

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

FINANCIAL STATEMENTS AUDIT REPORT

OF

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION

PORTER COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
09/30/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Ty Warner	01-01-19 to 12-31-20
Chief Financial Officer	Daria Sztaba (Vacant) Talaya Jones	01-01-19 to 07-12-19 07-13-19 to 08-14-19 08-15-19 to 12-31-20
Chair of the Board of Commissioners	Diane Noll Michael W. Griffin	01-01-19 to 12-31-19 01-01-20 to 12-31-20



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, 2019, 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 the 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 controls. 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, 2019, 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Transit Capital is the responsibility of management and was 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 is 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 September 17, 2020, 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

September 17, 2020

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, 2019. 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 \$3,341,703 (net position). Of this amount, \$308,804 (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, \$1,213,104 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 \$3,341,703 at the year ending December 31, 2019.

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			
	2019		2018
Current and Other Assets	\$ 2,889,069		\$ 2,955,222
Capital Assets	<u>2,500,716</u>		<u>2,664,842</u>
Total Assets	<u>\$ 5,389,785</u>		<u>\$ 5,620,064</u>
Deferred Outflows of Resources	<u>\$ 140,166</u>		<u>\$ 139,060</u>
Long-term Liabilities	882,287		872,398
Other Liabilities	<u>1,152,541</u>		<u>1,139,195</u>
Total Liabilities	<u>\$ 2,034,828</u>		<u>\$ 2,011,593</u>
Deferred Inflows of Resources	<u>\$ 153,420</u>		<u>\$ 208,821</u>
Net Position:			
Investment in Capital Assets	2,500,716		2,664,842
Restricted	532,183		520,459
Unrestricted	<u>308,804</u>		<u>353,409</u>
Total Net Position	<u>\$ 3,341,703</u>		<u>\$ 3,538,710</u>

Summary of Changes in Net Position

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

Northwestern Indiana Regional Planning Commission Changes in Net Position		
	2019	2018
REVENUES		
Program Revenues:		
Operating Grants and Contributions	\$ 4,783,231	\$ 6,255,411
Capital Grants and Contributions	1,121,237	540,225
General Revenues:		
Unassigned County Contributions	540,271	540,271
Unassigned Interest Income	13,366	10,712
Total Revenues	\$ 6,458,105	\$ 7,346,619
EXPENSES		
Planning and Development	\$ 2,725,312	\$ 3,347,408
Transit Operating	2,590,778	3,203,828
Transit Capital	1,339,022	1,060,481
Total Expenses	\$ 6,655,112	\$ 7,611,717
Changes in Net Position	(197,007)	(265,098)
Net Position - Beginning	3,538,710	3,803,808
Net Position - Ending	<u>\$ 3,341,703</u>	<u>\$ 3,538,710</u>

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 \$197,007 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.

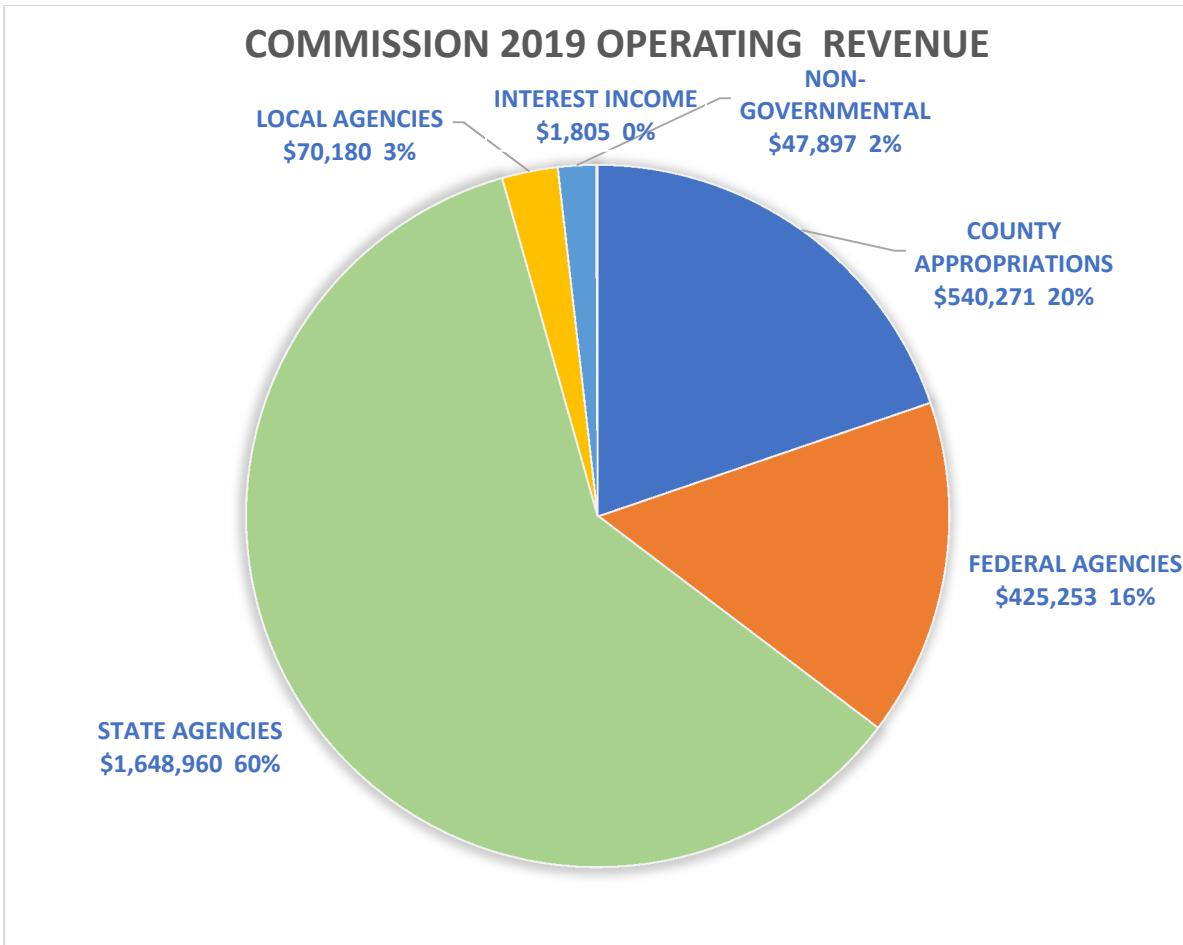
As of the end of the current fiscal year the Commission’s governmental funds reported combined ending fund balances of \$1,745,287 a decrease of \$79,991 in comparison with the prior year. The amount of \$1,213,104 constitutes unassigned fund balance which is available for spending at the government’s discretion. The remainder of the fund balance is not available for spending because it has been committed for restricted fund for economic development, \$532,183.

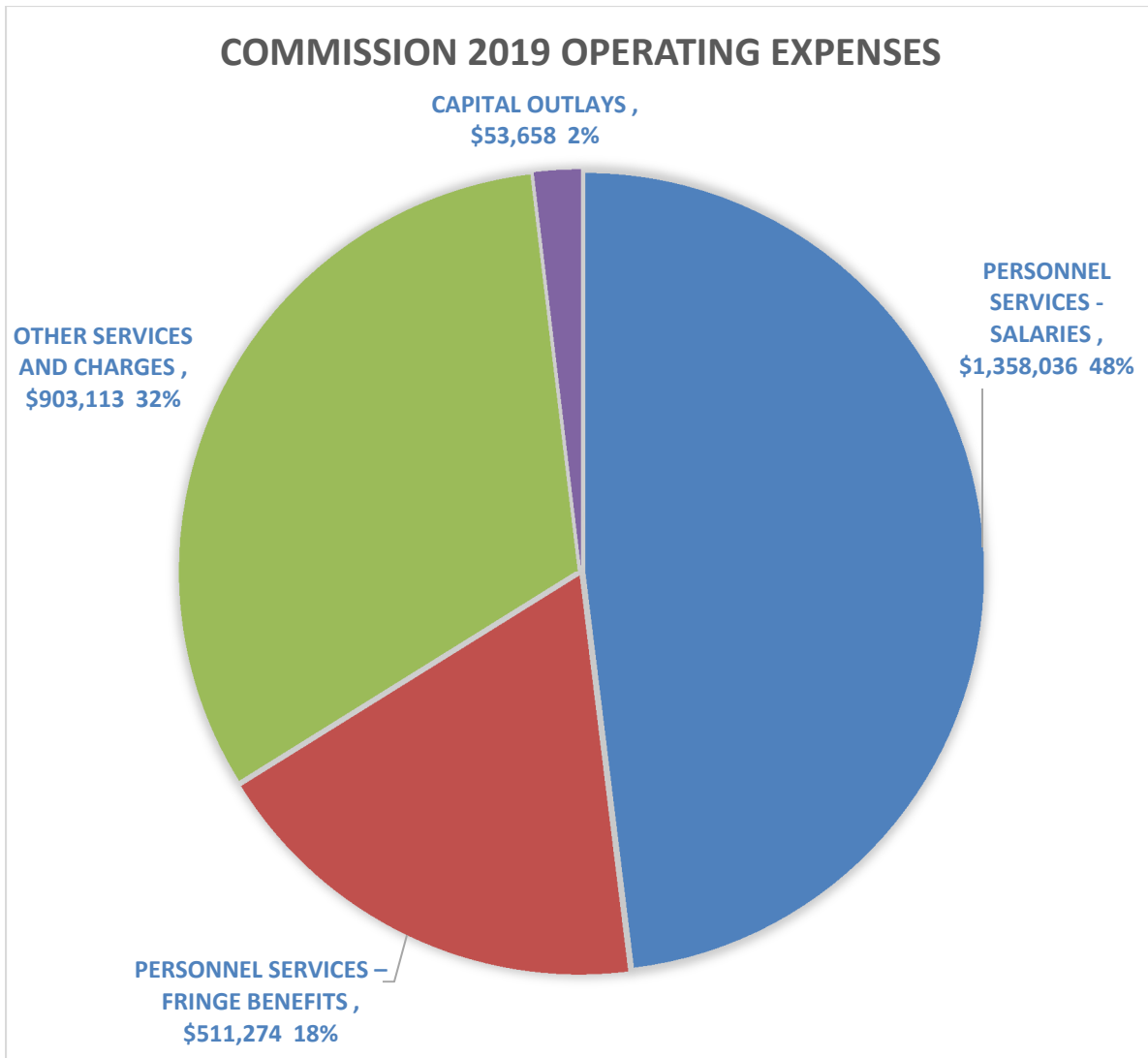
The general fund is the main operating fund of the Commission. At the end of the current fiscal year, the unassigned fund balance amount of \$1,213,104 is in the Commission’s general fund. As a measure of the general funds’ liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures.

The fund balance of the Commission’s general fund decreased by \$91,715 during the current fiscal year. Key factors in this decrease are as follows:

The indirect costs were within budget based on the allocation rate of 87% (1% increase from prior year) in the 2019 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 2019 due to closing cost and loan interest revenues. A new loan for Bare Bones, LLC, was closed in 2019 for the amount of \$65,000; funds were moved from the sequestered account to satisfy a loan; a new loan for Heston Supper Club of \$30,000 was closed in 2019; there were no delinquent loan write-offs in 2019.

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. The fund balance, as expected, is a minimal balance of \$163.

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 2018 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, 2019 amounts to \$ 2,500,716 (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 \$164,126, due to sale and decommission of capital assets in 2019.

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		
	2019	2018
Intangible Assets	\$ 12,523	\$ 12,523
Total Intangible Assets	<u>12,523</u>	<u>12,523</u>
Capital Assets Net of Depreciation		
Vehicle	\$ 2,410,259	\$ 2,545,760
Transit machinery	77,934	100,075
Office and computer equipment	<u>-</u>	<u>6,484</u>
Total Capital Assets Net of Depreciation	<u>2,488,193</u>	<u>2,652,319</u>
Total Capital Assets	<u>\$ 2,500,716</u>	<u>\$ 2,664,842</u>

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 2020 fiscal year.

- The 2020 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.
- The 2020 budgeted cost of fringe benefit are less by 3% than the 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 \$3,730,611 for 2020 fiscal year, which increased 14% from 2019. The increased amount is caused by several increased funds still in approval stage for 2020. Those new grant funds should be awarded in July, 2020, an amendment to the budget will be prepared.

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.

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, 2019**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 543,723
Accounts receivable	722,798
RESTRICTED ASSETS:	
Cash and cash equivalents	1,189,848
Accounts receivable	13,265
Loan receivable	416,095
PREPAID ITEMS:	
Prepaid other	3,340
CAPITAL ASSETS AND INTANGIBLE ASSETS	
Intangible Non-Depreciable	12,523
Machinery and Equipment, Net of Depreciation	2,488,193
TOTAL ASSETS	5,389,785
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension	140,166
TOTAL DEFERRED OUTFLOWS OF RESOURCES	140,166
 LIABILITIES	
ACCOUNTS PAYABLE	
Payable from restricted assets	43,706
Payable from nonrestricted assets	17,627
PAYROLL AND WITHHOLDINGS PAYABLE	
UNEARNED REVENUES	39,553
1,042,897	1,042,897
NONCURRENT LIABILITIES	
Amounts due within one year:	
Compensated absences	8,758
Amounts due beyond one year:	
Compensated absences	78,826
Net pension liability	803,461
TOTAL LIABILITIES	2,034,828
 DEFERRED INFLOWS OF RESOURCES	
Deferred pension	153,420
TOTAL DEFERRED INFLOWS OF RESOURCES	153,420
 NET POSITION	
INVESTMENT IN CAPITAL ASSETS	2,500,716
RESTRICTED:	
Economic Development	532,183
UNRESTRICTED	308,804
TOTAL NET POSITION	\$ 3,341,703

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

**NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
STATEMENT OF ACTIVITIES
DECEMBER 31, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities				
Planning and Development	\$ 2,725,312	\$ 2,192,290	\$ -	\$ (533,022)
Transit Operating	2,590,778	2,590,941	-	163
Transit Capital	<u>1,339,022</u>	<u>-</u>	<u>1,121,237</u>	<u>(217,785)</u>
Total Governmental Activities	<u>\$ 6,655,112</u>	<u>\$ 4,783,231</u>	<u>\$ 1,121,237</u>	(750,644)
	General Revenues			
	Unassigned County Contributions			540,271
	Unassigned Interest Income			<u>13,366</u>
		Total Revenues		<u>553,637</u>
		Change in Net Position		(197,007)
	Net position - beginning			<u>3,538,710</u>
	Net Position - Ending			<u>\$ 3,341,703</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, 2019**

	General	LaPorte RLF	Transit Operating	Transit Capital	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 543,723	\$ -	\$ -	\$ -	\$ 543,723
Accounts receivable	722,798	-	-	-	722,798
RESTRICTED ASSETS:					
Cash and cash equivalents	124,611	115,925	43,869	905,443	1,189,848
Accounts receivable	-	-	-	13,265	13,265
Loan receivable	-	416,095	-	-	416,095
PREPAID OTHER:					
Prepaid other	3,340	-	-	-	3,340
TOTAL ASSETS	\$ 1,394,472	\$ 532,020	\$ 43,869	\$ 918,708	\$ 2,889,069
LIABILITIES					
ACCOUNTS PAYABLE					
Payable from restricted assets	\$ -	\$ -	\$ 43,706	\$ -	\$ 43,706
Payable from nonrestricted assets	17,627	-	-	-	17,627
PAYROLL AND WITHHOLDINGS PAYABLE	39,553	-	-	-	39,553
UNEARNED REVENUES	124,188	-	-	918,708	1,042,897
TOTAL LIABILITIES	181,368	-	43,706	918,708	1,143,782
FUND BALANCES					
Restricted for:					
Economic Development	-	532,020	163	-	532,183
Unassigned	1,213,104	-	-	-	1,213,104
TOTAL FUND BALANCES	1,213,104	532,020	163	-	1,745,287
TOTAL LIABILITIES & FUND BALANCES	\$ 1,394,472	\$ 532,020	\$ 43,869	\$ 918,708	

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	2,488,193
Intangible Non-Depreciable	12,523
Total Capital Assets	2,500,716

Compensated absences, a form of liability, are not due and payable in the current period and therefore are not reported in the funds. (87,584)

Deferred outflows and inflows related to pension obligations are included in the governmental activities in the statement of net position. (13,255)

Net pension obligation, a form of liability, are not due and payable in the current period and therefore are not reported in the funds. (803,461)

Net position of governmental activities **\$ 3,341,703**

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, 2019**

	General	LaPorte RLF	Transit Operating	Transit Capital	Total Governmental Funds
REVENUES					
INTERGOVERNMENTAL - COUNTY APPROPRIATIONS	\$ 540,271	\$ -	\$ -	\$ -	\$ 540,271
INTERGOVERNMENTAL - FEDERAL AGENCIES	425,253	-	2,197,991	911,353	3,534,597
INTERGOVERNMENTAL - STATE AGENCIES	1,648,960	-	392,950	-	2,041,910
INTERGOVERNMENTAL - LOCAL AGENCIES	70,180	-	-	122,711	192,891
NON-GOVERNMENTAL	47,897	-	-	87,173	135,070
INTEREST INCOME	1,805	11,561	-	-	13,366
TOTAL REVENUES	2,734,366	11,561	2,590,941	1,121,237	6,458,105
EXPENDITURES					
CURRENT - PLANNING & DEVELOPMENT					
PERSONNEL SERVICES - SALARIES	1,358,036	-	-	-	1,358,036
PERSONNEL SERVICES - FRINGE BENEFITS	511,274	-	-	-	511,274
OTHER SERVICES AND CHARGES	903,113	-	2,590,778	-	3,493,891
CAPITAL OUTLAYS	53,658	-	-	1,121,237	1,174,895
TOTAL EXPENDITURES	2,826,081	-	2,590,778	1,121,237	6,538,096
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(91,715)	11,561	163	-	(79,991)
FUND BALANCE - BEGINNING	1,304,819	520,459	-	-	1,825,278
FUND BALANCE - ENDING	\$ 1,213,104	\$ 532,020	\$ 163	\$ -	\$ 1,745,287

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) (79,991)

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	1,038,225	
Less current year depreciation expense	(1,202,991)	
Less reduction in accumulated depreciation related to disposal of assets	639	(164,127)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are therefore not reported as expenditures in governmental funds. This is the amount by which compensated absences decreased in the current period. 4,932

	<u>2018</u>	<u>2019</u>		
Increase in deferred pension liability	\$ 789,134	\$ (803,461)	\$ (14,327)	
Net deferred outflows of resources for deferred pension	(139,060)	(\$140,166)	1,106	
Deferred inflows of resources for deferred pension	208,821	(153,421)	55,400	
				42,179

Change in net position of governmental activities (Statement of Activities): \$ (197,007)

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, 2019**

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
December 31, 2019
(Continued)**

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.

**NORTHWESTERN INDIANA REGIONAL PLANNING
COMMISSION
Notes to the Financial Statements
December 31, 2019
(Continued)**

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

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

**NORTHWESTERN INDIANA REGIONAL PLANNING
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Notes to the Financial Statements
December 31, 2019
(Continued)**

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.

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.

**NORTHWESTERN INDIANA REGIONAL PLANNING
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Notes to the Financial Statements
December 31, 2019
(Continued)**

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 \$532,183 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.

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 2019, the Commission's allocation rates were as follows:

Fringe Benefits	87% of total direct salaries and wages
Other Indirect Costs	87% 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".

**NORTHWESTERN INDIANA REGIONAL PLANNING
COMMISSION
Notes to the Financial Statements
December 31, 2019
(Continued)**

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, 2019. 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.

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 \$1,733,571.

As of December 31, 2019, 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, 2019, the Commission had no investments.

**NORTHWESTERN INDIANA REGIONAL PLANNING
COMMISSION
Notes to the Financial Statements
December 31, 2019
(Continued)**

c. OPERATING LEASES

The Commission leases office facilities, and copier equipment under non-cancelable operating leases. Total costs for such leases were \$224,686 for the year ended December 31, 2019. The future minimum lease payments for these leases are as follows:

<u>December 31,</u>	<u>Office</u>	<u>IT/Phone/Copiers</u>	<u>Total</u>
2020	\$ 225,302	\$ 4,880	230,182
2021	230,935	4,880	235,815
2022	236,708	4,879	241,587
	<u>\$ 692,945</u>	<u>\$ 14,639</u>	<u>\$ 707,584</u>

d. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

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	9,381,288	1,038,225	853,482	9,566,031
Less accumulated depreciation for:				
Machinery and Equipment	<u>6,728,969</u>	<u>1,202,991</u>	<u>854,122</u>	<u>7,077,838</u>
Net Capital Assets Being Depreciated	<u>2,652,319</u>	<u>-</u>	<u>164,126</u>	<u>2,488,193</u>
Total governmental activity				
Capital assets, net	<u>\$ 2,664,842</u>	<u>\$ -</u>	<u>\$ 164,126</u>	<u>\$ 2,500,716</u>

**NORTHWESTERN INDIANA REGIONAL PLANNING
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Notes to the Financial Statements
December 31, 2019
(Continued)**

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

Governmental activities:	
Planning and Development Activities	\$ 6,484
Transit Capital	<u>1,196,507</u>
Total depreciation expense	<u>\$ 1,202,991</u>

e. LONG-TERM LIABILITIES

Changes in long-term liabilities for the Commission for the year ended December 31, 2019 were as follows:

Changes in Long-Term Liabilities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year	Amounts Due Thereafter
Governmental activities:						
Compensated absences	\$ 92,516	\$ -	\$ 4,932	\$ 87,584	\$ 8,758	\$ 78,826
Net pension liability	\$ 789,134	\$ 14,327	\$ -	\$ 803,461	\$ -	\$ 803,461

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

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.

**NORTHWESTERN INDIANA REGIONAL PLANNING
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Notes to the Financial Statements
December 31, 2019
(Continued)**

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.

Normal retirement pension benefits for employees are available when age 65 and at least 10 years of creditable service, age 60 and at least 15 years of creditable service, or at least 55 years old and whose age plus number of years of creditable service is at least 85. The annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. An employee who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. An employee retiring early receives a percentage of the normal annual pension benefit. The vesting period is 10 years for the defined pension benefits. Members are immediately vested in their annuity savings account. 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.

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 2019 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 \$168,480.96 for the calendar year ended December 31, 2019.

**NORTHWESTERN INDIANA REGIONAL PLANNING
COMMISSION
Notes to the Financial Statements
December 31, 2019
(Continued)**

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

At December 31, 2019, the Commission reported a liability of \$803,461 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the Commission's proportion was 0.0002431 percent, which was an increase of 0.0000108 from its proportion measured as of June 30, 2018. For the year ended December 31, 2019, the Commission recognized pension expense of \$14,327. At December 31, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 21,275	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	37,978
Change of assumptions	179	87,342
Changes in proportion and differences between employer contributions and proportionate share of contributions	32,838	28,100
Commission contributions subsequent to the measurement date	85,874	-
Totals	\$ 140,166	\$ 153,420

\$85,874 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Amortization of Net Deferred Outflows/(Inflows) of Resources - Debit/(Credit)	
Year Ended December 31,	Amount
2020	\$ (35,848)
2021	(58,050)
2022	(2,281)
2023	(2,950)
2034	-
Thereafter	-
Total	\$ (99,129)

**NORTHWESTERN INDIANA REGIONAL PLANNING
COMMISSION
Notes to the Financial Statements
December 31, 2019
(Continued)**

Actuarial Assumptions:

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% per year
Salary increases	2.5% to 4.25% based on age
Investment rate of return	6.75% per year, compounded annually (net of administrative and investment expenses)
Cost of living increases	A service-based 13 th check will be paid in the 2020 and 2021 fiscal years. Thereafter, the following COLAs, compounded annually, are assumed: 0.4% beginning on January 1, 2022 0.5% beginning on January 1, 2034 0.6% beginning on January 1, 2039
Mortality rates	RP-2014 Total Data Set Mortality Table, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report

Investment Rate of Return

The long-term return expectation for the INPRS defined benefit retirement plans has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

**NORTHWESTERN INDIANA REGIONAL PLANNING
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Notes to the Financial Statements
December 31, 2019
(Continued)**

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized below:

	Target Allocation (%)	Long Term Expected Real Rate of Return (%)
Public Equity	22.0%	4.9%
Private Equity	14.0	7.0
Fixed Income - Ex Inflation Linked	20.0	2.5
Fixed Income - Inflation Linked	7.0	1.3
Commodities	8.0	2.0
Real Estate	7.0	6.7
Absolute Return	10.0	2.9
Risk Parity	12.0	5.3
Total	100.0	

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 the contributions from employers would be, at a minimum, made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board. Projected inflows from investment earnings were calculated using the long term assumed investment rate of 6.75 percent. Based on those assumptions, each defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

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
\$ 1,290,369	\$ 803,461	\$ 397,342

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commission's proportion of the net pension liability (asset)	0.02431%	0.02323%	0.02541%	0.02808%	0.02687%	0.02607%
Commission's proportion share of the net pension liability (asset)	\$ 803,461	\$ 789,134	\$ 1,093,524	\$ 1,274,395	\$ 1,094,389	\$ 685,103
Commission's covered employee payroll	\$ 1,266,606	\$ 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	63.4%	66.6%	89.9%	94.7%	85.0%	53.8%
Plan fiduciary net position as a percentage of total pension liability	80.1%	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.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 168,304	\$ 185,359	\$ 160,572	\$ 190,000	\$ 185,600
Contributions in relation to the contractually required contribution	(144,195)	(132,751)	(136,197)	(150,726)	(144,161)
Contribution deficiency (excess)	\$ 24,109	\$ 52,608	\$ 24,375	\$ 39,274	\$ 41,439
Commission's covered employee payroll	\$ 1,266,606	\$ 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%	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, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary Basis Amounts	With Final Budget Positive (Negative)
Revenues:				
Grantor	\$ 2,465,791	\$ 2,676,481	\$ 2,074,213	\$ (602,268)
Local	540,271	540,271	540,271	-
Interest	9,862	9,862	1,805	(8,057)
Other	<u>190,196</u>	<u>194,721</u>	<u>118,077</u>	<u>(76,644)</u>
Total Revenues	<u>3,206,120</u>	<u>3,421,335</u>	<u>2,734,366</u>	<u>(686,969)</u>
Expenditures:				
Personnel - Salaries	1,450,597	1,450,597	1,358,036	92,561
Personnel - Fringe Benefits	639,438	639,438	511,274	128,164
Occupancy	274,989	274,989	269,874	5,115
Equipment Service/Maintenance	68,648	72,600	72,064	536
Departmental	207,978	218,485	151,694	66,791
Contractual	500,268	701,024	409,482	291,542
Capital Outlays - Equipment & Furniture	<u>64,200</u>	<u>64,200</u>	<u>53,658</u>	<u>10,542</u>
Total Expenditures	<u>3,206,118</u>	<u>3,421,333</u>	<u>2,826,081</u>	<u>595,252</u>
Net Change In Fund Balance	2	2	(91,715)	(91,717)
Fund Balances - Beginning	<u>1,304,819</u>	<u>1,304,819</u>	<u>1,304,819</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,304,821</u>	<u>\$ 1,304,821</u>	<u>\$ 1,213,104</u>	<u>\$ (91,717)</u>

The accompanying Note 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, 2019**

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Inflows:				
New Loan Receivable	\$ 85,000	\$ 85,000	\$ 65,000	\$ (20,000)
Interest Revenue	<u>6,862</u>	<u>6,862</u>	<u>11,561</u>	<u>4,699</u>
				-
Total Inflows	<u>91,862</u>	<u>91,862</u>	<u>76,561</u>	<u>(15,301)</u>
Outflows:				
New Loans	85,000	85,000	65,000	20,000
Other Services and Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Outflows	<u>85,000</u>	<u>85,000</u>	<u>65,000</u>	<u>20,000</u>
Net Change In Fund Balance	6,862	6,862	11,561	4,699
Fund Balances - Beginning	<u>520,459</u>	<u>520,459</u>	<u>520,459</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 527,321</u>	<u>\$ 527,321</u>	<u>\$ 532,020</u>	<u>\$ 4,699</u>

The accompanying Note 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, 2019**

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Grantor	\$ 4,485,932	\$ 4,485,932	\$ 2,590,941	\$ (1,894,991)
Total Revenues	<u>4,485,932</u>	<u>4,485,932</u>	<u>2,590,941</u>	<u>(1,894,991)</u>
Expenditures:				
Other Services and Charges	<u>4,485,932</u>	<u>4,485,932</u>	<u>2,590,778</u>	<u>1,895,154</u>
Total Expenditures	<u>4,485,932</u>	<u>4,485,932</u>	<u>2,590,778</u>	<u>1,895,154</u>
Net Change In Fund Balance	-	-	163	163
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163</u>	<u>\$ 163</u>

The accompanying Note 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, 2019

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 2019, there were no changes to PERF that impacted the pension benefits during the actuarial period.

B. Economic

Assumptions: As of

June 30, 2019.

- a. Inflation 2.25% (no change from prior year).
- b. The future salary increases rate 2.25 to 4.25 percent per year based on age
- 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, 2019**

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Grantor	\$ 2,102,174	\$ 2,102,174	\$ 911,353	\$ (1,190,821)
Local	<u>530,735</u>	<u>530,735</u>	<u>209,884</u>	<u>(320,851)</u>
Total Revenues	<u>2,632,909</u>	<u>2,632,909</u>	<u>1,121,237</u>	<u>(1,511,672)</u>
Expenditures:				
Capital outlays - transit equipment	<u>2,632,909</u>	<u>2,632,909</u>	<u>1,121,237</u>	<u>1,511,672</u>
Total Expenditures	<u>2,632,909</u>	<u>2,632,909</u>	<u>1,121,237</u>	<u>1,511,672</u>
Net Change In Fund Balance	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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/>.