its formation, local transportation planning efforts were handled individually by the cities and counties that make up the current Lewis-Clark Valley Metropolitan Planning Organization, which are Asotin County, Nez Perce County, the City of Asotin, the City of Clarkston, and the City of Lewiston.

This Organization strengthens the community's voice in promoting projects in state and regional transportation planning processes and in receiving funding for those projects. Planning occurs on a regional basis so that each project considers impacts to other cities and counties within the Organization.

The Organization receives its income from local governments and federal funds reimbursed through states. They incur expenses for various transportation projects based on the approved Unified Planning Work Program (UPWP) and submit reimbursement requests to the Washington State Department of Transportation and the Idaho Transportation Department. They may also receive grant income for specific projects.

Basis of Presentation, Fund Accounting. Government-wide Statements: The statement of net position and the statement of activities display information about the financial activities of the overall Organization, except for fiduciary activities. Only governmental-type activities are shown, since there are no "business-type activities" within the Organization.

The statement of activities presents a comparison between direct expenses and program revenues for each different function of the Organization's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses – expenses of the Organization related to the administration and support of the Organization's programs, such as personnel and accounting – are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes and state foundation aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Organization's fund. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Organization reports the following major governmental fund:

- General Fund. This fund is used to account for all activity within the Organization.

LEWIS-CLARK VALLEY METROPOLITAN PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting. The Organization-wide fund financial statements are 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 liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Organization gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. State support and grant revenues are susceptible to accrual.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Organization considers all revenues reported in the governmental fund to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Cash. The Organization's cash includes amounts in checking accounts in local depositories. All cash is in FDIC insured accounts.

Accounts Receivable. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management has determined, based on historical results that all receivables are collectible and, therefore, has not provided for probable uncollectible amounts through an allowance for uncollectible accounts.

Use of Estimates. The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses, and actual results may differ from estimated amounts.

Economic Resources Measurement Focus and Accrual Basis of Accounting. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Also, this measurement focus distinguishes operating revenues and expenses from nonoperating items. Operating revenues/expenses generally result from providing services and producing and delivering goods related with the fund's principal ongoing operations. All revenues/expenses not meeting this definition are reported as nonoperating.

Subsequent Events. The Organization has evaluated subsequent events through November 26, 2019, the date the financial statements were available to be issued. Management has concluded that no material subsequent events have occurred.

LEWIS-CLARK VALLEY METROPOLITAN PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

2. BANK DEPOSITS

Checking Account	<u>Carrying</u>	<u>Bank</u>
	<u>Amount</u>	<u>Balance</u>
As of September 30, 2019	<u>\$ 18,068</u>	<u>\$ 18,068</u>
As of September 30, 2018	<u>\$ 13,395</u>	<u>\$ 44,720</u>

The checking account is with Twin River National Bank with federal deposit insurance coverage up to \$250,000.

3. CONCENTRATIONS

The Organization has concentrations of credit risk as a result of revenue from two major sources. Revenues from these sources, as a percentage of total revenue, are as follows:

	September 30, 2019		
	<u>Percent</u> <u>of revenue</u>	<u>Revenue</u>	<u>Accounts</u> <u>Receivable</u>
Washington State Department of Transportation	85%	\$ 191,518	\$ 6,116
Idaho Transportation Department	3%	\$ 7,229	\$ 0

	September 30, 2018		
	<u>Percent</u> <u>of revenue</u>	<u>Revenue</u>	<u>Accounts</u> <u>Receivable</u>
Washington State Department of Transportation	46%	\$ 125,569	\$ 31,284
Idaho Transportation Department	42%	\$ 111,584	\$ 21,426

4. CONTINGENCIES

The Organization depends upon support from the Federal Highway Administration and the Federal Transit Administration consolidated planning grants and local funds to carry out its activities. These programs are subject to financial and compliance audits by the sponsoring organizations. Should such audits occur, the Organization may face liability based on the results of those audits, although no such liability currently exists or is expected.

SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITOR'S REPORT – GOVERNMENT AUDITING STANDARDS

Board of Directors
Lewis-Clark Valley Metropolitan Planning Organization
Asotin, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Lewis-Clark Valley Metropolitan Planning Organization as of September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Lewis-Clark Valley Metropolitan Planning Organization's basic financial statements, and have issued our report thereon dated November 26, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (Finding #2018/2019-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lewis-Clark Valley Metropolitan Planning Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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*.

The Lewis-Clark Valley Metropolitan Planning Organization's Response to Findings

The Lewis-Clark Valley Metropolitan Planning Organization's response to the findings identified in our audits is described in the accompanying schedule of findings and questioned costs. The Lewis-Clark Valley Metropolitan Planning Organization's response was not subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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November 26, 2019

LEWIS-CLARK VALLEY METROPOLITAN PLANNING ORGANIZATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Years Ended September 30, 2019 and 2018

SIGNIFICANT DEFICIENCY

Finding #2018/2019-001

Criteria: Internal control systems generally attempt to divide up accounting tasks among multiple individuals (segregation of duties) to improve the ability of the Organization to identify errors within the accounting system.

Condition: The Lewis-Clark Valley Metropolitan Planning Organization has concentrated many accounting duties to a few individuals such that the desired segregation of duties is not possible. There are a limited number of personnel available to provide for the desired “segregation of duties.”

Effect: Many accounting duties are performed by a single individual with limited oversight available within the Lewis-Clark Valley Metropolitan Planning Organization.

Response: The Organization’s management believes that the cost of hiring additional accounting staff outweighs the benefits that segregation of duties would provide.

Recommendation: We concur with the Lewis Clark Valley Metropolitan Planning Organization’s response.