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

ANNUAL FINANCIAL REPORT

2011

NORTHWESTERN INDIANA REGIONAL
PLANNING COMMISSION

PORTER COUNTY, INDIANA

FILED
07/24/2012

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OFFICIALS

Office	Official	Term
Executive Director	John Swanson	01-01-11 to 12-31-12
Director of Finance and Administration	Angie Hayes	01-01-11 to 12-31-12
Chairperson of the Commission Board	Thomas McDermott, Jr.	01-01-11 to 12-31-11
	Geof Benson	01-01-12 to 12-31-12

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

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

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Northwestern Indiana Regional Planning Commission (Commission), as of and for the year ended December 31, 2011, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Commission as of December 31, 2011, and the respective changes in financial position thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, Schedule of Funding Progress, and Budgetary Comparison Schedules as listed in the table of contents are not a required part of the basic financial statements but are 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.

In accordance with Government Auditing Standards, we have also issued our report dated June 6, 2012, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was performed for the purpose of forming opinions on the 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

June 6, 2012

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

We have audited the financial statements of the governmental activities, and each major fund of the Northwestern Indiana Regional Planning Commission (Commission), as of and for the year ended December 31, 2011, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated June 6, 2012. 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.

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 material weaknesses, as defined above.

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)

Compliance and Other Matters

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, the Commission Board, 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

June 6, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the Northwestern Indiana Regional Planning Commission (Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our basic financial statements and notes to the financial statements to enhance their understanding of the Commission's financial performance.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the Commission's financial statements and notes, and the other Required Supplemental Information ("RSI") that is provided in addition to this MD&A.

Financial Highlights

- The assets of the Commission exceeded its liabilities at the close of the fiscal year by $6,258,615 (net assets). Of this amount, $1,191,026 (unrestricted net assets) may be used to meet the Commission's ongoing obligations to citizens and creditors.
- Approximately 73% of the Commission's general fund balance, $1,373,654, constitutes unreserved, unassigned fund balance, which is available for spending at the Commission's discretion.
- The Commission continues to experience a positive cash flow and has not, therefore, had to execute the board approved line of credit.
- The Commission invests in capital assets for its governmental activities. All capital assets owned by the Commission are free of debt.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental activities are consolidated in a column.

The statement of net assets presents information on all the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Commission that are principally supported by taxes and intergovernmental revenues (government activities). The Commission does not have business type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Commission are governmental funds.

Governmental Funds

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

General Government Revenues

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Commission maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all four funds.

The Commission adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Notes to the financial statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information
In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Commission's progress in funding its obligation to provide pension benefits to its employees.

Government-wide Financial Analysis - Summary of Net Assets

The following table reflects a summary of Net Assets compared to the prior year

Northwestern Indiana Regional Planning Commission
Statement of Net Assets

	2010	2011
Current and other assets	$2,947,497	$2,771,391
Capital assets	4,712,056	4,546,806
Total Assets	7,659,553	7,318,197
Long-term liabilities	87,749	171,728
Other liabilities	895,383	887,854
Total liabilities	983,132	1,059,582
Net assets:		
Invested in capital assets, net of related debt	4,712,056	4,546,806
Restricted	493,867	520,783
Unrestricted	1,470,498	1,191,026
Total net assets	$6,676,421	$6,258,615

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by $6,258,615 at the close of the 2011 fiscal year.

Capital assets are used to provide services to citizens and they are not available for future spending. The Commission does not own any real property or infrastructure. Although the investment in capital assets is reported net of related debt, it should be noted that all investments owned by the Commission are free of debt and do not require additional resources.

Current and other assets consist mainly of cash, receivables from intergovernmental sources, and interest. Long-term liabilities consist of net pension obligation and compensated absences.

The Commission's net assets decreased by $351,060 during the current fiscal year. There was a decrease in capital assets of $165,250 due to depreciation expense and the disposal of outdated equipment. There was an increase in the Commission's net pension obligation in the amount of $44,492 which increased the Commission's pension contribution rate by two percent.

Summary of Changes in Net Assets
The following table summarizes the changes in net assets for the current and previous year.

Northwestern Indiana Regional Planning Commission
Changes in Net Assets

REVENUES	2010	2011
Program Revenues:		
Operating Grants and Contributions	$ 7,271,126	$ 7,887,671
Capital Grants and Contributions	3,430,368	950,587
General Revenues:		
County Contributions not restricted to specific purposes	519,028	519,028
Unrestricted Interest Income	7,551	9,653
Restricted Interest Income	2,793	2,783
Total Revenues	$ 11,230,866	$ 9,369,722
EXPENSES		
Planning and Development	3,318,143	3,424,211
Transit Operating	4,318,720	5,151,766
Transit Capital	1,116,585	1,144,805
Total Expenses	$ 8,753,448	$ 9,720,782
Changes in net assets	2,477,418	(351,060)
Net Assets - Beginning, restated	4,199,003	6,609,675
Net Assets - Ending	$ 6,676,421	$ 6,258,615

Financial Analysis of the Government's Funds

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Commission's governmental funds reported combined ending fund balances of $1,894,437, a decrease of $157,677 in comparison with the prior year. Approximately 73% of this total amount, $1,373,654, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is not available for spending because it has already been committed for a nonspendable prepaid insurance, $26,916, and a restricted for economic development, $493,867.

The general fund is the chief operating fund of the Commission. The end of the current fiscal year, the unassigned fund balance amount of $1,373,654 is in the Commission's general fund.

The fund balance of the Commission's general fund decreased year by $157,677 during the current fiscal year. Key factors in this decline are as follows:

An increase in the Commission's personnel services fringe benefit expenditures by $94,214 due to increased costs to employer provided health insurance costs, increase in the employer pension contribution rate of two percent, and increase in the state unemployment tax base and rate.

There was a decrease in state agency revenue of $40,324 from the prior year due to a decrease in state agency planning grants awarded to the Commission.

There was a decrease in local agency revenue $218,059 from the prior year. The Little Calumet River Basin Commission rented space from the Commission. On December 31, 2010, the Little Calumet River Basin Commission moved out of the Commission's office space resulting in a loss of $50,028 in rental revenue for 2011. In 2010, the Commission received more from smaller grant revenue than in 2011 resulting in a loss of $14,161 in small grants revenues.

General Fund Budgetary Highlights

During the year there was a $257,711 increase between the original and final amended budget. The main component of the increase was a new Federal Transit Administration grant for contractual expenses for the Commission's 2040 Comprehensive Regional Plan. The 2011 actual expenditures were 81% of the total final amended budget for the year.

Capital Assets

The Commission's investment in capital assets for its governmental activities as of December 31, 2011 amounts to $4,546,806 (net of accumulated depreciation). This investment in capital assets includes vehicles, machinery, office equipment, and computer equipment. The Commission does not own land, buildings, or infrastructure assets.

The total decrease in the Commission's assets for the current fiscal year was $165,250. A detailed note of these capital assets can be found in the Notes to the Financial Statements (Note III E).

Major capital asset events during the current fiscal year included the following:

- The disposition of $93,816 of outdated and unused machinery and office equipment.
- In May, 2011, a fire destroyed a vehicle known as HT007 with an original purchase price of $250,534, which on December 31, 2010 was valued at $92,210 with four years of useful life remaining.

Northwestern Indiana Regional Planning Commission
Capital Assets
(net of depreciation)

	2010	2011
Vehicle	$4,416,117	$ 4,293,952
Transit machinery	214,083	196,815
Office and computer equipment	81,856	56,039
Totals	$4,712,056	$ 4,546,806

Economic Factors and Next Year's Budget

All these factors were considered in preparing the Commission's budget for the 2012 fiscal year.

- The 2012 employer pension contribution rate increased two percent for a total contribution rate of 13.25% of full time employee salaries.
- The Commission will experience a four percent increase in the office lease expenses.
- Funding from the Indiana Department of Transportation for planning activities has been flatlined for budgeting purposes.

Requests for Information

This financial report is designed to provide a general overview of the Northwestern Indiana Regional Planning Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director of Finance, 6100 Southport Road, Portage, IN 46368 or by email at www.nirpc.org.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
STATEMENT OF NET ASSETS
December 31, 2011

	GOVERNMENTAL ACTIVITIES
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	904,151
Accounts receivable	631,565
RESTRICTED ASSETS:	
Cash and cash equivalents	654,957
Accounts receivable	243,609
Loan receivable	310,193
PREPAID INSURANCE	26,916
CAPITAL ASSETS (net of depreciation)	
Machinery and Equipment	4,546,806
TOTAL ASSETS	7,318,197
LIABILITIES	
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	
Payable from restricted assets	246,392
Payable from nonrestricted assets	169,482
DEFERRED REVENUE - UNEARNED	461,080
NONCURRENT LIABILITIES	
Amounts due within one year:	
Compensated absences	10,900
Amounts due beyond one year:	
Compensated absences	60,490
Net pension obligation	111,238
	1,059,582
TOTAL LIABILITIES	
NET ASSETS	
INVESTED IN CAPITAL ASSETS (net of related debt)	4,546,806
RESTRICTED:	
Prepaid Insurance	26,916
Economic Development	493,867
UNRESTRICTED	1,191,026
TOTAL NET ASSETS	$ 6,258,615

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, 2011

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Functions/Programs	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities				
Planning and Development	$ 3,424,211	$ 2,735,905	$ -	$ (688,306)
Transit Operating	5,151,766	5,151,766	-	-
Transit Capital	1,144,805	-	950,587	(194,218)
Total Governmental Activities	$ 9,720,782	$ 7,887,671	$ 950,587	(882,524)
	General Revenues			
	Unassigned County Contributions			519,028
	Unassigned Interest Income			9,653
	Restricted Interest Income			2,783
	Total Revenues			531,464
	Change in Net Assets			(351,060)
	Net Assets - Beginning			6,676,421
	Prior period adjustment (Note III.G)			(66,746)
	Restated net assets - beginning			6,609,675
	Net Assets - Ending			$ 6,258,615

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

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	General	LaPorte RLF	Transit Operating	Transit Capital	Total Governmental Funds
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 904,151	$ -	$ -	$ -	$ 904,151
Accounts receivable	631,565	-	-	-	631,565
RESTRICTED ASSETS:					
Cash and cash equivalents	45,945	193,877	-	415,135	654,957
Accounts receivable	20,173	-	223,436	-	243,609
Loan receivable	-	310,193	-	-	310,193
PREPAID INSURANCE	26,916	-	-	-	26,916
INTERFUND SERVICES PROVIDED RECEIVABLE	7,420	-	-	-	7,420
TOTAL ASSETS	$ 1,636,170	$ 504,070	$ 223,436	$ 415,135	$ 2,778,811
LIABILITIES AND FUND BALANCES					
LIABILITIES					
ACCOUNTS PAYABLE					
Payable from restricted assets	$ 20,173	$ 2,783	$ 223,436	$ -	$ 246,392
Payable from nonrestricted assets	120,074	-	-	-	120,074
PAYROLL AND WITHHOLDINGS PAYABLE	49,408	-	-	-	49,408
INTERFUND SERVICES USED PAYABLE	-	7,420	-	-	7,420
DEFERRED REVENUE	45,945	-	-	415,135	461,080
TOTAL LIABILITIES	235,600	10,203	223,436	415,135	884,374
FUND BALANCES					
Nonspendable:					
Prepaid Insurance	26,916	-	-	-	26,916
Restricted for:	-	-	-	-	
Economic Development	-	493,867	-	-	493,867
Unassigned	1,373,654	-	-	-	1,373,654
TOTAL FUND EQUITY	1,400,570	493,867	-	-	1,894,437
TOTAL LIABILITIES & FUND BALANCES	$ 1,636,170	$ 504,070	$ 223,436	$ 415,135	

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.	4,546,806
Compensated absences, a form of liability, are not due and payable in the current period and therefore are not reported in the funds.	(71,390)
Net pension obligation, a form of liability, are not due and payable in the current period and therefore are not reported in the funds.	(111,238)
	$ 6,258,615

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
December 31, 2011

	General	LaPorte RLF	Transit Operating	Transit Capital	Total Governmental Funds
REVENUES					
INTERGOVERNMENTAL - COUNTY APPROPRIATIONS	$ 519,028	$ -	$ -	$ -	$ 519,028
INTERGOVERNMENTAL - FEDERAL AGENCIES	450,263	-	4,097,806	768,664	5,316,733
INTERGOVERNMENTAL - STATE AGENCIES	1,853,313	-	1,053,960	-	2,907,273
INTERGOVERNMENTAL - LOCAL AGENCIES	381,689	-	-	57,262	438,951
NON-GOVERNMENTAL	58,060	-	-	124,661	182,721
INTEREST INCOME	2,233	10,203	-	-	12,436
TOTAL REVENUES	3,264,586	10,203	5,151,766	950,587	9,377,142
EXPENDITURES					
CURRENT - PLANNING & DEVELOPMENT					
PERSONNEL SERVICES - SALARIES	1,594,735	-	-	-	1,594,735
PERSONNEL SERVICES - FRINGE BENEFITS	697,320	-	-	-	697,320
OTHER SERVICES AND CHARGES	1,101,240	10,203	5,151,766	-	6,263,209
CAPITAL OUTLAYS	28,968	-	-	950,587	979,555
TOTAL EXPENDITURES	3,422,263	10,203	5,151,766	950,587	9,534,819
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(157,677)	-	-	-	(157,677)
FUND BALANCE - BEGINNING	1,558,247	493,867	-	-	2,052,114
FUND BALANCE - ENDING	$ 1,400,570	$ 493,867	$ -	$ -	1,894,437

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)		(157,677)
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 depreciation exceeded capital outlays in the current period.		
Expenditures for capital assets	955,415	
Less current year depreciation expense	(980,945)	
Less reduction in accumulated depreciation related to disposal of assets	(139,720)	(165,250)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are therefore not reported as expenditures in governmental funds. This is the amount by which compensated absences decreased in the current period.		16,359
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are therefore not reported as expenditures in governmental funds. This is the amount by which net pension obligation increased in the current period.		(44,492)
Change in net assets of government activities (Statement of Activities):		$ (351,060)

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

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 principals (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. 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 Activities 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 on 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 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.

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. Federal grants are the major source of revenue and considered available once grant agreements are executed. 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 financial resources not accounted for and reported in another fund. The revenues received 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: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The Commission has two special revenue funds:

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.

Capital Projects Fund:

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

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.

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

Activities 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. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. 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

5. <u>Compensated Absences</u>

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 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.

6. <u>Fund Equity</u>

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The classifications which funds should be reported are restricted, committed, assigned, nonspendable, and unassigned.

i. The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

ii. The committed fund balance category includes amounts that can be spent only for the specific purposes determined by a formal action of the Commission's Board.

iii. The assigned fund balance category includes amounts that are constrained by the Commission's intent to be used for a specific purpose, but are neither restricted nor committed.

iv. The nonspendable fund balance category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The not in spendable form criterion includes items that are not expected to be converted to cash for example as inventories and prepaid amounts.

v. The unassigned fund balance category is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The Commission has the following fund classifications: restricted, nonspendable, and unassigned.

7. 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, 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 2011, the Commission's provisional allocation rates were as follows:

Leave Costs	14% of direct salaries and wages
Fringe Benefits	37% of total direct salaries and wages
Other Indirect Costs	65% of total direct personnel

8. 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

A. 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 Chair. 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, 2011. 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. The Commission does not have a custodial credit risk policy.

At year end, the Commission's carrying amount of deposits was $1,559,108.

As of December 31, 2011, 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, 2011, the Commission had no investments.

C. INTERFUND SERVICES PROVIDED AND USED

The Commission provides the administrative functions for the LaPorte Revolving Loan Fund and in exchange the Commission's general fund receives an annual interest payment from the revolving loan interest proceeds. The interfund services provided/used balance as of December 31, 2011 is $7,420.

D. OPERATING LEASES

The Commission leases office facilities and copier equipment under non-cancelable operating leases. Total costs for such leases were $235,351 for the year ended December 31, 2011. The future minimum lease payments for these leases are as follows:

Year Ending December 31,	Office	Copiers	Total
2012	216,320	28,620	244,940
2013	224,843	-	224,843
Totals	$ 441,163	$ 28,620	$ 469,783

E. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Machinery and Equipment	$ 9,256,512	$ 955,415	$ 1,338,191	$ 8,873,736
Less accumulated depreciation for:				
Machinery and Equipment	4,544,456	980,945	1,198,471	4,326,930
Total governmental activity Capital assets, net	$ 4,712,056	$ (25,530)	$ (139,720)	$ 4,546,806

Depreciation expense was charged to functions/programs of the Commission as follows:

Governmental activities:	
General Activities	$ 38,124
Transit Capital	942,821
Total depreciation expense	$980,945

F. LONG-TERM LIABILITIES

Changes in long-term liabilities for the Commission for the year ended December 31, 2011 were as follows:

Changes in Long-Term Liabilities	Balance, January 1 as Restated	Increases	Decreases	Balance, December, 31	Amounts Due Within One Year	Amounts Due Thereafter
Governmental activities:						
Compensated absences	$ 87,749	$ 10,590	$ (26,949)	$ 71,390	$ 10,900	$ 60,490
Net pension obligation	66,746	44,492	-	111,238	-	111,238
	$ 154,495	$ 55,082	$ (26,949)	$ 182,628	$ 10,900	$ 171,728

Long term obligations of the Commission include net pension obligations for the Indiana Public Employees' Retirement Fund and compensated absence obligations. The General Fund typically has been used to liquidate any other long-term liabilities.

G. PRIOR PERIOD ADJUSTMENT

For the fiscal year ended December 31, 2011, certain changes have been made to the financial statements to more appropriately reflect financial activity. The prior period adjustment is reflected in the beginning net assets in the government-wide statement of activities for the pension post-employment benefits payable in the amount of $66,746.

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 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

Public Employees' Retirement Fund

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. The Indiana Code, Title 5, Articles 10.2 and 10.3, amended only by the Indiana General Assembly, identifies the benefit provisions and establishes the authority under which members and employers are obligated to contribute to the Plan.

All full-time employees are eligible to participate in the defined benefit plan. State statues (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 statue, 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 Indiana Public Retirement System, One North Capital Street, Suite 001, Indianapolis, IN 46204, or by calling (888) 526-1687.

2. Funding Policy

The contribution requirements for plan members of PERF are established and can be amended 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 2011 was 11.25 % of annual covered payroll.

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

Annual Required Contribution	$ 191,034
Interest on Net Pension Obligation	4,672
Adjustment to Annual Required Contribution	(5,379)
Annual Pension Cost	190,327
Contributions Made	145,835
Increase in Net Pension Obligation	44,492
Net Pension Obligation, 06/30/2010	66,746
Net Pension Obligation, 06/30/2011	$ 111,238

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:	7.00%
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
06-30-09	113,979	103%	28,467
06-30-10	157,172	76%	66,746
06-30-11	190,327	77%	111,238

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Grantor	3,288,199	3,545,910	2,695,785	850,125
Local	544,000	544,000	519,101	24,899
Interest	5,000	5,000	2,233	2,767
Other	94,000	109,000	47,468	61,532
Total revenues	3,931,199	4,203,910	3,264,587	939,323
Expenses:				
Personnel - salaries	1,714,685	1,726,185	1,594,735	131,450
Personnel - fringe benefits	701,065	701,065	697,320	3,745
Occupancy	258,200	258,200	248,661	9,539
Equipment service/maintenance	102,140	102,140	92,381	9,759
Departmental	251,261	251,261	204,819	46,442
Contractual	843,848	1,105,059	555,380	549,679
Capital outlays - equipment & furniture	60,000	60,000	28,968	31,032
Total expenses	3,931,199	4,203,910	3,422,264	781,646
Net change in fund balance	-	-	(157,677)	157,677
Fund balances - beginning	1,558,247	1,558,247	1,558,247	-
Fund balances - ending	$ 1,558,247	$ 1,558,247	$ 1,400,570	$ 157,677

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

Public Employees' Retirement Fund - Required Supplementary Information

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability - AAL	Excess of Assets Over (Unfunded) AAL	Funded Ratio	Covered Payroll	Excess/Unfunded AAL as a % of Covered Payroll
06-30-09	1,276,607	2,333,294	(1,056,687)	55%	1,265,417	84%
06-30-10	1,154,887	2,559,325	(1,404,439)	45%	1,334,563	105%
06-30-11	920,655	2,465,933	(1,545,279)	37%	1,501,767	103%

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2011

Note 1. Budgets and Budgetary Accounting

The Commission follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

A. The Commission's annual budget for the governmental funds is adopted on a basis consistent with generally accepted accounting principles.

B. 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.

C. 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.

D. 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.

E. The Commission has established a Finance and Personnel Committee composed exclusively of Commission members appointed by the Chair. This Committee exercises financial oversight over Commission operations and establishes more detailed accounts.

F. Amounts presented in the financial statements are the final budget amounts for the year, as legally amended.

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the 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 could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. 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 of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

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

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

This report is intended solely for the information and use of the Commission's management, the Commission Board, 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

June 6, 2012

Northwestern Indiana Regional Planning Commission
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011

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.S. DEPARTMENT OF COMMERCE			
Pass-Through Indiana Department of Natural Resources			
Sea Grant Support	11.417	0012518808	$ 1,862
Total for federal grantor agency			1,862
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Grant			
Federal Transit Cluster			
Federal Transit_Formula Grants	20.507	IN-57-X009	75,601
		IN-90-X567	290,444
		IN-90-X622	127,003
		IN-90-X594	35,182
		IN-90-X604	85,391
		IN-90-X609	3,075,413
		IN-95-X023	858,030
Subtotal			4,547,064
ARRA - Federal Transit_Formula Grants		IN-96-X017	389,405
ARRA - Federal Transit_Formula Grants		IN-96-X018	380,264
Subtotal			769,669
Total for cluster			5,316,733
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	PL-0011802010	742,556
		PL-0012805561	357,430
Congestion Mitigation and Air Quality (CMAQ)		CQ-0011802010	362,356
Total for cluster			1,462,342
Pass-Through Indiana Department of Transportation			
Metropolitan Transportation Planning	20.505	5303-0012805561	321,273
Total for federal grantor agency			7,100,348
U.S. ENVIRONMENT PROTECTION AGENCY			
Pass-Through Indiana Department of Environmental Management			
ARRA - Water Quality Management Planning	66.454	A305-10-19	67,836
Pass-Through University of Illinois			
Great Lakes Program	66.469	2010-07231-04	3,580
Pass-Through The Delta Institute			
Great Lakes Program	66.469	2011	7,740
Subtotal			11,320
Total for federal grantor agency			79,156
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass-Through Indiana University/Purdue University			
Pre-Disaster Mitigation	97.047	562571	7,275
Total federal awards expended			$ 7,188,641

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
December 31, 2011

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 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, 2011:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Federal Transit Formula Grants	20.507	$ 4,097,806

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
Significant deficiencies identified?	none reported

Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified?	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 OMB Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Federal Transit Cluster
	Highway Planning and Construction Cluster
20.505	Metropolitan Transportation Planning

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 June 6, 2012, with John Swanson, Executive Director; Angie Hayes, Director of Finance and Administration; and Kelly Wenger, Director of Accounting. The contents were forwarded by the Executive Director to Geof Benson, Chairman of the Commission Board. Our audit disclosed no material items that warrant comment at this time.