

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

FINANCIAL STATEMENTS AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTHWESTERN INDIANA REGIONAL
PLANNING COMMISSION
PORTER COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED

09/10/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Ty Warner	01-01-18 to 12-31-19
Chief Financial Officer	Daria Sztaba (Vacant)	01-01-18 to 07-12-19 07-13-19 to 12-31-19
Chairman of the Board of Commissioners	Geof Benson Diane Noll	01-01-18 to 12-31-18 01-01-19 to 12-31-19



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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTHWESTERN INDIANA REGIONAL
PLANNING COMMISSION, PORTER COUNTY, INDIANA

Report on the Financial Statements

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, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying Budgetary Comparison Schedule - Transit Capital and Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Transit Capital and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Transit Capital and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2019, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

August 15, 2019



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Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S 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, PORTER COUNTY, INDIANA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Northwestern Indiana Regional Planning Commission (Commission), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated August 15, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in item 2018-001 of the accompanying Schedule of Findings and Questioned Costs, that we consider to be a material weakness.

INDEPENDENT AUDITOR'S 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

Northwestern Indiana Regional Planning Commission's Response to Findings

The Commission's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

August 15, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The Commission offers readers this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2018. Readers are encouraged to consider this information in conjunction with additional information furnished in the basic financial statements and notes to the financial statements to enhance understanding of the Commission's financial performance.

Financial Highlights

- The assets of the Commission exceeded its liabilities at the close of the fiscal year by \$3,538,710 (net position). Of this amount, \$353,409 (unrestricted net position) may be used to meet the Commission's ongoing obligations to citizens and creditors.
- 100% of the Commission's general fund balance, \$1,304,819 constitutes an 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 provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all the Commission's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 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 the four individual governmental funds. A budgetary comparison statement has been provided for all four funds to demonstrate compliance with the 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.

Government-Wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceed liabilities by \$3,538,710 at the year ending December 31, 2018.

The Commission's Net Position

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

Northwestern Indiana Regional Planning Commission			
Statement of Net Position			
	2018		2017
Current and Other Assets	\$2,955,222		\$3,201,685
Capital Assets	<u>2,664,842</u>		<u>3,103,805</u>
Total Assets	\$5,620,064		\$6,305,490
Deferred Outflows of Resources	\$139,060		\$308,202
Long-term Liabilities	872,398		1,170,329
Other Liabilities	<u>1,139,195</u>		<u>1,490,881</u>
Total Liabilities	\$2,011,593		\$2,661,210
Deferred Inflows of Resources	\$208,821		\$148,673
Net Position:			
Investment in Capital Assets	2,664,842		3,103,805
Restricted	520,459		511,823
Unrestricted	<u>353,409</u>		<u>188,180</u>
Total Net Position	\$3,538,710		\$3,803,808

The following table summarizes the changes in net position for the current and previous year.

Northwestern Indiana Regional Planning Commission Changes in Net Position		
REVENUES	2018	2017
Program Revenues:		
Operating Grants and Contributions	\$6,255,411	\$5,623,536
Capital Grants and Contributions	540,225	1,237,687
General Revenues:		
County Contributions not restricted	540,271	540,271
Unassigned Interest Income	10,712	12,407
Total Revenues	\$7,346,619	\$7,413,901
EXPENSES		
Planning and Development	3,347,408	3,010,555
Transit Operating	3,203,828	3,340,251
Transit Capital	1,060,481	1,531,131
Total Expenses	\$7,611,717	\$7,881,937
Changes in net position	(265,098)	(468,036)
Net Position - Beginning	3,803,808	4,271,844
Net Position - Ending	3,538,710	3,803,808

Analysis of Overall Financial Position and Results of Operations

Capital assets are used to provide services to citizens and they are not available for future spending. Approximately 75% of the Commission's net position reflects its investment in capital assets (e.g., machinery, equipment, and vehicles). The Commission does not own any real property or infrastructure. It should be noted that all capital assets 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 compensated absences and net pension obligation.

The Commission's net position decreased by \$265,098 during the current fiscal year, mostly due to decreases in capital assets.

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.

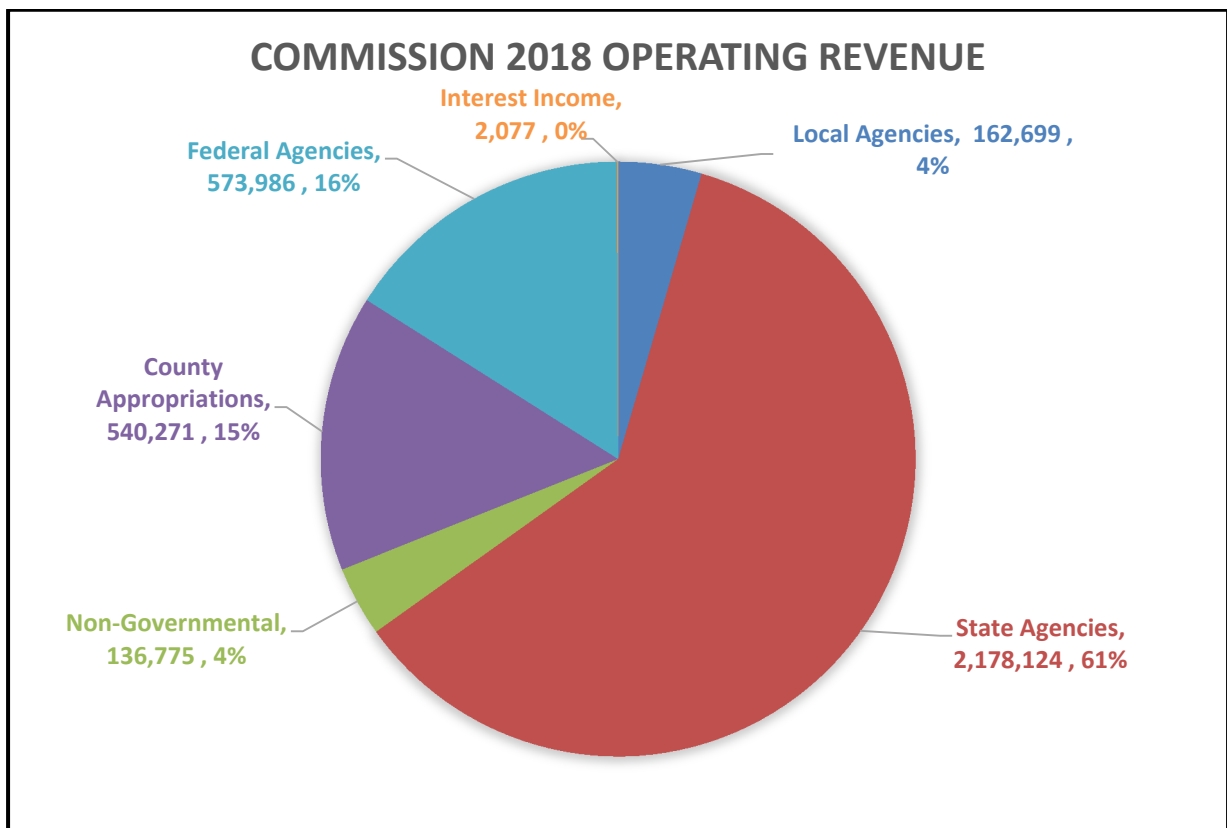
As of the end of the current fiscal year the Commission's governmental funds reported combined ending fund balances of \$1,825,278 an increase of \$105,938 in comparison with the prior year. The amount of \$1,304,819 constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of the fund balance is not available for spending because it has been committed for restricted fund for economic development, \$520,459.

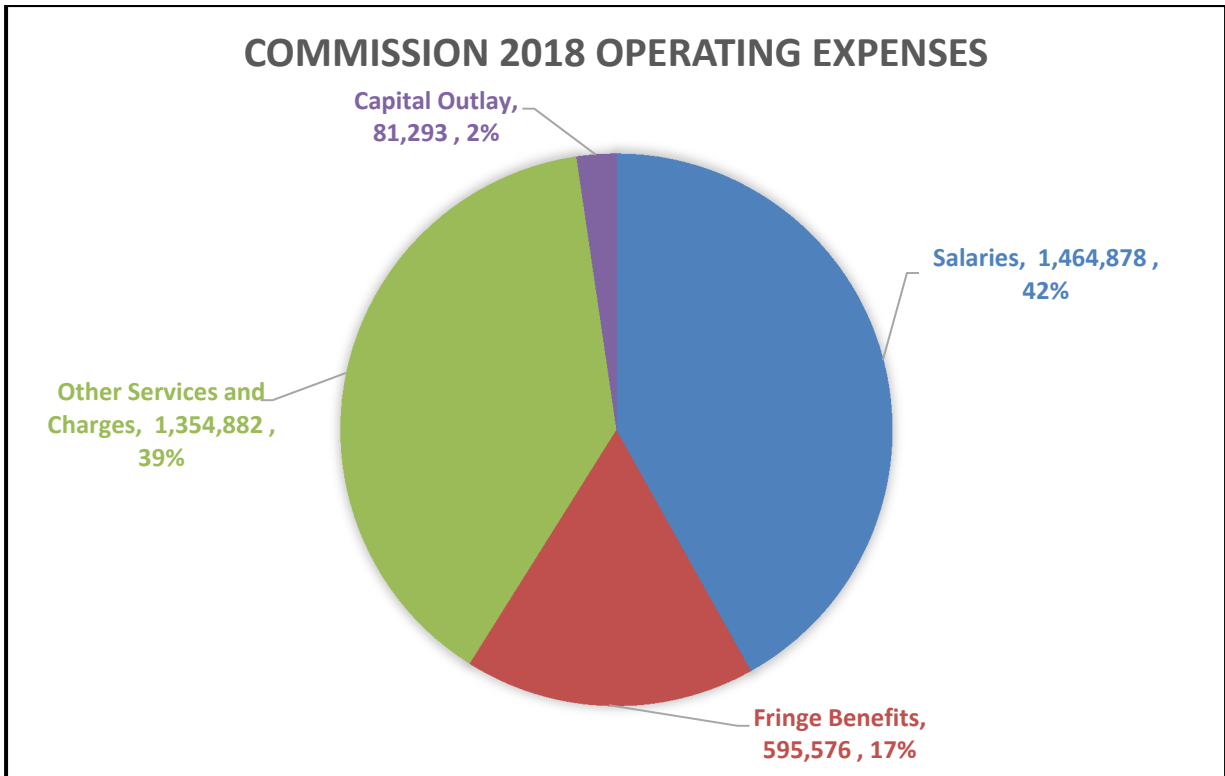
The general fund is the main operating fund of the Commission. At the end of the current fiscal year, the unassigned fund balance amount of \$1,304,819 is in the Commission's general fund. As a measure of the general funds' liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures.

The fund balance of the Commission's general fund increased by \$97,303 during the current fiscal year. Key factors in this increase are as follows:

The indirect costs were within budget based on the allocation rate of 86% (2% increase from prior year) in the 2018 Cost Allocation Plan. Additionally, more direct salaries were charged to grants than to indirect salaries which increased the amount reimbursed for indirect and fringe benefit rate.

The charts below note the sources of the Commission's general fund operating revenues and operating expenses.





The LaPorte revolving loan fund accounts for the revolving loan program activities. The fund balance increased for 2018 due to closing cost and loan interest revenues. A new loan for Hammer, Inc was closed in 2018 for the amount of \$75,000, the funds were moved from the sequestered account to satisfy the loan; there were no delinquent loan write-offs in 2018.

The transit operating fund is used to account for the reimbursement of operation expenses for subrecipients providing public transit. The Commission itself does not operate public transit but is the direct recipient for these funds. As expected, this fund balance has remained consistent with the 2017 balance, equals to \$0.

The transit capital fund is used to account for the purchase of capital equipment and facilities used for public transit. The funding for these purchases is provided by both Federal Transit Administration and the subrecipient operating the capital equipment. The Commission does not cover any costs associated with the purchase of the capital equipment in this fund. In order for the Commission to safeguard the federal interest, the Commission retains title to all federally funded capital equipment. As expected, this fund balance has remained consistent with the 2017 balance of \$0.

Budgetary Highlights

General Fund

The Commission's general fund is budgeted annually for general operating expenses. During the year there are no significant variations between both the original general fund budget and the final amended budget and the actual results.

Capital Assets

The Commission's investment in capital assets for its governmental activities as of December 31, 2018 amounts to \$ 2,664,842 (net of accumulated depreciation). This investment in capital assets includes intangibles, 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 \$ 438,963, due to sale and decommission of capital assets in 2018.

A detailed note of these capital assets can be found in the Notes to the Financial Statements.

There were no major capital asset events during the current fiscal year.

Capital Assets		
	2018	2017
Intangible Assets	\$12,523	\$12,523
Total Intangible Assets	12,523	12,523
Capital Assets Net of Depreciation:		
Vehicle	\$2,545,760	\$2,993,107
Transit machinery	100,075	91,691
Office and Computer equipment	6,484	6,484
Total Capital Assets Net of Depreciation	2,652,319	3,091,282
Total Capital Assets	\$2,664,842	\$3,103,805

Long-term Debt

The Commission carries no long-term debt.

Economic Factors and Next Year's Budget

All these factors were considered in preparing the Commission's general fund budget for the 2019 fiscal year.

- In 2019 budget included a 3% pay increase for all full-time employees, with employment length of 12 months or greater and two positions were eliminated due to retirement and work load distributed to other staff members. Consequently, the total salary expense decreased by 7%.
- The 2019 budgeted cost of fringe benefit are less by 3% than prior year. The insurance plan was restructured to accommodate the budget. A new insurance provider, United Healthcare, was contracted as of January 1, 2019. The Commission pays 85% and employees pay 15% of actual health insurance costs.
- The General Fund budget was estimated at \$3,206,119 for 2019 fiscal year, which decreased 16% from 2018. The decrease is caused by CMAQ funds still in approval stage for 2019. If the grant will be awarded in July, 2019, an amendment to the budget will be done.

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 CFO, 6100 Southport Road, Portage, IN 46368 or by email at tjones@nirpc.org.

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BASIC FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were prepared by management of the Commission. The financial statements and notes are presented as intended by the Commission.

**NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 689,294
Accounts receivable	866,347
RESTRICTED ASSETS:	
Cash and cash equivalents	756,350
Accounts receivable	248,981
Loan receivable	355,404
PREPAID ITEMS:	
Prepaid insurance	12,169
Prepaid other	26,677
CAPITAL ASSETS AND INTANGIBLE ASSETS	
Intangible Non-Depreciable	12,523
Machinery and Equipment, Net of Depreciation	2,652,319
TOTAL ASSETS	5,620,064
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension	139,060
TOTAL DEFERRED OUTFLOWS OF RESOURCES	139,060
LIABILITIES	
ACCOUNTS PAYABLE	
Payable from restricted assets	264,235
Payable from nonrestricted assets	238,919
PAYROLL AND WITHHOLDINGS PAYABLE	
UNEARNED REVENUES	37,220
NONCURRENT LIABILITIES	
Amounts due within one year:	
Compensated absences	589,569
9,252	9,252
Amounts due beyond one year:	
Compensated absences	83,264
Net pension liability	789,134
TOTAL LIABILITIES	2,011,593
DEFERRED INFLOWS OF RESOURCES	
Deferred pension	208,821
TOTAL DEFERRED INFLOWS OF RESOURCES	208,821
NET POSITION	
INVESTMENT IN CAPITAL ASSETS	2,664,842
RESTRICTED:	
Economic Development	520,459
UNRESTRICTED	353,409
TOTAL NET POSITION	\$ 3,538,710

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, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
				Total Governmental Activities
Governmental Activities				
Planning and Development	\$ 3,347,408		\$ 3,051,583	\$ -
Transit Operating	3,203,828	-	3,203,828	-
Transit Capital	<u>1,060,481</u>	<u>-</u>	<u>-</u>	<u>540,225</u>
Total Governmental Activities	<u>\$ 7,611,717</u>	<u>\$ -</u>	<u>\$ 6,255,411</u>	<u>\$ 540,225</u>
				(816,081)
				General Revenues
				Unassigned County Contributions
				Unassigned Interest Income
				<u>540,271</u>
				<u>10,712</u>
				Total Revenues
				<u>550,983</u>
				Change in Net Position
				(265,098)
				Net position - beginning
				<u>3,803,808</u>
				Net Position - Ending
				<u>\$ 3,538,710</u>

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

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	LaPorte RLF	Transit Operating	Transit Capital	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 689,294	\$ -	\$ -	\$ -	\$ 689,294
Accounts receivable	866,347	-	-	-	866,347
RESTRICTED ASSETS:					
Cash and cash equivalents	76,820	165,055	131,532	382,943	756,350
Accounts receivable	2,000	-	131,509	115,472	248,981
Loan receivable	-	355,404	-	-	355,404
PREPAID OTHER:					
Prepaid insurance	12,169	-	-	-	12,169
Prepaid other	26,677	-	-	-	26,677
TOTAL ASSETS	\$ 1,673,306	\$ 520,459	\$ 263,041	\$ 498,415	\$ 2,955,222
LIABILITIES					
ACCOUNTS PAYABLE					
Payable from restricted assets	\$ 1,194	\$ -	\$ 263,041	\$ -	\$ 264,235
Payable from nonrestricted assets	217,001	-	-	-	217,001
Prepaid	21,917	-	-	-	21,917
PAYROLL AND WITHHOLDINGS PAYABLE	37,220	-	-	-	37,220
UNEARNED REVENUES	91,154	-	-	498,415	589,569
TOTAL LIABILITIES	368,487	-	263,041	498,415	1,129,943
FUND BALANCES					
Restricted for:					
Economic Development	-	520,459	-	-	520,459
Unassigned	1,304,819	-	-	-	1,304,819
TOTAL FUND BALANCES	1,304,819	520,459	-	-	1,825,278
TOTAL LIABILITIES & FUND BALANCES	\$ 1,673,306	\$ 520,459	\$ 263,041	\$ 498,415	2,955,222

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

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

Machinery and Equipment, Net of Depreciation	2,652,319
Intangible Non-Depreciable	12,523
Total Capital Assets	2,664,842

Compensated absences, a form of liability, are not due and payable in the current period and therefore are not reported in the funds. (92,516)

Deferred outflows and inflows related to pension obligations are included in the governmental activities in the statement of net position. (69,761)

Net pension obligation, a form of liability, are not due and payable in the current period and therefore are not reported in the funds. (789,134)

Net position of governmental activities **\$ 3,538,710**

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
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	LaPorte RLF	Transit Operating	Transit Capital	Total Governmental Funds
REVENUES					
INTERGOVERNMENTAL - COUNTY APPROPRIATIONS	\$ 540,271	\$ -	\$ -	\$ -	\$ 540,271
INTERGOVERNMENTAL - FEDERAL AGENCIES	573,986	-	2,550,539	397,872	3,522,397
INTERGOVERNMENTAL - STATE AGENCIES	2,178,124	-	653,289	-	2,831,413
INTERGOVERNMENTAL - LOCAL AGENCIES	162,699	-	-	26,060	188,758
NON-GOVERNMENTAL	136,775	-	-	116,294	253,069
INTEREST INCOME	2,077	8,635	-	-	10,712
TOTAL REVENUES	3,593,932	8,635	3,203,828	540,225	7,346,620
EXPENDITURES					
CURRENT - PLANNING & DEVELOPMENT					
PERSONNEL SERVICES - SALARIES	1,464,878	-	-	-	1,464,878
PERSONNEL SERVICES - FRINGE BENEFITS	595,576	-	-	-	595,576
OTHER SERVICES AND CHARGES	1,354,882	-	3,203,828	-	4,558,710
CAPITAL OUTLAYS	81,293	-	-	540,225	621,518
TOTAL EXPENDITURES	3,496,629	-	3,203,828	540,225	7,240,682
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	97,303	8,635	-	-	105,938
FUND BALANCE - BEGINNING	1,207,516	511,824	-	-	1,719,340
FUND BALANCE - ENDING	\$ 1,304,819	\$ 520,459	\$ -	\$ -	\$ 1,825,278

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)	105,938
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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 - non depreciated	\$ -	
Expenditures for capital assets	673,517	
Less current year depreciation expense	(1,098,727)	
Less reduction in accumulated depreciation related to disposal of assets	(13,753)	(438,963)

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 increased in the current period.

(7,173)

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 liability decreased in the current period.

	2017	2018		
Decrease in net pension liability	\$ 1,093,524	\$ 789,134	\$ 304,390	
Net deferred outflows of resources for deferred pension	(308,202)	(139,060)	(169,142)	
Deferred inflows of resources for deferred pension	148,673	208,821	(60,148)	
				75,100

Change in net position of governmental activities (Statement of Activities):	\$ (265,098)
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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, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Northwestern Indiana Regional Planning Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (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 (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 2007 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 appoint 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 Position and the Statement of Activities) report information on all of the activities of the Commission. 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 grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The Commission has only governmental type funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION

Notes to the Financial Statements

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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 unearned 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 unearned revenues 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. Special revenue funds are designed to help determine and demonstrate that resources that must be used for a specified purpose are, in fact, used for that purpose. At the core of each special revenue fund must be resources derived from one or more specific revenue sources. The Commission has two special revenue funds:

LaPorte Revolving Loan Fund: This special revenue fund is used to account for the restricted financial resources that are used in conjunction with a revolving loan program which is regulated by the Economic Development Administration. The purpose of the revolving loan program is to foster economic growth and development by providing below market loans to businesses and industries locating or expanding operations within LaPorte County. This special revenue fund is used to issue loans and receipt in the principal and interest payments from those loans. Payments received are distributed as identified in the mandated management plan for the program.

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.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION

Notes to the Financial Statements

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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 used for public transit. The acquisition or purchase of operating equipment is accounted for in the general fund.

D. ASSETS, LIABILITIES AND NET POSITION

i. 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.

ii. 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.

Statement No. 51 of the Governmental Accounting Standards Board (GASB), Accounting and Financial Reporting for Intangible Assets requires that intangible assets be classified as capital assets. For example, licensed financial accounting software that the government modifies to add special reporting capabilities would be considered internally generated software and is therefore an intangible asset. An intangible asset should be depreciated over the estimated useful life unless the intangible asset has an indefinite useful life. The Commission now owns an intangible asset.

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. Computer and similar equipment that does not meet the threshold and useful life test, is not depreciated but maintained as an inventory item.

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

iii. 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 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 9-20 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.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION

Notes to the Financial Statements

December 31, 2018

iv. Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy 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 should depict the nature of the net resources that are reported in a governmental fund. The fund balance classifications are reported as follows: restricted, committed, assigned, non-spendable, and unassigned.

1. 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.
2. 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.
3. 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.
4. The non-spendable 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.
5. 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 and unassigned.

The Commission considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Commission's policy is to spend the restricted balances first before spending any unrestricted funds. Likewise, committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

For the government-wide financial statements, net position is reported in three separate categories: investment in capital assets, net position–restricted, and net position–unrestricted. The financial statements report \$520,459 of restricted assets, of which \$0 is restricted by enabling legislation.

v. Allocated Costs Fund Balance

Under provisions of the U.S. Office of Management and Budget (OMB) Circular 2 CFR Part 200, 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 two categories of costs which are allocated. The first is fringe benefits which includes the employer's cost of providing paid time off such as vacation, sick, personal, holiday, other leave (jury duty, military and funeral) and various types of insurance, retirement benefits, and social security taxes. The second is indirect costs, which includes those costs related to general management, finance and accounting, office operation and maintenance, and support services.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION

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December 31, 2018

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. Allocated 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 2018, the Commission’s allocation rates were as follows:

Fringe Benefits	86% of total direct salaries and wages
Other Indirect Costs	86% of total direct personnel

vi. 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”.

E. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a. BUDGETARY INFORMATION

Annual budgets for the governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. 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 act 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, 2018. 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 restricted fund balances since they do not constitute expenditures or liabilities. All appropriations lapse at year-end. Outstanding encumbrances at year-end are re-appropriated in the ensuing year. The Commission had no outstanding encumbrances at year-end.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION

Notes to the Financial Statements

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F. 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, other than to follow the statutes.

At year end, the Commission's ending balance amount of deposits was \$1,445,644.

As of December 31, 2018, the entire amount reported as cash and cash equivalents on the statement of net position and the balance sheet were in the form of demand deposits.

b. INVESTMENTS

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2018, the Commission had no investments.

c. OPERATING LEASES

The Commission leases office facilities and copier equipment under non-cancelable operating leases. Total costs for such lease were \$231,724 for the year ended December 31, 2018. The future minimum lease payments for these leases are as follows:

<u>December 31,</u>	<u>Office</u>	<u>Copiers</u>	<u>Totals</u>
2019	\$ 219,807	\$ 20,655	\$ 240,462
2020	225,302	12,049	237,351
2021	<u>230,935</u>	<u>12,049</u>	<u>242,984</u>
	<u>\$ 676,044</u>	<u>\$ 44,753</u>	<u>\$ 720,797</u>

d. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

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Governmental activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Intangibles	\$ 12,523	\$ -	\$ -	\$ 12,523
Total capital assets not depreciated	<u>12,523</u>	<u>-</u>	<u>-</u>	<u>12,523</u>
Capital assets being depreciated:				
Machinery and Equipment	9,222,219	673,517	514,448	9,381,288
Less accumulated depreciation for:				
Machinery and Equipment	<u>6,130,937</u>	<u>1,098,727</u>	<u>500,695</u>	<u>6,728,969</u>
Net Capital Assets Being Depreciated	<u>3,091,282</u>	<u>-</u>	<u>438,963</u>	<u>2,652,319</u>
Total governmental activity				
Capital assets, net	<u>\$ 3,103,805</u>	<u>\$ -</u>	<u>\$ 438,963</u>	<u>\$ 2,664,842</u>

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

Governmental activities:	
Planning and Development Activities	\$ 3,930
Transit Capital	<u>1,094,797</u>
Total depreciation expense	<u>\$ 1,098,727</u>

e. LONG-TERM LIABILITIES

Changes in long-term liabilities for the Commission for the year ended December 31, 2018 were as follows:

<u>Changes in Long-Term Liabilities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due Thereafter</u>
Governmental activities:						
Compensated absences	\$ 85,339	\$ 7,177	\$ -	\$ 92,516	\$ 9,252	\$ 83,264
Net pension liability	1,093,524	-	304,390	789,134	-	789,134

The General Fund typically has been used to liquidate any long-term liabilities.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION

Notes to the Financial Statements

December 31, 2018

G. 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; job related illnesses or injuries to employees; medical benefits to employees and dependents, 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 several 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. COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN - PUBLIC EMPLOYEES' RETIREMENT FUND

Plan Description

The Public Employees' Retirement Fund (PERF) provides pensions for all full-time Commission employees. The plan is a cost-sharing multiple-employer defined benefit plan administered by the Indiana Public Retirement System (INPRS). The pension system issues a publicly available financial report that can be obtained at www.inprs.in.gov

Benefits Provided

The plan provides retirement, disability and survivor benefits. The Indiana Code, Title 5, Articles 10.2 and 10.3, as amended only by the Indiana General Assembly, identifies the benefit provisions and establishes the authority under which employees and employers are obligated to contribute to the plan.

Retirement benefits for employees are calculated as years of credible service times the average highest 20 quarters of salary times 1.1% plus the employee's Annuity Savings Account. Normal retirement age is 60 with early retirement at 50-59 with 15 years of service. Vesting period is 10 years. An employee who leaves service may withdraw his or her Annuity Savings Account contributions, plus any accumulated interest. Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are granted by the Indiana General Assembly on an ad hoc basis.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION

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Contributions

Per Indiana Code Title 5, Articles 10.2 and 10.3, contributions requirements of active employees and the participating employers are established and may be amended by the INPRS Board based on recommendations by the INPRS actuary. Employees are required to contribute three percent of their annual covered salary. The employer is required to contribute at an actuarially determined rate; the current rate for the calendar year 2018 is 11.20% percent of annual covered payroll. The annuity savings account consists of employee contributions, set by state statute at three percent of compensation, plus the interest credited to the employee's account. The employer may elect to make the contributions on behalf of the employee. In 2015, the Commission elected to pay the entire required employee contribution. The actuarial amount, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the PERF plan from the Commission were \$190,836.97 for the calendar year ended December 31, 2018.

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

At December 31, 2018, the Commission reported a liability of \$789,134 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating units, actuarially determined. At June 30, 2018, the Commission's proportion was .0002323 percent, which was a decrease of 0.0000128 from its proportion measured as of June 30, 2017. For the year ended December 31, 2018, the Commission recognized pension expense of \$304,390. At December 31, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 10,320	\$ 54
Net difference between projected and actual investment earnings on pension plan investments	23,371	-
Change of assumptions	1,880	126,706
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,194	82,061
Commission contributions subsequent to the measurement date	<u>101,295</u>	<u>-</u>
Totals	<u>\$ 139,060</u>	<u>\$ 208,821</u>

\$101,295 reported as deferred outflows of resources related to pensions resulting from Commission contribution subsequent to the measurement date will be recognized as deferred outflows in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION

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December 31, 2018

Amortization of Net Deferred Outflows/(Inflows) of Resources - Debit/(Credit)	
Year Ended December 31,	Amount
2019	\$ (37,769)
2020	(49,157)
2021	(70,155)
2022	(13,975)
2023	-
Thereafter	-
Total	<u>\$ (171,056)</u>

Actuarial Assumptions:

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	1.9%
Salary increases	2.6% to 3.0%
Investment rate of return	6.75% net of pension plan investment expense, including inflation
Mortality rates	RP-2014 Total Data Set Mortality tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2018 Trustee Report

Annual rates of inflation are calculated using 12-month selections of the Consumer Price Index which is published monthly by the Labor Department's Bureau of Labor Statistics (BLS). The inflation percentage increased from year 2017 to 2018 from 2.1% to 2.4%. Compensation costs for state and local government workers increased 2.6 percent for the 12-month period ending in December 2018. Wages and salaries increased 2.9 percent for the 12-month period ending in December 2018; increased in December 2017 was 2.1. Benefit costs increased 3.1 percent for the 12-month period ending in December 2018. The prior year's increase was 3.2 percent. The projected average annual rate of decline for the total age-sex-adjusted death rate is about 0.41 percent, 0.77 percent, and 1.15 percent between 2017 and 2092.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of June 30, 2018 for each major asset class are summarized in the following table.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION

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Defined Benefit Asset Allocation		Target Allocation	Target Range	Benchmark
Public Equity		22.00%	19.5 to 24.5 %	MSCI All Country World IMI Index
Private Markets		14	10.0 to 18.0	Custom Benchmarks
Fixed Income – Ex Inflation-Linked		20	17.0 to 23.0	Custom Benchmark
Fixed Income – Inflation-Linked		7	4.0 to 10.0	Custom Benchmark
Commodities		8	6.0 to 10.0	Custom Benchmark
Real Estate		7	3.5 to 10.5	Custom Benchmark
Absolute Return		10	6.0 to 14.0	HFRI Fund of Funds Composite

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from units will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission’s proportional share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the Commission’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (5.75 percent) or 1-percentage point higher (7.75 percent) than the current rate:

	5.75%	6.75%	7.75%
	1% Decrease	Current Rate	1% Increase
	\$1,242,223	\$789,134	\$411,306

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Public Employees' Retirement Fund
 Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commission's proportion of the net pension liability (asset)	0.02323%	0.02541%	0.02808%	0.02687%	0.02607%
Commission's proportion share of the net pension liability (asset)	\$ 789,134	\$ 1,093,524	\$ 1,274,395	\$ 1,094,389	\$ 685,103
Commission's covered employee payroll	\$ 1,185,271	\$ 1,216,044	\$ 1,345,765	\$ 1,287,150	\$ 1,272,861
Commission's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	66.6%	89.9%	94.7%	85.0%	53.8%
Plan fiduciary net position as a percentage of total pension liability *	78.9%	72.7%	71.2%	73.3%	81.1%

Information is not available prior to 2014. Additional years will be added until 10 years of historical data are shown.

*2014 to 2017 were adjusted to reflect Defined Benefit activity only due to the Defined Benefit/Defined Contribution split effective January 1, 2018.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS
 Public Employees' Retirement Fund
 Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 185,359	\$ 160,572	\$ 190,000	\$ 185,600
Contributions in relation to the contractually required contribution	(132,751)	(136,197)	(150,726)	(144,161)
Contribution deficiency (excess)	\$ 52,608	\$ 24,375	\$ 39,274	\$ 41,439
Commission's covered employee payroll	\$ 1,185,271	\$ 1,216,044	\$ 1,345,765	\$ 1,287,150
Contributions as a percentage of covered employee payroll	11.20%	11.20%	11.20%	11.20%

Information is not available prior to 2015. Additional years will be added until 10 years of historical data are shown.

**NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Grantor	\$ 2,909,329	\$ 2,959,329	\$ 2,914,808	\$ (44,521)
Local	540,271	540,271	540,271	-
Interest	2,511	2,511	2,077	(434)
Other	<u>225,500</u>	<u>225,500</u>	<u>136,775</u>	<u>(88,725)</u>
 Total Revenues	 <u>3,677,611</u>	 <u>3,727,611</u>	 <u>3,593,932</u>	 <u>(133,680)</u>
Expenditures:				
Personnel - Salaries	1,556,202	1,550,461	1,464,878	85,583
Personnel - Fringe Benefits	661,262	661,361	595,576	65,785
Occupancy	261,446	264,446	263,835	611
Equipment Service/Maintenance	64,500	61,500	58,034	3,466
Departmental	190,000	255,877	212,046	43,831
Contractual	934,201	923,966	820,966	103,000
Capital Outlays - Equipment & Furniture	<u>10,000</u>	<u>10,000</u>	<u>81,293</u>	<u>(71,293)</u>
 Total Expenditures	 <u>3,677,611</u>	 <u>3,727,611</u>	 <u>3,496,629</u>	 <u>230,982</u>
 Net Change In Fund Balance	 -	 -	 97,303	 97,303
 Fund Balances - Beginning	 <u>1,207,516</u>	 <u>1,207,516</u>	 <u>1,207,516</u>	 <u>-</u>
 Fund Balances - Ending	 <u>\$ 1,207,516</u>	 <u>\$ 1,207,516</u>	 <u>\$ 1,304,819</u>	 <u>\$ 97,303</u>

The accompanying Notes to the Required Supplementary Information is an integral part of the required supplementary information.

**NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
LAPORTE RLF
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Inflows:				
New Loan Receivable	\$ 150,000	\$ 150,000	\$ -	\$ (150,000)
Interest Revenue	-	-	8,635	8,635
Total Inflows	<u>150,000</u>	<u>150,000</u>	<u>8,635</u>	<u>(141,365)</u>
Outflows:				
New Loans	150,000	150,000	-	150,000
Other Services and Charges	-	-	-	-
Total Outflows	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Net Change In Fund Balance	-	-	8,635	8,635
Fund Balances - Beginning	<u>511,824</u>	<u>511,824</u>	<u>511,824</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 511,824</u>	<u>\$ 511,824</u>	<u>\$ 520,459</u>	<u>\$ 8,635</u>

The accompanying Notes to the Required Supplementary Information is an integral part of the required supplementary information.

**NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
TRANSIT OPERATING
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Grantor	\$ 2,872,020	\$ 2,872,020	\$ 3,203,828	\$ 331,808
Total Revenues	<u>2,872,020</u>	<u>2,872,020</u>	<u>3,203,828</u>	<u>331,808</u>
Expenditures:				
Other Services and Charges	<u>2,872,020</u>	<u>2,872,020</u>	<u>3,203,828</u>	<u>(331,808)</u>
Total Expenditures	<u>2,872,020</u>	<u>2,872,020</u>	<u>3,203,828</u>	<u>(331,808)</u>
Net Change In Fund Balance	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying Notes to the Required Supplementary Information is an integral part of the required supplementary information.

**NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION NOTES TO
REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2018**

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 accounting principles generally accepted in the United States of America.
- 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.

Note 2. Financial Reporting – Pension Plan

A. Plan Amendments

In 2018, there were no changes to PERF that impacted the pension benefits during the actuarial period.

B. Economic Assumptions:

As of June 30, 2018.

- a. Inflation 2.25% (no change from prior year).
- b. The future salary increases rate 2.25 percent per year
- c. Mortality (Healthy): RP-2014 White Collar Mortality Tables, with Social Security generational improvements from 2006 based on the Social Security Administration's 2014 Trustee Report. Mortality (Disabled): RP-2014 Disability Mortality Tables, with Social Security generational improvements from 2006 based on the Social Security Administration's 2014 Trustee Report.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
TRANSIT CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Grantor	\$ 1,974,910	\$ 1,974,910	\$ 411,273	\$ (1,563,637)
Local	<u>409,169</u>	<u>409,169</u>	<u>128,952</u>	<u>(280,217)</u>
Total Revenues	<u>2,384,079</u>	<u>2,384,079</u>	<u>540,225</u>	<u>(1,843,854)</u>
Expenditures:				
Capital outlays - transit equipment	<u>2,384,079</u>	<u>2,384,079</u>	<u>540,225</u>	<u>1,843,854</u>
Total Expenditures	<u>2,384,079</u>	<u>2,384,079</u>	<u>540,225</u>	<u>1,843,854</u>
Net Change In Fund Balance	-	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE NORTHWESTERN INDIANA REGIONAL
PLANNING COMMISSION, PORTER COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Northwestern Indiana Regional Planning Commission's (Commission) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2018.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002. Our opinion on each major federal program is not modified with respect to these matters.

The Commission's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2018-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002 to be a significant deficiency.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

The Commission's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

August 15, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were prepared by management of the Commission. The schedule and notes are presented as intended by the Commission.

**NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Commission Expended	Total Federal Awards Expended
U.S. DEPARTMENT OF COMMERCE					
Direct Grant					
Economic Development Cluster					
Economic Adjustment Assistance	11.307	06-39-02180	\$ -	\$ 376,884	\$ 376,884
LaPorte Revolving Loan Fund					
Pass-Through Northwest Indiana Regional Development Authority					
Coastal Zone Management Administration Awards	11.419	CZ520	-	9,080	9,080
Total for Federal Grantor Agency			-	385,964	385,964
U.S. DEPARTMENT OF TRANSPORTATION					
Pass-Through Indiana Department of Transportation					
Highway Planning and Construction Cluster					
Highway Planning & Construction (PL) & Sec. 5303	20.205	17804837	-	8,608	8,608
Highway Planning & Construction (PL) & Sec. 5303		17804837/18801273	-	1,142,853	1,142,853
Highway Planning & Construction (PL) & Sec. 5303		20001103	-	119,764	119,764
Surface Transportation Program		0018801273	-	40,846	40,846
Congestion Mitigation and Air Quality (CMAQ)		17804837/18801273	-	300,321	300,321
Total for Cluster			-	1,612,393	1,612,393
Direct Grant					
Federal Transit Cluster					
Federal Transit Formula Grants	20.507	IN-90-X667	404,867	228,486	633,353
		IN-2016-X033	516,814	49,457	566,271
		IN-95-X035	140,871	-	140,871
		IN-2016-X030	86,115	-	86,115
		IN-2016-X031	294,925	-	294,925
		IN-2017-X027	860,626	200,500	1,061,126
		IN-2016-X015	31,879	-	31,879
		IN-34-0012-00	24,000	-	24,000
		IN-2017-028	97,554	-	97,554
		IN-2018-026	350,811	-	350,811
		IN-90-X653	1,452	11,625	13,077
Total for Cluster			2,809,914	490,068	3,299,982
Transit Services Programs Cluster					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	IN-16-X012	114,519	-	114,519
Total for Cluster			114,519	-	114,519
Total for Federal Grantor Agency			2,924,433	2,102,461	5,026,894
U.S. ENVIRONMENTAL PROTECTION AGENCY					
Pass-Through Indiana Department of Environmental Management					
Nonpoint Source Implementation Grants	66.460	0014530174	-	158,961	158,961
Pass-Through Northwest Indiana Regional Development Authority					
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	1151	-	6,694	6,694
Total for Federal Grantor Agency			-	165,655	165,655
Total Federal Awards Expended			\$ 2,924,433	\$ 2,654,080	\$ 5,578,513

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, 2018**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the District under programs of the federal government for the year ended December 31, 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the District, it is not intended to and does not present the financial position of the District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the liability is incurred. The Commission has elected not to use the 10% de minimis cost rate allowed under the Uniform Guidance.

Note 3. Calculation of Expenditures of the Economic Development Administration Revolving Loan Fund

LaPorte Revolving Loan Fund	
Balance of RLF loans outstanding at the end of the fiscal year	\$ 355,404
Plus: Cash and investment balance in the RLF at the end of the fiscal year	165,055
Plus: Administrative expenses paid out of RLF income during the fiscal year	<u>-</u>
 Total Calculation Basis	 520,459
 Calculation for Federal Participation Rate	
Original Economic Development Administration Funding	700,000
Local Match:	<u>266,667</u>
 Total Original Grant with Original Match	 966,667
 Federal Participation Rate (Federal grant awarded divided by total program)	 72.41%
 The Federal share of the LaPorte Revolving Loan Fund	 \$ 376,884

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:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	no
Noncompliance material to financial statements noted?	yes

Federal Awards:

Internal control over major programs:	
Material weakness identified?	yes
Significant deficiency identified?	yes
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

Name of Federal Program or Cluster	Opinion Issued
Highway Planning and Construction Cluster	Unmodified
Federal Transit Cluster	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

FINDING 2018-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Condition

The Commission did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The federal grant information entered and submitted into the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. An oversight or review process had been established; however, the control was not effective as it did not detect errors on the SEFA presented for audit.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

Due to the lack of effective controls, the following errors resulted in the overstatement of federal expenditures on the SEFA by \$1,043,057:

1. The Economic Development Cluster expenditures were omitted, which understated the federal expenditures by \$9,080.
2. The Federal Transit Cluster expenditures were overstated by \$37,379.
3. The Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research expenditures were overstated by \$382,750.
4. The Highway Planning and Construction Cluster expenditures were overstated by \$629,983.
5. The Nonpoint Source Implementation Grants expenditures were overstated by \$2,025.

Audit adjustments were proposed, accepted by the Commission, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the Commission establish a system of internal controls to ensure that federal expenditures will be properly reported on the SEFA.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-002

Subject: Highway Planning and Construction Cluster - Period of Performance

Federal Agency: U.S. Department of Transportation

Federal Program: Highway Planning and Construction

CFDA Number: 20.205

Federal Award Numbers and Years (or Other Identifying Numbers): 17804837, 18801273, 20001103,
0018801273

Pass-Through Entity: Indiana Department of Transportation

Compliance Requirement: Period of Performance

Audit Findings: Significant Deficiency, Other Matters

Condition

An effective internal control system was not in place in order to ensure compliance with requirements related to the grant agreement and the Period of Performance compliance requirement.

The Commission did not ensure that all obligations for expenditures made from program funds were incurred and expended within the period of performance.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period. Of the 38 items tested, 2 were incurred prior to the period of performance.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.309 states in part:

"A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance . . . and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity."

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The Commission's management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Period of Performance compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the Period of Performance compliance requirement could have resulted in a loss of federal funds to the Commission.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Commission's management establish controls to ensure compliance with the grant agreement and the Period of Performance compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2018-003

Subject: Federal Transit Cluster - Internal Controls
Federal Agency: U.S. Department of Transportation
Federal Program: Federal Transit_Formula Grants
CFDA Number: 20.507

Federal Award Numbers and Years (or Other Identifying Numbers): IN-90-X667, IN-2016-X033,
IN-95-X035, IN-2016-X030,
IN-2016-X031, IN-2017-X027,
IN-2016-X015, IN-34-0012-00,
IN-2017-028, IN-2018-026,
IN-90-X653

Compliance Requirement: Reporting
Audit Finding: Material Weakness

Condition

An effective internal control system was not in place in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The Commission relied on one employee to prepare and submit the quarterly and annual Federal Financial Reports without evidence of oversight or review.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

The Commission's management had not developed or implemented a system of internal control to ensure compliance with the grant agreement and the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system placed the Commission at risk of non-compliance with the grant agreement and the Reporting compliance requirement. A lack of segregation of duties within an internal control system could also have allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Commission's management establish a system of internal controls to ensure compliance with the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the Commission. The documents are presented as intended by the Commission.



6100 Southport Road
Portage, Indiana 46368
(219) 763-6060
www.nirpc.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-001

CY 2018
Talaya Jones
219-254-2514

Status of Audit Finding: All items listed below were implemented as of August 2018.

1. Internal Control Segregation of Duties revised and implemented on June 25th 2018
2. All financials will be prepared by one employee (Financial Analyst or Chief Accountant) and check by the CFO or Chief of Staff.
3. Revenue and expenses by fund are reviewed by CFO /Chief Accountant on a monthly basis as of June 2018.
4. Revenue information added to the F&P Committee as of August 2018.
5. The Capital assets are done by a Procurement Coordinator and check by Chief Accountant or Financial Analyst (Hired Sept 2018).



(Signature)

Chief Accountant

(Title)

7.11.19

(Date)



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Portage, Indiana 46368
(219) 763-6060
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-002

CY 2018
Talaya Jones
219-254-2514

Status of Audit Finding: Finding listed below were implemented as of September 2018.

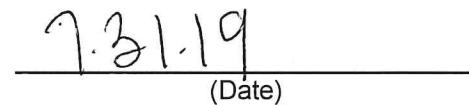
Effective internal controls begun in September 2018 . Requirements for suspension and debarments are included in the contracts that were missing along with Sams.gov was visited and printouts were attached to contract(s).



(Signature)



(Title)



(Date)



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CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Talaya Jones


Contact Phone Number: 219-254-2514

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: New internal controls and procedures will be created to ensure all revenue collected will be properly reconciled quarterly with the appropriate grant. This will ensure accuracy throughout the year and allow for errors to be collected before the SEFA is completed and presented for the audit.

Anticipated Completion Date:

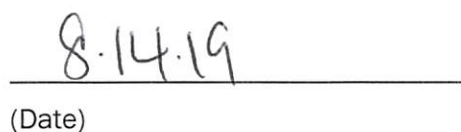
September 2019



(Signature)



(Title)



(Date)



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August 14, 2019

FINDING 2018-002

Contact Person Responsible for Corrective Action: Talaya Jones

Contact Phone Number: 219-254-2514

Views of Responsible Official: We concur with the finding.


Description of Corrective Action Plan: Internal procedures will be strengthened to ensure that the activity dates will be properly noted on the PO to ensure that the appropriate grant is billed.

Anticipated Completion Date:

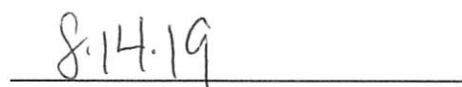
September 2019



(Signature)



(Title)



(Date)



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Portage, Indiana 46368
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CORRECTIVE ACTION PLAN

FINDING 2018-003

Contact Person Responsible for Corrective Action: Talaya Jones

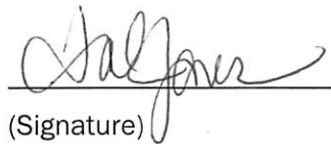
Contact Phone Number: 219-254-2514

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: New internal procedures will be created to allow a additional person to sign off on the quarterly reports indicating that they agree with the report(s) as submitted to FTA.

Anticipated Completion Date:

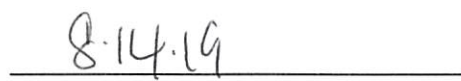
September 2019



(Signature)



(Title)



(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the Commission. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.