

B37092

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2009

NORTHWESTERN INDIANA REGIONAL
PLANNING COMMISSION
LAKE, LAPORTE, AND PORTER COUNTIES, INDIANA



FILED
06/07/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	John Swanson	01-01-09 to 12-31-10
Director of Finance and Administration	Mary Jane Shkroba Angie Hayes	01-01-09 to 03-31-09 04-01-09 to 12-31-10
Chairperson of the Commission Board	Jonathon Costas Kathy Chrobak	01-01-09 to 12-31-09 01-01-10 to 12-31-10



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF NORTHWESTERN INDIANA REGIONAL PLANNING
COMMISSION, LAKE, LAPORTE, AND PORTER COUNTIES, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Northwestern Indiana Regional Planning Commission (Commission), as of and for the year ended December 31, 2009, which collectively comprise the Commission's primary government basic financial statements. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Commission as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Commission has not presented the Management Discussion and Analysis and Budgetary Comparison Schedules that accounting principles generally accepted in the United States has determined is necessary to supplement although not required to be part of, the basic financial statements.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2010, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Commission taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

STATE BOARD OF ACCOUNTS

March 18, 2010



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

TO: THE OFFICIALS OF NORTHWESTERN INDIANA REGIONAL PLANNING
COMMISSION, LAKE, LAPORTE, AND PORTER COUNTIES, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwester Indiana Regional Planning Commission (Commission), as of and for the year ended December 31, 2009, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated March 18, 2010. 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 the Commission'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 Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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
(Continued)

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 Commission'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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether the Commission'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 the Commission's management, others within the entity, 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. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 18, 2010

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
STATEMENT OF NET ASSETS
December 31, 2009

		GOVERNMENTAL ACTIVITIES
ASSETS		
CASH AND CASH EQUIVALENTS	\$	2,225,910
RECEIVABLES (net of allowance for uncollectibles)		1,048,254
PREPAID INSURANCE		24,477
CAPITAL ASSETS (net of depreciation)		
Machinery and Equipment		2,335,894
TOTAL ASSETS		5,634,535
LIABILITIES		
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES		328,523
COMPENSATED ABSENCES		103,164
DEFERRED REVENUE - UNEARNED		1,003,845
TOTAL LIABILITIES		1,435,532
NET ASSETS		
INVESTED IN CAPITAL ASSETS (net of related debt)		2,335,894
UNRESTRICTED		1,863,109
TOTAL NET ASSETS	\$	4,199,003

The notes to the financial statements are an integral part of this statement.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

Functions/Programs	Expenses	Program Revenues		Total Governmental Activities
		Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities				
Planning and Development	\$ 2,758,597	\$ 1,678,928	\$ -	\$ (1,079,669)
Transit Operating	3,234,228	3,234,228	-	-
Transit Capital	334,588	-	282,980	(51,608)
Total Governmental Activities	\$ 6,327,413	\$ 4,913,156	\$ 282,980	(1,131,277)
General Revenues				
				519,028
				14,410
				2,017
Total Revenues				535,455
Change in Net Assets				(595,822)
Net Assets - Beginning				4,794,825
Net Assets - Ending				\$ 4,199,003

The notes to the financial statements are an integral part of this statement.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009

	General	LaPorte RLF	Transit Operating	Transit Capital	Total Governmental Funds
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 1,121,812	\$ 235,275	\$ -	\$ 868,823	\$ 2,225,910
RECEIVABLES (net of allowance for uncollectibles)	601,274	281,280	165,700	-	1,048,254
PREPAID INSURANCE	24,477	-	-	-	24,477
DUE FROM OTHER FUNDS	8,034	-	-	-	8,034
TOTAL ASSETS	\$ 1,755,597	\$ 516,555	\$ 165,700	\$ 868,823	\$ 3,306,675
LIABILITIES AND FUND BALANCES					
LIABILITIES					
ACCOUNTS PAYABLE	\$ 116,167	\$ 3,017	\$ 165,700	\$ -	\$ 284,884
PAYROLL PAYABLE	43,639	-	-	-	43,639
DUE TO OTHER FUNDS	-	8,034	-	-	8,034
DEFERRED REVENUE	135,022	-	-	868,823	1,003,845
TOTAL LIABILITIES	294,828	11,051	165,700	868,823	1,340,402
FUND BALANCES					
UNRESERVED, UNDESIGNATED FUND BALANCE	1,460,769	505,504	-	-	1,966,273
TOTAL FUND EQUITY	1,460,769	505,504	-	-	1,966,273
TOTAL LIABILITIES & FUND BALANCES	\$ 1,755,597	\$ 516,555	\$ 165,700	\$ 868,823	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

2,335,894

Compensated absences, a form of liability, are not due and payable in the current period and, therefore, are not reported in the funds.

(103,164)

\$ 4,199,003

The notes to the financial statements are an integral part of this statement.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
December 31, 2009

	General	LaPorte RLF	Transit Operating	Transit Capital	Total Governmental Funds
REVENUES					
INTERGOVERNMENTAL - COUNTY APPROPRIATIONS	\$ 519,028	\$ -	\$ -	\$ -	\$ 519,028
INTERGOVERNMENTAL - FEDERAL AGENCIES	271,655	-	2,544,840	226,385	3,042,880
INTERGOVERNMENTAL - STATE AGENCIES	1,463,836	-	689,388	-	2,153,224
INTERGOVERNMENTAL - LOCAL AGENCIES	532,655	-	-	11,083	543,738
NON-GOVERNMENTAL	62,150	1,000	-	45,512	108,662
INTEREST INCOME	5,339	11,088	-	-	16,427
TOTAL REVENUES	2,854,663	12,088	3,234,228	282,980	6,383,959
EXPENDITURES					
CURRENT - PLANNING & DEVELOPMENT					
PERSONNEL SERVICES - SALARIES	1,436,268	-	-	-	1,436,268
PERSONNEL SERVICES - FRINGE BENEFITS	520,538	-	-	-	520,538
OTHER SERVICES AND CHARGES	788,159	12,088	3,234,228	-	4,034,475
CAPITAL OUTLAYS	51,608	-	-	282,980	334,588
TOTAL EXPENDITURES	2,796,573	12,088	3,234,228	282,980	6,325,869
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER EXPENDITURES)	58,090	-	-	-	58,090
FUND BALANCE - BEGINNING	1,402,679	505,504	-	-	1,908,183
FUND BALANCE - ENDING	\$ 1,460,769	\$ 505,504	\$ -	\$ -	1,966,273

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

Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures, and Changes in Fund Balance) 58,090

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (618,512)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount by which compensated absences increased in the current period. (35,400)

Change in net assets of government activities (Statement of Activities) \$ (595,822)

The notes to the financial statements are an integral part of this statement.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Northwestern Indiana Regional Planning Commission 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. A summary of the Commission's more significant accounting policies which have been consistently applied in the preparation of the accompanying financial statements is presented as follows:

A. ORGANIZATION OF THE REPORTING ENTITY

The Northwestern Indiana Regional Planning Commission (the Commission) operates as a separate legal entity under provisions of the Indiana Code (Title 36, Article VII, Chapter 7.6). Its primary mission is planning and development coordination in northwestern Indiana, which includes Lake, Porter, and LaPorte Counties in Indiana. Legislation enacted into law during 2008 changed the composition of the Commission. The governing body of the Commission currently consists of fifty-three members. Members are appointed by the counties, cities and towns within northwestern Indiana according to the provisions of the enabling legislation. Each county makes three appointments; each city and town appoints one member. All members must be elected officials. Members serve until replaced by the appointing authorities, which are typically the chief elected executive officials of the individual cities and towns and specified county officials. The Commission itself cannot remove a member for any reason.

According to state legislation, each of the three counties must make a mandatory appropriation to the Commission in an amount equal to seventy cents per capita. Counties voluntarily may make contributions in excess of this amount. The Commission selects and employs its Executive Director, controls the hiring of its employees and is responsible for its overall fiscal management. No other entity is responsible for the legal obligations of the Commission.

The enabling legislation under which the Commission was established provides for an appointing and funding process that is sufficient to support the conclusion that the Commission is not accountable to any other single unit of government. The Commission is a primary unit; it has no component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements. Under governmental accounting standards, governmental activities, which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities which rely to a significant extent of fees and charges for support. The Commission does not have what are normally considered business-type activities.

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

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
(Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Commission has only governmental type funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenues from cost reimbursable grants, contracts or similar agreements are recognized when expenditures are made or as soon as all eligibility requirements imposed by the provider have been met. The Commission occasionally reports deferred revenues that arise when resources are received by the Commission before it has a legal claim to them, such as when grant or contract monies are received prior to the incurrence of qualifying expenditures. In subsequent periods or when the Commission has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

The Commission has established the following major governmental funds:

General Fund: The general fund is the general operating fund of the Commission. It is used to account for all revenues received which support the Commission's general operation as well as specific programs relating to the Commission's primary mission of planning and development coordination.

Special Revenue Funds and Capital Projects Fund: Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The Commission has two special revenue funds and a capital project fund:

LaPorte Revolving Loan Fund: This special revenue fund is used to account for the financial resources that are used in conjunction with a revolving loan program whose purpose is to foster economic growth and development in LaPorte County.

Transit Operating Fund: This special revenue fund is used to account for financial resources that are received from other governmental units and are provided to entities which operate public transportation service within northwestern Indiana.

Transit Capital Fund: This capital projects fund is a governmental type fund which is used to account for the financial resources that are used in the acquisition or purchase of capital equipment and facilities other than operating equipment, the purchase of which is accounted for in the general fund.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
(Continued)

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Deposits and Investments

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the Commission to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local government units.

2. Interfund Transactions and Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables (i.e., the current and non-current portion of interfund loans). All other outstanding balances between funds are reported as "interfund services provided/used."

3. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental type activities column in the government-wide statements. The Commission does not own real property or infrastructure assets.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of an asset are not capitalized.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) used by the Commission is \$5,000 (amount not rounded) and an estimated useful life in excess of one year. An exception is made with regard to computer and similar equipment where individual components have a lesser value but the combined cost of an operational network is in excess of the capitalization threshold.

The Commission's equipment is depreciated using the straight-line method of depreciation based on the following estimated useful lives:

Vehicles	4-12 Years
Office Equipment	4-6 Years
Computer Equipment	3 Years

4. Compensated Absences

It is the Commission's policy to permit employees to accumulate earned but not used vacation and personal leave time. There is no liability for unpaid accumulated personal leave since the Commission does not have a policy to pay any amounts when employees separate

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
(Continued)

from service with the Commission. Vacation pay is accrued when incurred in the government-wide financial statements. Vacation time is earned at the rate of 9-18 days per year based on the number of years of service. A maximum of 30 days may be accrued at the end of any annual reporting period.

5. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

6. Allocated Costs

Under provisions of the U.S. Office of Management and Budget (OMB) Circular A-87, Attachment A, the Commission allocates to each program activity those costs which are "(a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved."

There are three categories of costs which are allocated. The first is leave costs which includes the employer's cost of providing vacation, sick, personal, holiday and other leave (jury duty, military and funeral). The second is fringe benefits which includes the employer's cost of providing various types of insurance and retirement benefits and social security taxes. The third is other indirect costs, which includes those costs related to general management, finance and accounting, office operation and maintenance, and general clerical and printing functions. It also includes an aggregate amount of depreciation representing the expiration in the service life of fixed assets of the general fund consisting primarily of office machines and furniture which is attributable to and charged as an expense during the reporting period.

The vehicle utilized to allocate costs is an indirect cost allocation plan which is prepared at the beginning of each year and establishes allocation rates based on prior experience and anticipated program effort. This plan is prepared by the Commission and is negotiated with the "cognizant federal agency for indirect costs" which for the past several years has been the Federal Highway Administration of the U.S. Department of Transportation working through the Indiana Department of Transportation. Provisional rates are established in this plan, which are used for billing purposes throughout the year. Upon the completion of an independent audit at the end of each year, final allocation rates are established based on actual costs. When actual costs are less than the amounts previously allocated, revenue is reduced and a liability is recognized.

During 2009, the Commission's provisional allocation rates were as follows:

Leave Costs	14% of direct salaries and wages
Fringe Benefits	33% of total direct salaries and wages
Other Indirect Costs	67% of total direct personnel

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
(Continued)

7. Non-Governmental Accounts

Occasionally the Commission provides contractual services to non-governmental entities primarily not-for-profit agencies. The most common example of this occurs when the Commission acquires transit vehicles for such agencies through its Transit Capital Fund. In this circumstance, as well as other cases where a non-governmental entity provides revenue, it is reported under the heading "non-governmental accounts."

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Annual budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles. These funds include the Commission's general fund, its special revenue funds (the LaPorte Revolving Loan (RLF) Fund, and the Transit Operating Fund) and its one capital projects fund (the Transit Capital Fund). A proposed budget for the ensuing year is submitted to the Commission by the Executive Director. This usually occurs at the fourth quarterly meeting of the Commission which is typically held in October. The Commission may vote to adopt the budget at this meeting, or may call a special meeting to take action on the budget. The budget as adopted by the commission is organized by object class categories. Major object class categories (which typically include salaries, fringe benefits, occupancy, equipment service and maintenance, departmental, contractual and capital outlays) represent the legal level of control. Amendments to the adopted budget may be made only by the Commission at any regular meeting of the Commission or at any special meeting of the Commission called to consider the budget. The Commission has established a Finance and Personnel Committee composed exclusively of Commission members appointed by the Chairman. This Committee exercises financial oversight over Commission operations and establishes more detailed accounts. Amounts presented in the financial statements are the final budget amounts for the year, as legally amended. No supplemental budgetary appropriations were made during the year ended December 31, 2009. Encumbrance accounting, under which purchase orders, contracts or other commitments for the expenditure of resources are recorded in order to reserve that portion of a relevant appropriation, is employed as an extension of the Commission's formal budgeting process in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. All appropriations lapse at year-end. Outstanding encumbrances at year-end are reappropriated in the ensuing year. The Commission had no outstanding encumbrances at year-end.

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

At year end, the Commission's carrying amount of deposits was \$2,225,910.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
(Continued)

As of December 31, 2009, the entire amount reported as cash on the balance sheet was in the form of demand deposits.

B. INVESTMENTS

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2009, the Commission had no investments.

C. OPERATING LEASES

The Commission leases office facilities and copier equipment under noncancelable operating leases. Total costs for such leases were \$213,807 for the year ended December 31, 2009. The future minimum lease payments for these leases are as follows:

Year Ending December 31,	Office	Copiers	Totals
2010	\$ 200,234	\$ 28,620	\$ 228,854
2011	208,121	28,620	236,741
2012	216,320	28,620	244,940
2013	224,843	-	224,843
Totals	<u>\$ 849,518</u>	<u>\$ 85,860</u>	<u>\$ 935,378</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets being depreciated:				
Machinery and equipment	\$ 7,374,797	\$ 297,191	\$ 1,195,850	\$ 6,476,138
Less accumulated depreciation for:				
Machinery and equipment	<u>4,420,391</u>	<u>831,880</u>	<u>1,112,027</u>	<u>4,140,244</u>
Total governmental activities capital assets, net	<u>\$ 2,954,406</u>	<u>\$ -</u>	<u>\$ (618,512)</u>	<u>\$ 2,335,894</u>

IV. OTHER INFORMATION

A. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters for which the Commission carries commercial insurance from independent third

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
(Continued)

parties. There were no significant reductions in insurance coverage in the prior year. The amounts of settlements have not exceeded insurance coverage for any of the past three fiscal years.

B. CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Commission expects such amounts, if any, to be immaterial.

C. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

The Commission contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan.

1. Plan Description

The PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (Indiana Code 5-10.2 and 5-10.3) provide the Commission authority to contribute to the plan and govern most requirements of the system. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. Under state statute, the Commission may elect to make these contributions on behalf of the member; the Commission has not elected to do so.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing the Public Employees' Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46402, or by calling (317) 223-4123.

2. Funding Policy

The contribution requirements for plan members of PERF are established by the Board of Trustees of PERF. Commission employees participating in the plan are required to contribute 3% of their annual covered salary. The Commission is required to contribute at an actuarially determined rate; the rate which was contributed during calendar year 2009 was 9.25% of annual covered payroll.

The Commission's annual pension cost and changes in net pension obligation were made by PERF, as follows:

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
(Continued)

Annual Required Contribution	\$	99,419
Interest on Net Pension Obligation		2,138
Adjustment to Annual Required Contribution		<u>(2,436)</u>
Annual Pension Cost		99,121
Contributions Made		<u>96,385</u>
Increase in Net Pension Obligation		2,736
Net Pension Obligation, Beginning of Year		<u>29,489</u>
Net Pension Obligation, End of Year	\$	<u><u>32,225</u></u>

The following is a summary of actuarial assumptions used by PERF:

Actuarial Cost Method: Entry Age
Amortization Method: Level Percentage of Projected Payroll; Closed
Amortization Period: 40 Years from 07-01-97
Asset Valuation Method: 4 Year; Smoothed; Market

Other Actuarial Assumptions:

Invested Rate of Return:	8.75%
Projected Future Salary Increases:	
Total	5.00%
Attributed to Inflation	4.00%
Attributed to Merit/Seniority	1.00%
Post-Retirement Benefit Increases	2.00%

3. Trend Information

PERF has provided the Commission with the following three-year trend information pertaining to annual pension costs which is presented on the basis of PERF's fiscal years ended June 30th:

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06-30-06	\$ 103,084	93%	\$ 6,314
06-30-07	112,747	79%	29,489
06-30-08	99,121	97%	32,225

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 1,939,248	\$ 2,276,983	\$ (337,735)	85%	\$ 1,112,168	(30%)
07-01-08	2,092,958	2,516,526	(423,568)	83%	1,235,731	(34%)
07-01-09	-	-	-	-	-	-

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

TO: THE OFFICIALS OF NORTHWESTERN INDIANA REGIONAL PLANNING
COMMISSION, LAKE, LAPORTE, AND PORTER COUNTIES, INDIANA

Compliance

We have audited the compliance of Northwestern Indiana Regional Planning Commission (Commission) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. The Commission'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 the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

In our opinion, the Commission complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission'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 compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

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

This report is intended solely for the information and use of the Commission's management 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. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 18, 2010

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Pass-Through Purdue University Sea Grant Support	11.417	NA04NOS419039	\$ 1,939
Pass-Through Indiana Department of Natural Resources Native Landscaping		NA07NOS419767	11,000
Walking the Line Project		NA06NOS419661	<u>4,000</u>
Total for federal grantor agency			<u>16,939</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant			
Federal Transit Cluster			
Federal Transit Formula Grants	20.507	IN-90-X504	18,573
		IN-90-X575	12,400
		IN-90-X546	12,408
		IN-90-X547	274,033
		IN-90-X566	401,333
		IN-90-X567	804,905
		IN-90-X568	47,437
		IN-90-X595	151,713
		IN-95-X012	944,345
ARRA - Federal Transit Formula Grants		IN-96-X017	<u>375,733</u>
Total for cluster			<u>3,042,880</u>
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	PL-00034049	571,969
		PL-08802319	351,736
Congestion Mitigation and Air Quality (CMAQ)		CQ-10805123	<u>230,999</u>
Total for cluster			<u>1,154,704</u>
Pass-Through Indiana Department of Transportation Federal Transit Metropolitan Planning Grants	20.505	5303-00034049	<u>294,132</u>
Total for federal grantor agency			<u>4,491,716</u>
<u>U.S. ENVIRONMENT PROTECTION AGENCY</u>			
Pass-Through Chicago Metropolitan Agency for Planning (CMAQ) Great Lakes Program	66.469	GL-00E35601-0	<u>12,321</u>
Total for federal grantor agency			<u>12,321</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana University/Purdue University Pre-Disaster Mitigation Planning	97.047	562571	<u>9,918</u>
Total federal awards expended			<u>\$ 4,530,894</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Northwestern Indiana Regional Planning Commission (primary government) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended December 31, 2009:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Federal Transit Formula Grants	20.507	<u>\$ 2,544,840</u>

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.507	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on March 18, 2010, with Angie Hayes, Director of Finance and Administration; John Swanson, Executive Director; and Kathy Chroback, Chairperson of the Commission Board. Our audit disclosed no material items that warrant comment at this time.