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June 6, 2022

To: The Officials of the Northwestern Indiana Regional Planning Commission  
Northwestern Indiana Regional Planning Commission  
6100 Southport Road  
Portage, IN 46368

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Northwestern Indiana Regional Planning Commission. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Northwestern Indiana Regional Planning Commission as of December 31, 2020, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings included in the report on pages 48-50. Please see the Schedule of Findings and Questioned Costs for further details relating to the findings. Management's response is included at the end of each finding.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Report for Northwestern Indiana Regional Planning Commission was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

**NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION**  
Porter County, Indiana

**FINANCIAL STATEMENTS**  
December 31, 2020

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
FINANCIAL STATEMENTS  
December 31, 2020

CONTENTS

SCHEDULE OF OFFICIALS .....	1
INDEPENDENT AUDITOR'S REPORT .....	2
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	5
BASIC FINANCIAL STATEMENTS AND ACCOMPANYING NOTES:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION .....	13
STATEMENT OF ACTIVITIES.....	14
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET - GOVERNMENTAL FUNDS .....	15
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS .....	17
NOTES TO FINANCIAL STATEMENTS .....	19
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY .....	32
SCHEDULE OF CONTRIBUTIONS .....	33
BUDGETARY COMPARISON SCHEDULES:	
GENERAL FUND .....	34
LAPORTE RLF.....	35
TRANSIT OPERATING.....	36
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION.....	37
OTHER SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE - TRANSIT CAPITAL .....	38
OTHER REPORT .....	39
OTHER INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	40
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	42
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	43
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE .....	45
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	47
EXIT CONFERENCE .....	51

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
SCHEDULE OF OFFICIALS  
December 31, 2020

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<b><u>Office</u></b>	<b><u>Official</u></b>	<b><u>Term</u></b>
Executive Director	Ty Warner	01-01-20 to 12-31-20
Chief Financial Officer	Talaya Jones	01-01-20 to 12-31-20
Chair of the Board of Commissioners	Michael W. Griffin	01-01-20 to 12-31-20

## INDEPENDENT AUDITOR'S REPORT

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, 2020, 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.

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(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, 2020, 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 Management's Discussion and Analysis, the Schedule of Proportionate Share of the Net Position Liability, the Schedule of Contributions, and Budgetary Comparison Schedules – General Fund, Laporte RLF, Transit Operating, 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.

### *Supplementary 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 the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Schedule of Officials, are presented for purposes of additional analysis and are not a required part of the financial statements.

The Budgetary Comparison Schedule – Transit Capital, and the Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

The accompanying Schedule of Officials has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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### **Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated May 31, 2022 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 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 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 Commission's internal control over financial reporting and compliance.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
May 31, 2022

The Commission offers readers this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2020. 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 \$4,689,725 (net position). Of this amount, \$169,961 (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, \$1,001,650 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 \$4,689,725 at the year ending December 31, 2020.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2020

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**The Commission's Net Position**

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

	<u>2020</u>	<u>2019</u>	<u>Variances</u>
Current and other assets	\$ 3,485,776	\$ 2,889,069	\$ 596,707
Capital assets	<u>4,108,038</u>	<u>2,500,716</u>	<u>1,607,322</u>
Total assets	<u>\$ 7,593,814</u>	<u>\$ 5,389,785</u>	<u>\$ 2,204,029</u>
Deferred outflows of resources	<u>\$ 168,344</u>	<u>\$ 140,166</u>	<u>\$ 28,178</u>
Long-term liabilities	\$ 753,103	\$ 882,287	\$ (129,184)
Other liabilities	<u>2,086,776</u>	<u>1,152,541</u>	<u>934,235</u>
Total liabilities	<u>\$ 2,839,879</u>	<u>\$ 2,034,828</u>	<u>\$ 805,051</u>
Deferred inflows of resources	<u>\$ 232,554</u>	<u>\$ 153,420</u>	<u>\$ 79,134</u>
Net position:			
Investment in capital assets	\$ 4,108,038	\$ 2,500,716	\$ 1,607,322
Restricted	411,726	532,183	(120,457)
Unrestricted	<u>169,961</u>	<u>308,804</u>	<u>(138,843)</u>
Total net position	<u>\$ 4,689,725</u>	<u>\$ 3,341,703</u>	<u>\$ 1,348,022</u>

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(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2020

**Summary of Changes in Net Position**

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

	<u>2020</u>	<u>2019</u>	<u>Variances</u>
<b>REVENUES</b>			
Program revenues:			
Operating grants and contributions	\$ 7,064,794	\$ 4,783,231	\$ 2,281,563
Capital grants and contributions	2,791,936	1,121,237	1,670,699
General revenues:			
Unassigned county contributions	540,271	540,271	-
Unassigned interest income	<u>9,773</u>	<u>13,366</u>	<u>(3,593)</u>
Total revenues	10,406,774	6,458,105	3,948,669
<b>EXPENSES</b>			
Planning and development	4,021,288	2,725,312	1,295,976
Transit operating	3,859,807	2,590,778	1,269,029
Transit capital	<u>1,177,657</u>	<u>1,339,022</u>	<u>(161,365)</u>
Total expenses	<u>9,058,752</u>	<u>6,655,112</u>	<u>2,403,640</u>
Changes in net position	1,348,022	(197,007)	1,545,029
Net position - beginning	<u>3,341,703</u>	<u>3,538,710</u>	<u>(197,007)</u>
<b>Net position - ending</b>	<u><b>\$ 4,689,725</b></u>	<u><b>\$ 3,341,703</b></u>	<u><b>\$ 1,348,022</b></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 86% 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 increased by \$1,348,022 during the current fiscal year, mostly due to grant funding and capital asset additions.

**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.

(Continued)

### 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.

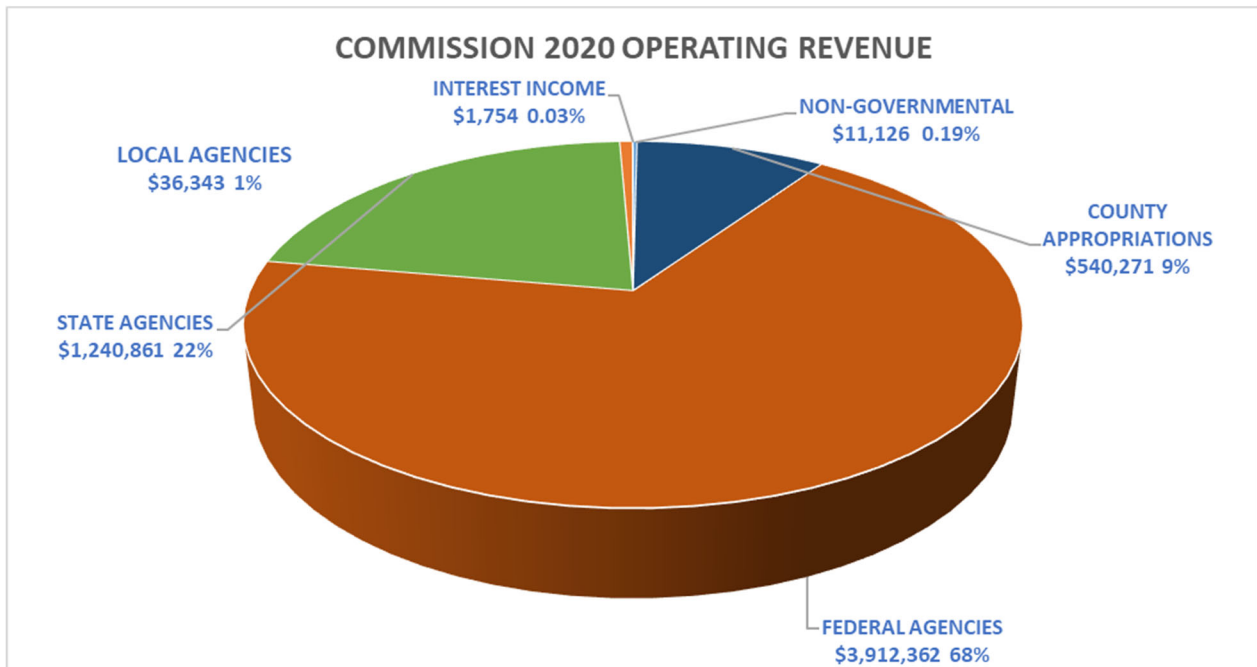
As of the end of the current fiscal year the Commission's governmental funds reported combined ending fund balances of \$1,410,424 a decrease of \$334,863 in comparison with the prior year. The amount of \$998,310 constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of the fund balance is not available for spending or has been committed for restricted fund for economic development, \$408,774.

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 \$998,310 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 \$211,454 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 88% (1% increase from prior year) in the 2020 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.

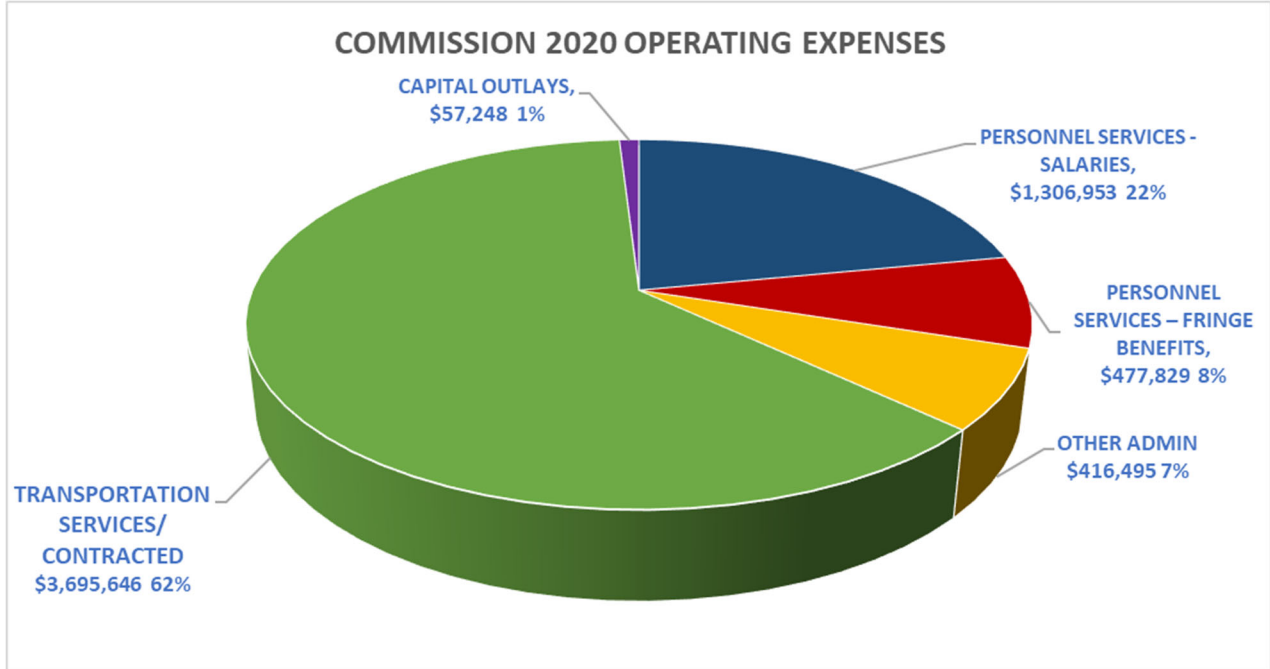


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NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2020

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The LaPorte revolving loan fund accounts for the revolving loan program activities. The fund balance decreased for 2020 due to changes in the allowance for loans receivable.

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 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 2020 balance of \$0.

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(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2020

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**Budgetary Highlights**

**General Fund**

The Commission's general fund is budgeted annually for general operating expenses. The final amended budget was updated for an increase in CARES Act funding which resulted in a significant increase in budgeted grantor revenue and the different expense categories. Not all budgeted funds were able to be expended during 2020.

**Capital Assets**

The Commission's capital assets for its governmental activities as of December 31, 2020 was \$4,108,038 (net of accumulated depreciation). Capital assets includes intangibles, vehicles, machinery, office equipment, and computer equipment. The Commission does not own land, buildings, or infrastructure assets.

The total increase in the Commission's capital assets for the current fiscal year was \$1,607,322, due to purchases of vehicles and vehicle equipment. A detailed note of these capital assets can be found in the Note 1F to the Financial Statements.

	<u>2020</u>	<u>2019</u>
Intangible assets	\$ 12,523	\$ 12,523
Total intangible assets	<u>12,523</u>	<u>12,523</u>
Capital assets net of depreciation		
Vehicle	3,816,066	2,410,259
Transit machinery	<u>279,449</u>	<u>77,934</u>
Total capital assets net of depreciation	<u>4,095,515</u>	<u>2,488,193</u>
Total capital assets	<u>\$ 4,108,038</u>	<u>\$ 2,500,716</u>

**Long-term Debt**

The Commission carries no long-term debt.

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(Continued)

### **Economic Factors and Next Year's Budget**

All these factors were considered in preparing the Commission's general fund budget for the 2021 fiscal year.

- The 2021 budget included a 3-5% pay increase for all full-time employees, with employment length of 12 months or greater and one position was eliminated due to retirement and workload distributed to other staff members.
- The 2021 budgeted cost of fringe benefit are less by 2% than the prior year. The insurance plan was restructured to accommodate the budget. The Commission pays 85% and employees pay 15% of actual health insurance costs.
- The General Fund budget was estimated at \$5,118,736 for 2021, which decreased by 10% from 2020. The decreased amount is caused by CARES Act funding being available and expended in 2020.

### **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](mailto:tjones@nirpc.org).

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
STATEMENT OF NET POSITION  
December 31, 2020

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**ASSETS**

Current assets:

Cash and cash equivalents	\$ 856,602
Grants receivable	1,477,202

Restricted assets:

Cash and cash equivalents	869,357
Grants receivable	30,505
Loan receivable, net of allowance	248,770

Prepaid items:

Prepaid other	3,340
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Capital assets and intangible assets:

Intangible non-depreciable	12,523
Machinery and equipment, net of depreciation	<u>4,095,515</u>

Total assets	7,593,814
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**DEFERRED OUTFLOW OF RESOURCES**

Pension	<u>168,344</u>
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Total assets and deferred outflows of resources	<u>\$ 7,762,158</u>
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**LIABILITIES**

Accounts payable	
Payable from unrestricted assets	\$ 1,104,766
Payable from restricted assets	175,620

Payroll and withholding payable	55,167
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Unearned revenues	739,799
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Amounts due within one year:

Compensated absences	11,424
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Amounts due beyond one year:

Compensated absences	102,812
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Net pension liability	<u>650,291</u>
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Total liabilities	2,839,879
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**DEFERRED INFLOW OF RESOURCES**

Pension	<u>232,554</u>
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Total liabilities and deferred inflows of resources	<u>\$ 3,072,433</u>
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**NET POSITION**

Net investment in capital assets	\$ 4,108,038
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Restricted:

Economic development	411,726
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Unrestricted	<u>169,961</u>
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Total net position	<u>\$ 4,689,725</u>
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See accompanying notes to financial statements.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
STATEMENT OF ACTIVITIES  
For the year ended December 31, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Total Governmental Activities</u>
Governmental activities				
Planning and development	\$ 4,021,288	\$ 3,204,987	\$ -	\$ (816,301)
Transportation services /contracted and other	<u>5,037,464</u>	<u>3,859,807</u>	<u>2,791,936</u>	<u>1,614,279</u>
Total governmental activities	<u>\$ 9,058,752</u>	<u>\$ 7,064,794</u>	<u>\$ 2,791,936</u>	<u>\$ 797,978</u>
General revenues:				
Unassigned county contributions				540,271
Unassigned interest income				<u>9,773</u>
Total revenues				<u>550,044</u>
Change in net position				1,348,022
Net position - beginning				<u>3,341,703</u>
Net position - ending				<u>\$ 4,689,725</u>

See accompanying notes to financial statements.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2020

	<u>General</u>	<u>LaPorte RLF</u>	<u>Transit Operating</u>	<u>Transit Capital</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 856,602	\$ -	\$ -	\$ -	\$ 856,602
Grants receivable	1,301,582	-	-	-	1,301,582
Restricted assets:					
Cash and cash equivalents	180,558	159,841	42,499	486,459	869,357
Grants receivable	9,195	-	127,010	69,920	206,125
Loan receivable, net of allowance	-	248,770	-	-	248,770
Prepaid expenses	<u>3,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,340</u>
Total assets	<u>\$ 2,351,277</u>	<u>\$ 408,611</u>	<u>\$ 169,509</u>	<u>\$ 556,379</u>	<u>\$ 3,485,776</u>
<b>LIABILITIES</b>					
Accounts payable					
Payable from nonrestricted assets	\$ 1,104,766	\$ -	\$ -	\$ -	\$ 1,104,766
Payable from restricted assets	-	-	127,010	48,610	175,620
Payroll and withholdings payable	55,167	-	-	-	55,167
Unearned revenues	<u>189,694</u>	<u>-</u>	<u>42,336</u>	<u>507,769</u>	<u>739,799</u>
Total liabilities	<u>1,349,627</u>	<u>-</u>	<u>169,346</u>	<u>556,379</u>	<u>2,075,352</u>
<b>FUND BALANCES</b>					
Non-spendable	3,340	-	-	-	3,340
Restricted for:					
Economic development	-	408,611	163	-	408,774
Unassigned	<u>998,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>998,310</u>
Total fund balances	<u>1,001,650</u>	<u>408,611</u>	<u>163</u>	<u>-</u>	<u>1,410,424</u>
Total liabilities and fund balances	<u>\$ 2,351,277</u>	<u>\$ 408,611</u>	<u>\$ 169,509</u>	<u>\$ 556,379</u>	<u>\$ 3,485,776</u>

(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2020

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

Governmental fund balances	\$ 1,410,424
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	
Machinery and equipment, net of depreciation	4,095,515
Intangible non-depreciable	<u>12,523</u>
Total capital assets	4,108,038

Compensated absences, a form of liability, are not due and payable in the current period and therefore are not reported in the funds.	(114,236)
Deferred outflows and inflows related to pension obligations are included in the governmental activities in the statement of net position.	(64,210)
Net pension obligation, a form of liability, are not due and payable in the current period and therefore are not reported in the funds.	<u>(650,291)</u>

Net position of governmental activities	<u>\$ 4,689,725</u>
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See accompanying notes to financial statements.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2020

	<u>General</u>	<u>LaPorte RLF</u>	<u>Transit Operating</u>	<u>Transit Capital</u>	<u>Total Governmental Funds</u>
<b>REVENUE</b>					
Intergovernmental - federal agencies	\$ 448,977	\$ -	\$ 1,283,559	\$ 1,964,372	\$ 3,697,268
Intergovernmental – federal agencies – CARES	3,463,385	-	-	249,762	3,713,147
Intergovernmental - state agencies	1,240,861	-	531,934	-	1,772,795
Intergovernmental - local agencies	36,343	-	-	452,234	488,577
Intergovernmental - county appropriations	540,271	-	-	-	540,271
Non-governmental	11,126	-	-	156,868	167,994
Interest income	1,754	5,066	-	-	6,820
Total revenues	<u>5,742,717</u>	<u>5,066</u>	<u>1,815,493</u>	<u>2,823,596</u>	<u>10,386,872</u>
<b>EXPENDITURES</b>					
Planning and development					
Personnel services - salaries	1,306,953	-	-	-	1,306,953
Personnel services – fringe benefits	477,829	-	-	-	477,829
Transportation services/contracted and other	3,695,646	128,475	1,815,493	-	5,639,614
Other administrative costs	416,495	-	-	-	416,495
Capital outlays	57,248	-	-	2,823,596	2,880,844
Total expenditures	<u>5,954,171</u>	<u>128,475</u>	<u>1,815,493</u>	<u>2,823,596</u>	<u>10,721,735</u>
<b>Excess (deficiency of revenues over (under expenditures)</b>	<u>(211,454)</u>	<u>(123,409)</u>	<u>-</u>	<u>-</u>	<u>(334,863)</u>
Fund balance - beginning	<u>1,213,104</u>	<u>532,020</u>	<u>163</u>	<u>-</u>	<u>1,745,287</u>
<b>Fund balance - ending</b>	<u>\$ 1,001,650</u>	<u>\$ 408,611</u>	<u>\$ 163</u>	<u>\$ -</u>	<u>\$ 1,410,424</u>

(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2020

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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)	\$ (334,863)
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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	2,765,791	
Less current year depreciation expense	(1,158,470)	
Less reduction in accumulated depreciation related to disposal of assets	-	1,607,321

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.	(26,651)
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Change

Increase in deferred pension liability	\$ 153,170	
Net deferred outflows of resources for deferred pension	28,178	
Deferred inflows of resources for deferred pension	(79,133)	102,215

Change in net position of governmental activities (Statement of Activities):	\$ <u>1,348,022</u>
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See accompanying notes to financial statements.

## **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.

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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.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

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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.

Use of Estimates in Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflow of resources at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements: For the year ended December 31, 2020, the Commission adopted the following accounting pronouncements. There was no impact on the financial statements upon adoption of these pronouncements.

- GASB Statement No. 83, *Certain Asset Retirement Obligations*
- GASB Statement No. 84, *Fiduciary Activities*
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- GASB Statement No. 90, *Majority Equity Interests*
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans (paragraphs 4-5)*

#### **D. ASSETS, LIABILITIES AND NET POSITION**

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.

Loans Receivable: Loans receivable are stated at their unpaid principal balance, less an allowance for loan losses. Interest on loans receivable is recognized over the term of the loan is generally calculated using the simple-interest method on principal amounts outstanding.

Allowance for Loan Losses: The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses. Loan losses are charged against the allowance when management believes the non-collectability of a loan balance is confirmed and approved by the Board.

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(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

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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 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

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.

Unearned Revenue: Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The amount primarily consists of proceeds received from the disposition of capital assets, which are due back to the federal government, and amounts received in advance from the Commission's subrecipients for future capital asset purchases.

Net Pension Liability: The Commission has recorded a net pension liability reflecting their proportionate share of the difference between the total pension liabilities and the fiduciary net positions of the Indiana Public Retirement System (INPRS) PERF Plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of INPRS PERF Plan and additions to/deductions from the INPRS PERF Plan fiduciary net position have been determined on the same basis as they are reported by the INPRS system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources and Deferred Inflows of Resources - Pension: Deferred outflows of resources represent a consumption of net position that applies to a future period(s). Deferred inflows of

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(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

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resources represent an acquisition of net position that applies to a future period(s). These amounts will not be recognized as expense or revenue until the applicable period. The Commission's activities are related to recognition of changes in its defined benefit plan's net pension liability that will be amortized in future periods.

Fund and Net Position: 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.

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the statements of net position. Net position is reported as:

- Unrestricted which may be designated for specific purposes at the option of the Board of Commissioners.
- The financial statements reported \$411,726 of restricted net position per grant restrictions.
- Net Investment in Capital Assets which consists of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, notes or other borrowings, and payables that are attributable to the acquisition, construction or improvement of those assets.

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.

Allocated Costs: 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,

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NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

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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 process 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 2020, the Commission's allocation rates were as follows:

Fringe Benefits	81% of total direct salaries and wages
Other Indirect Costs	96% of total direct personnel

Intergovernmental Revenues: These revenues are normally recorded as government mandated or voluntary nonexchange transactions. Funding may have timing or purpose restrictions.

Non-Governmental Revenue 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 revenues".

#### **E. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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 CARES Act 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, 2020. 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

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(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

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year-end are re-appropriated in the ensuing year. The Commission had no outstanding encumbrances at year-end.

**F. DETAILED NOTES ON ALL FUNDS**

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 bank balance was \$1,733,571, while the book balance was \$1,725,959.

As of December 31, 2020, 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.

Investments: Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2020, the Commission had no investments.

Operating Leases: The Commission leases office facilities, and copier equipment under non-cancelable operating leases. Total costs for such leases were \$230,182 for the year ended December 31, 2020. 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>
2021	\$ 230,935	\$ 64,092	\$ 295,027
2022	236,708	66,015	302,723
2023	242,626	67,995	310,621
	<u>\$ 710,269</u>	<u>\$ 198,102</u>	<u>\$ 908,371</u>

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(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

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Capital Assets:

Capital asset activity for the year ended December 31, 2020 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	9,566,031	2,765,792	1,900,262	10,431,561
Less accumulated depreciation for:				
Machinery and Equipment	<u>(7,077,838)</u>	<u>(1,158,470)</u>	<u>(1,900,262)</u>	<u>(6,336,046)</u>
Net Capital Assets Being Depreciated	<u>2,488,193</u>	<u>1,607,322</u>	<u>-</u>	<u>4,095,515</u>
Capital assets, net	<u>\$ 2,500,716</u>	<u>\$ 1,607,322</u>	<u>\$ -</u>	<u>\$ 4,108,038</u>

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

Governmental activities:	
Planning and Development Activities	\$ 6,484
Transit Capital	<u>1,151,986</u>
Total depreciation expense	<u>\$ 1,158,470</u>

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(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

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Loans Receivable: There are two revolving loan fund programs, the La Porte Revolving Loan Program and the NWI Regional Revolving Loan Fund:

**Laporte Revolving Loan Program:**

In 1987, the Commission established the LaPorte Revolving Loan fund to account for the financial resources used for the revolving loan fund program in LaPorte County. The principal participants in the LaPorte County Revolving Loan Fund are the City of LaPorte, the City of Michigan City, and the Economic Development Administration. The intended purpose of the LaPorte County RLF is job retention and creation, particularly in the low- and moderate-income sector. The goal is to achieve this through loans for new or start-up businesses, business expansion, or to circumvent business closure. The RLF loans are intended to be small or supplemental loans when no other sources of lending are available.

The board is comprised of 6 bankers from financial institutions in La Porte County, 2 appointees from the La Porte County Chamber of Commerce, 1 appointee from the Mayor of the City of La Porte, 1 appointee from the Mayor of the City of Michigan City and a La Porte County resident appointed by the Commission. Each application with back up documentation is reviewed by an underwriter. The underwriter's findings and recommendations are given to the appropriate county's respective board who has the final decision on the terms of the loan. When a loan is granted, the Commission issues the loan to the borrower.

As of December 31, 2020, an allowance for loan losses of \$128,075 was recorded against the gross outstanding balance of \$376,845, resulting in a carrying value of \$248,770.

**NWI Regional Revolving Loan Fund:**

The NWI Regional Revolving Loan Fund was created by a grant from the United States Economic Development Administration awarded on July 27, 2020. In 2019, the Commission was designated by the U.S. Economic Development Administration (EDA) as the Economic Development District (EDD) for Lake, Porter, and LaPorte Counties. One primary function of an EDD is preparation of a Comprehensive Economic Development Strategy (CEDS) every five years. NIRPC's current CEDS was approved and signed in 2019 and will be updated by April 2024. NIRPC maintains and implements the CEDS plan for the Lake, Porter, and LaPorte County areas.

The RLF financing for the three-county region area will be used to assist regional businesses to address impacts from COVID-19 while working towards advancement of the goals identified within the CEDS. The intended purpose of the Regional RLF is job retention and creation, particularly in the low- and moderate-income sector. The goal is to achieve this through loans for existing businesses, business expansion, possible new startups, or to circumvent business closure. The Regional RLF loans are intended to be small or supplemental loans used when no other sources of lending are available. Eligible and prohibited lending activities are described in the Management Plan. There is a board for each county covered in the loan fund.

The county's loan committee represents a balanced mix of Economic Development, Chamber of Commerce, banks/commercial lenders, non-commercial lenders, businesses, lawyers, and others. Each application with back up documentation is reviewed by an underwriter. The underwriter's findings and recommendations are given to the appropriate county's respective board who has the final decision on granting the loan. When a loan is granted, the Commission issues the loan to the borrower.

No loans were issued as of December 31, 2020 for the NWI RLF fund.

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(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2020

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Long-Term Liabilities:

Changes in long-term liabilities for the Commission for the year ended December 31, 2020 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	\$ 87,584	\$ 26,652	\$ -	\$ 114,236	\$ 11,424	\$ 102,812
Net pension liability	\$ 803,461	\$ -	\$ 153,170	\$ 650,291		

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

**G. OTHER INFORMATION**

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.

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.

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](http://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.

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(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

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.

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 2020 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 \$157,861.36 for the calendar year ended December 31, 2020.

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

At December 31, 2020, the Commission reported a liability of \$650,291 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, the Commission's proportion was 0.0002153 percent, which was a decrease of 0.00000278 from its proportion measured as of June 30, 2019. For the year ended December 31, 2020, the Commission recognized pension expense of \$20,773. At December 31, 2020, 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	\$ 11,521	\$ 8,731
Net difference between projected and actual investment earnings on pension plan investments	55,654	-
Change of assumptions	-	135,493
Changes in proportion and differences between employer contributions and proportionate share of contributions Commission contributions subsequent to the measurement date	22,498	88,330
	<u>78,671</u>	<u>-</u>
Totals	<u>\$ 168,344</u>	<u>\$ 232,554</u>

(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

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An amount of \$78,671 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Amortization of Net Deferred Outflows/(Inflows) of Resources - Debit/(Credit)</u>	
<u>Year Ended December 31,</u>	<u>Amount</u>
2021	\$ (92,045)
2022	(41,522)
2023	(32,953)
2024	23,639
2025	<u>-</u>
Total	<u>\$ (142,881)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2020 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 <sup>th</sup> 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

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(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2020

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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.

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% 1% Decrease	6.75% Current Rate	7.75% 1% Increase
\$ 1,060,195	\$ 650,291	\$ 306,963

**REQUIRED SUPPLEMENTARY INFORMATION**

**OTHER SUPPLEMENTARY INFORMATION**

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 December 31, 2020

	<u>2020</u>	<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)	0.02153%	0.02431%	0.02323%	0.02541%	0.02808%	0.02687%	0.02607%
Commission's proportion share of the net pension liability (asset)	\$ 650,291	\$ 803,461	\$ 789,134	\$ 1,093,524	\$ 1,274,395	\$ 1,094,389	\$ 685,103
Commission's covered employee payroll	\$ 1,162,423	\$ 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	55.9%	63.4%	66.6%	89.9%	94.7%	85.0%	53.8%
Plan fiduciary net position as a percentage of total pension liability	81.4%	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.

Notes: The amounts presented for each calendar year were determined as of the June 30 fiscal year-end that occurred within the calendar year.

- Asset valuation date – June 30, 2020
- Liability valuation date – June 30, 2019 – Member census data as of June 30, 2018 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2019 and June 30, 2020. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2019 to the June 30, 2020 measurement date.
- Actuarial cost method (accounting) – Entry age normal (level percent of payroll)
- Experience study date – Period of 4 years ended June 30, 2019
- Investment rate of return – 6.75%
- COLA – In lieu of a 1% COLA occurring beginning on January 1, 2020, the COLA was replaced by a 13<sup>th</sup> check for 2020 and 2021. The COLA assumption thereafter will be 0.4% beginning on January 1, 2022, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039.
- Future salary increases, including inflation – 2.75% - 8.75%
- Inflation – 2.25%
- Mortality – RP-2014 (with MP-2014 improvement removed) Total Data Set mortality table, with Social Security Administration generational improvement scale from 2006.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Utility is presenting information for those years for which information is available.

*Measurement date:* Actuarial valuation reports from the prior fiscal year

See accompanying notes to required supplementary information.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 130,191	\$ 144,195	\$ 132,751	\$ 136,197	\$ 150,726	\$ 144,161
Contributions in relation to the contractually required contribution	<u>(130,191)</u>	<u>(144,195)</u>	<u>(132,751)</u>	<u>(136,197)</u>	<u>(150,726)</u>	<u>(144,161)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's covered employee payroll	\$ 1,162,423	\$ 1,287,455	\$ 1,185,271	\$ 1,216,044	\$ 1,345,765	\$ 1,287,150
Contributions as a percentage of covered employee payroll	11.2%	11.20%	11.20%	11.20%	11.20%	11.20%

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

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Commission is presenting information for those years for which information is available.

*Valuation date:* Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

*Actuarial cost method:* Entry age normal (Level Percent of Payroll)

*Amortization method:* Level dollar

*Remaining amortization period:* 20 years, closed

*Asset valuation method:* 5 year smoothing of gains and losses on the market value of assets subject to a 20% corridor.

*Inflation:* 2.25%

*Salary increases:* 2.50% - 4.25%

*Investment rate of return:* 6.75%

*Mortality:* RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006

*Other information:*

The INPRS Board sets, at its discretion, the State's employer contribution rate upon considering the results of the actuarial valuation and other analysis as appropriate. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/16 was 9.80%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/17 was 10.11%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/18 was 9.89%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/19 was 10.03%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actual dollar amount of the State's contributions depends on the actual payroll for the fiscal year. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/20 was 6.89%; however, the INPRS Board approved a State employer contribution rate of 11.2%. Member census data as of the prior year end was used in the valuation and adjusted, where appropriate, to reflect changes during the current fiscal year. Standard actuarial roll forward techniques were then used to project the liabilities computed as of prior year end to the current year measurement date.

See accompanying notes to required supplementary information.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Grantor	\$ 2,825,966	\$ 3,257,618	\$ 5,153,223	\$ 1,895,605
Local	540,271	540,271	576,614	36,343
Interest	9,862	9,862	1,754	(8,108)
Other	<u>130,012</u>	<u>180,012</u>	<u>11,126</u>	<u>(168,886)</u>
Total revenues	3,506,111	3,987,763	5,742,717	1,754,954
<b>Expenditures:</b>				
Personnel - salaries	1,477,573	1,570,495	1,306,993	263,542
Personnel - fringe benefits	598,186	524,031	477,829	46,202
Occupancy	280,297	280,297	270,675	9,622
Equipment service/maintenance	78,840	103,840	61,067	42,773
Departmental	196,750	222,250	84,753	137,497
Contractual	774,465	956,850	3,695,646	(2,738,796)
Capital outlays - equipment & furniture	<u>100,000</u>	<u>330,000</u>	<u>57,248</u>	<u>272,752</u>
Total expenditures	<u>3,506,111</u>	<u>3,987,763</u>	<u>5,954,171</u>	<u>(1,966,408)</u>
Net change in fund balance	-	-	(211,454)	(211,454)
Fund balances - beginning	<u>1,213,104</u>	<u>1,213,104</u>	<u>1,213,104</u>	-
Fund balances - ending	<u>\$ 1,213,104</u>	<u>\$ 1,213,104</u>	<u>\$ 1,001,650</u>	<u>\$ (211,454)</u>

See accompanying notes to required supplementary information.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - LAPORTE RLF  
 For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Inflows:				
New loan receivable	\$ 85,000	\$ 340,000	\$ 65,000	\$ (275,000)
Interest revenue	<u>6,862</u>	<u>6,862</u>	<u>5,066</u>	<u>(1,796)</u>
Total inflows	91,862	346,862	70,066	(276,796)
Outflows:				
New loans	85,000	340,000	65,000	275,000
Other services and charges	<u>-</u>	<u>-</u>	<u>128,475</u>	<u>(128,475)</u>
Total outflows	<u>85,000</u>	<u>85,000</u>	<u>126,573</u>	<u>(41,573)</u>
Net change in fund balance	6,862	6,862	(123,409)	(130,271)
Fund balances - beginning	<u>532,020</u>	<u>532,020</u>	<u>532,020</u>	<u>-</u>
Fund balances - ending	<u>\$ 538,882</u>	<u>\$ 538,882</u>	<u>\$ 408,611</u>	<u>\$ (130,271)</u>

See accompanying notes to required supplementary information.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - TRANSIT OPERATING  
 For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grantor	\$ 4,485,932	\$ 8,803,254	\$ 1,815,493	\$ (6,987,761)
Total revenues	<u>4,485,932</u>	<u>8,803,254</u>	<u>1,815,493</u>	<u>(6,987,761)</u>
Expenditures:				
Other services and charges	<u>4,485,932</u>	<u>8,803,254</u>	<u>1,815,493</u>	<u>(6,987,761)</u>
Total expenditures	<u>4,485,932</u>	<u>8,803,254</u>	<u>1,815,493</u>	<u>(6,987,761)</u>
Net change in fund balance	-	-	-	-
Fund balances - beginning	<u>163</u>	<u>163</u>	<u>163</u>	<u>-</u>
Fund balances - ending	<u>\$ 163</u>	<u>\$ 163</u>	<u>\$ 163</u>	<u>\$ -</u>

See accompanying notes to required supplementary information.

**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. The final budgets were updated for CARES act funding. However, not all budgeted funds were expended.

**Note 2. Financial Reporting – Pension Plan**

- A. Plan Amendments

In 2020, there were no changes to PERF that impacted the pension benefits during the actuarial period.

- B. Economic Assumptions:

As of June 30, 2020.

- 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
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NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
 OTHER SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - TRANSIT CAPITAL  
 For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grantor	\$ 1,952,790	\$ 3,132,922	\$ 2,214,494	\$ (918,428)
Local	<u>488,198</u>	<u>488,198</u>	<u>609,102</u>	<u>120,904</u>
Total revenues	2,440,988	3,621,120	2,823,596	(797,524)
Expenditures:				
Capital outlays - transit equipment	<u>2,440,988</u>	<u>3,621,120</u>	<u>2,823,596</u>	<u>797,524</u>
Total expenditures	<u>2,440,988</u>	<u>3,621,120</u>	<u>2,823,596</u>	<u>797,524</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>

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
OTHER REPORT  
December 31, 2020

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The reports presented herein were prepared in addition to another official report prepared for the Commission as listed below:

Indiana State Board of Accounts Compliance Examination of the Northwestern Indiana Regional Planning Commission.

The above report contains the results of the compliance examination as required by the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts*.

**OTHER INFORMATION**

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2020

<u>Federal Grantor Agency</u> <u>Cluster Title/Program Title/Project Title</u>	<u>Pass-Through Entity or Direct Grant</u>	<u>Federal ALN Number</u>	<u>Entity (or Other) Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Awards Expended</u>
<u>Department of Commerce</u>					
Economic Development Cluster Economic Adjustment Assistance Laporte RLF	Direct	11.307	FY2020	\$ -	\$ 388,933
Economic Development Support of Planning Organizations Economic Development District	Direct	11.302	ED20CHI3020024	-	34,969
Total - Department of Commerce				-	423,902
<u>Department of the Interior</u>					
Great Lakes Restoration CAWS	Direct	15.662	F19AP00648	-	46,995
<u>Department of Transportation</u>					
Federal Transit Cluster Federal Transit Formula Grants	Direct	20.507	IN-2017-027-00	164,748	774,686
		20.507	IN-2018-016-00	123,816	123,816
		20.507	IN-2018-026-00	237,253	313,725
		20.507	IN-2019-029-00	-	213,075
		20.507	IN-2019-030-00	454,412	664,924
COVID -19 Grant		20.507	IN-2020-014-00	2,300,796	2,649,925
Total - Federal Transit Formula Grants				3,281,025	4,740,151
Bus and Bus Facilities Formula & Discretionary Programs	Direct	20.526	IN-2018-026-00	-	646,000
		20.526	IN-34-0012-00	26,573	26,573
Total – Bus and Bus Facilities Formula & Discretionary Programs				26,573	672,573
Total - Federal Transit Cluster				3,307,598	5,412,724

(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2020

<u>Federal Grantor Agency</u> <u>Cluster Title/Program Title/Project Title</u>	<u>Pass-Through Entity or Direct Grant</u>	<u>Federal ALN Number</u>	<u>Entity (or Other) Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Awards Expended</u>
Transit Services Programs Cluster					
Enhanced Mobility of Seniors & Discretionary Programs	Direct	20.513	IN-2016-015-00	\$ 70,305	\$ 70,305
		20.513	IN-2017-027-00	118,440	118,400
		20.513	IN-2018-016-00	-	258,919
				<u>188,745</u>	<u>447,664</u>
Total – Transit Services Programs Cluster					
Highway Planning and Construction Cluster	Indiana Department of Transportation	20.205	20,001,103	-	92,649
		20.205	20,022,992	-	1,031,809
		20.205	20,044,215	-	409,762
				<u>-</u>	<u>1,534,220</u>
Total - Highway Planning and Construction Cluster					
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	Indiana Department of Transportation	20.505	20,001,103	-	62,682
Total - Department of Transportation				3,496,343	7,457,290
<u>Environmental Protection Agency</u>					
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	Direct	66.818	00E02718	-	42,365
Total federal awards expended				<u>\$ 3,496,343</u>	<u>\$ 7,970,552</u>

See accompanying notes to the schedule of expenditures of federal awards.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2020

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Northwestern Indiana Regional Planning Commission (the "Commission") under programs of the federal government for the year ended December 31, 2020. The information in this Schedule 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).

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expensed when the reimbursement is received.

**NOTE 2 - INDIRECT COST RATE**

The Commission has elected to not use the 10-percent de minimis indirect cost rate as 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 gross loans outstanding at the end of the fiscal year	\$ 376,845
Plus: Cash and investment balance in the RLF at the end of fiscal year	<u>160,281</u>
Total Calculation Basis	<u>\$ 537,126</u>
Calculation for Federal Participation Rate	
Original Economic Development Administration Funding	\$ 700,000
Local Match	<u>266,667</u>
Total Original Grant with Original Match	<u>\$ 966,667</u>
Federal Participation Rate (\$750,000/\$966,667)	72.41%
The Federal share (\$537,126 x 72.41%)	<u>\$ 388,933</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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 Northwestern Indiana Regional Planning Commission ("Commission"), which comprise the financial statements of the governmental actives and each major fund of the Commission as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Commission's financial statement, and have issued our report thereon dated May 31, 2022.

### **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) as a basis for designing 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 entity'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 the accompanying Schedule of Findings and Questioned Costs as items 2020-001, 2020-002, and 2020-003 that we consider to be material weaknesses.

### **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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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(Continued)

## Commission's Response to Findings

The Commission's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
May 31, 2022



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

The Officials of the Northwestern Indiana Regional  
Planning Commission  
Porter County, Indiana

**Report on Compliance for Each Major Federal Program**

We have audited 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 the Commission's major federal program for the year ended December 31, 2020. The Commission's major federal program is 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 the 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 its major federal program for the year ended December 31, 2020.

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(Continued)

## 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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.

### The Commission's Response to Findings

The Commission's response to the findings identified in our audit are described in the accompanying *schedule of findings and questioned costs*. 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

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
May 31, 2022

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 December 31, 2020

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**SECTION 1 – SUMMARY OF AUDITORS’ RESULTS:**

***Financial Statements***

Type of auditors report issued            Unmodified

Internal control over financial reporting

Material weakness(es) identified?              X   Yes                   No

Significant deficiencies identified not  
 considered to be material weaknesses?                   Yes              X   None Reported

Noncompliance material to financial statements  
 noted?                   Yes              X   No

***Federal Awards***

Internal control over major programs

Material weakness(es) identified?                   Yes              X   No

Significant deficiencies identified not  
 considered to be material weaknesses?                   Yes              X   None Reported

Type of auditor’s report issued on compliance for  
 major programs            Unmodified

Any audit findings disclosed that are required to  
 be reported in accordance with  
 2CFR 200.516(a)?                   Yes              X   No

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.507, 20.526	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs            \$ 750,000

Auditee qualified as low-risk auditee?                   Yes              X   No

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(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2020

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**SECTION 2 – FINDINGS RELATED TO THE FINANCIAL STATEMENTS THAT ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Finding 2020-001 – IMPROPER EXCLUSION OF PAYABLES AND RECEIVABLES (Material Weakness)**

- Criteria:** Indiana Code 5-11-1-4(a) states, "The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."
- Condition:** During testing of the financial statements, we noted that the Commission improperly excluded grant expenses that should have been recorded as a payable at December 31, 2020, and corresponding cost-reimbursable grant revenue and receivable at December 31, 2020.
- Context:** The Commission excluded \$1,276,171 of expense activity relating to 2020 incurred services and allowable grant expenses. The expenses were recorded in 2021 based on invoice dates not incurred dates. The expenses were reimbursable by funders and should be treated as receivables at December 31, 2020.
- Effect:** The result was that expenses, payables, intergovernmental revenue, and receivables, were all understated by \$1,276,171 on the fund and government wide statements. An audit adjustment was recorded on the 2020 financial statements.
- Cause:** The above condition was due to the Commission improperly using the invoice date to record payables and receivables instead of using the service/incurred date to determine payables and receivables. A significant portion related to subrecipient payments.
- Recommendation:** We recommend that management review all subsequent disbursements to year-end for proper inclusion as payables and receivables at year-end based on the service period of the expenses incurred, and whether they are subject to cost-reimbursement.
- Views of Responsible Officials:** Management concurs with this finding.

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(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2020

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**Finding 2020-002 – SEFA PREPARATION (Material Weakness)**

- Criteria:** Indiana Code 5-11-1-4(a) states, "The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."
- Condition:** During testing of the Schedule of Expenditures of Federal Awards (SEFA), we noted 1) the Commission labeled \$1,120,237 of expenditures with the wrong Assistance Listing Number (ALN). 2) We noted that the Commission understated the amount of Economic Adjustment Assistance (EAA) expenditures on the SEFA.
- Context:** The Commission receives some grants with mixed ALN funding. The Commission initially reported all funding on the mixed grants with the 20.507 ALN on the SEFA when a portion of the funding should have been reported with separate ALNs based on the funding source for each project in the grant.
- The calculation of the federal share of the EAA, ALN 11.307, was miscalculated due to the Commission using the wrong loan receivable amount at December 31, 2020 in the calculation.
- Effect:** The Commission improperly labeled \$1,120,237 of expenditures with the 20.507 ALN when \$447,664 of expenditures should have been labeled with the 20.513 ALN and \$672,573 should have been labeled with the 20.526 ALN.
- Additionally, the amount of EAA expenditures on the SEFA was understated by \$155,705.
- These types of errors could have impacted major program determination.
- Cause:** The above condition was due to an ineffective preparation and review of the SEFA. Management reviewed the SEFA but did not properly review the SEFA in detail to catch the errors described above.
- Recommendation:** We recommend that management review the SEFA to ensure all amounts are properly labeled with the correct ALN based on the funding source. Additionally, we recommend that management perform a more detailed review the EAA expenditure calculation at year-end each year.
- Views of Responsible Officials:** Management concurs with this finding.

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(Continued)

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2020

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**Finding 2020-003 – COLLECTABILITY OF RECEIVABLES (Material Weakness)**

**Criteria:** Indiana Code 5-11-1-4(a) states, "The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

**Condition:** We noted management did not have a control in place for assessing the collectability of grants receivable or loans receivable to determine an allowance for the financial statements.

**Context:** The Commission did not perform an analysis of the collectability of grants receivable or loans receivable. An audit entry was posted to remove \$115,252 of grants receivable that existed since 2018 and was deemed uncollectible.

An audit entry to record a reserve for loans receivable in the amount of \$128,076 was posted to reserve for loans estimated as uncollectible for financial statement reporting purposes.

**Effect:** Grants receivable was overstated by \$115,252 and was adjusted by reducing the receivable and increasing bad debt expense.

Net loans receivable was overstated by \$128,076 and was adjusted by increasing bad debt expense and increasing the allowance for loans receivable.

**Cause:** The above condition was due to the lack of controls in place to utilize a policy for analyzing the risk of bad debt and annually assess the collectability of grants receivable or loans receivable to determine whether the impact would be material to the financial statements.

**Recommendation:** We recommend that management review grants receivable and loans receivable for collectability at year-end and post, or adjust, the allowance as necessary.

**Views of Responsible Officials:** Management concurs with this finding.

**SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
EXIT CONFERENCE  
January 1, 2020 to December 31, 2020

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The contents of this report were discussed on May 31, 2022 with Talaya Jones, CFO, Ty Warner, Executive Director, Stephanie Kuziela, Accountant, and Justin Kiel, Chair of the Board of Commissioners.