

# 2020

NORTHWEST INDIANA  
REGIONAL DEVELOPMENT AUTHORITY

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# ANNUAL REPORT



# OUR VISION

NORTHWEST INDIANA will be the first choice in suburban Chicago for new and current residents, businesses and access to jobs.

With diverse opportunities in all areas, Northwest Indiana will be the leading area for economic growth in Indiana. We will be the best example in the nation for balancing growth with preservation, exciting and trendy urban and lakefront communities with tranquil rural areas. Northwest Indiana will be the example of what Hoosiers can be when given global opportunity.



REGIONAL DEVELOPMENT AUTHORITY

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## FROM THE CHAIRMAN AND PRESIDENT/CEO



Bill Hanna  
President and CEO

Donald P. Fesko  
Chairman of the Board

On behalf of the Board of Directors and Staff of the Northwest Indiana Regional Development Authority (RDA), we are pleased to present the 2020 annual report. This report includes the results of our fiscal 2019 audit conducted by the London Witte Group.

During its 15th year of operation, the Northwest Indiana Regional Development Authority was focused primarily on two items. One was the negotiations between the RDA, the Indiana Finance Authority, the Northern Indiana Commuter Transportation District and the Federal Transit Administra-

tion (FTA) to secure federal matching funds to the West Lake Corridor and Double Track projects. This effort bore fruit in October of 2020 when representatives of the RDA joined Governor Eric Holcomb and local, state and federal officials to sign the full funding grant agreement for the West Lake Corridor and celebrate with a ceremonial groundbreaking in Munster, Indiana.

After more than seven years of work to build support, assemble local and state funding, and finally secure federal matching dollars, we could not be more pleased at the pro-

spect of construction finally getting underway in the Spring of 2021. We are deeply grateful to RDA staff and board members – past and present – as well as all elected officials, business and civic leaders whose work and support have been invaluable in reaching this goal.

Despite not yet having a full funding grant agreement in place as of December 2020, the FTA had already committed \$99 million to the Double Track project as an advance on the amount to be provided by the federal government. The remainder was secured in early January of 2021, when a grant agreement for the full \$173 million in federal matching funds was reached.

In 2020, the second focus of the RDA was the establishment of the Transit Development Districts (TDDs). This focus was around the stations on the existing South Shore Lines as well as the proposed stations on the West Corridor extension.

Legislation passed three years ago by the Indiana General Assembly created this new tool for the RDA to use to foster development along the rail lines. Over the course of 2020, the RDA held multiple meetings with all of our partner communities along with both rail lines to begin drawing the boundaries of these districts.

More details about the TDDs are available in the following pages. It should be emphasized that all the districts are being created cooperatively and individually tailored to each South Shore community. They will provide a new and valua-

ble financial tool, which will be used to fund growth that is consistent with each community's unique vision.

In November and December of 2020, the RDA presented to the public, the first TDDs for stations in Munster, Dyer and Ogden Dunes. More public meetings will be held throughout 2021 with the goal of finalizing the majority of the TDDs by the end of the year. The RDA established a new website at [nwtidd.com](http://nwtidd.com) to share information and updates about the districts as the year progresses.

The West Lake and Double Tracking projects will expand and modernize the South Shore Line and along with it, Northwest Indiana. With the new investment, the South Shore Line will become a commuter line with fast and efficient service to and from Chicago. According to our analysis, Double Tracking and West Lake together should generate about \$2.5 billion in investment. More than \$2 billion of which will be private investment. This will include residential, commercial and professional development designed to take advantage of the proximity to transit.

We are eager to lead the area into this new frontier. For fifteen years, the RDA has striven to rebuild and expand transportation and shoreline assets that will accelerate growth. This will make Northwest Indiana the premiere place to live, work and play in Indiana. The year 2020 was a major step forward in that quest. Construction will begin in the Spring of 2021 on the largest commuter rail expansion in Indiana history. It is an exciting time and we are proud to be at the forefront. □

# THE BOARD OF DIRECTORS



**DONALD P. FESKO**

Governor's Appointment and Chairman of the Board

Donald Fesko, OD, MBA, FACHE is the President and CEO of the Community Foundation of Northwest Indiana. A doctor of optometry, Fesko also holds a Bachelor's degree in Economics from Purdue University and a Masters in Business Administration from Indiana University Northwest. He was named a Modern Healthcare Up & Comer in 2008, designated as a Fellow of the American College of Healthcare Executives (ACHE) in 2009 and was the recipient of the group's Robert S. Hudgens Award honoring the Young Healthcare Executive of the Year in 2012. Fesko is active on numerous boards and councils including the Community Cancer Research Foundation Board, the Indiana University School of Medicine Advisory Council, the Hospice of the Calumet Area Board and the Community Care Physician Network Board.



**RANDOLPH PALMATEER**

Lake County Appointment and Vice-Chairman of the Board

Randolph Palmateer is Business Manager of the Northwestern Indiana Building Trades Council. He is a 22-year veteran of the Northwest Indiana construction industry, joining the International Brotherhood of Electrical Workers Local 697 as an apprentice in 1997. He holds multiple industry certifications and an Associate's Degree in Applied Science from Ivy Tech Community College. Palmateer is active on numerous boards and commissions throughout the region, including those of South Shore Promotions, the Challenger Learning Center at Purdue Calumet, the Saint John Economic Development Commission, the Lake County Economic Alliance and the Urban League of Northwest Indiana.



**CHRIS CAMPBELL**

Porter County Appointment and Treasurer

Chris Campbell, is an executive at Centier Bank. He is president of the bank holding company and a member of Centier's Board of Directors. He serves on several nonprofit boards, including Chair of The Boys and Girls Club of Greater Northwest Indiana, the Valparaiso Economic and Development Commission and Indiana State Chamber. Campbell also is chairman of the EF Wildermuth Foundation, an organization that is dedicated to helping people with eyesight issues. He holds an undergraduate degree from Wittenberg University and an MBA from Valparaiso University.



**MILTON REED**  
East Chicago Appointment

Milton Reed Jr. is Principal of Global Consulting Solutions. Reed is an economic development and organizational cost reduction specialist with over 20 years of experience in business and economics. He received a Bachelor of Science Degree from Purdue University and is a six sigma certified Engagement Manager for strategic, technical and efficiency oriented projects. He has worked for many years leading senior managers and directors in large-scale projects from engineering concept, contractual agreement, compliance and vertical integration. Reed is a lifelong resident of Northwest Indiana, enthusiastic supporter of “The Region” and community volunteer.



**AFRICA TARVER**  
Hammond Appointment

Africa Tarver is Executive Director of Planning and Development for the City of Hammond. Ms. Tarver is a native of Hammond and received her Bachelor of Science Degree in Organization Management from Calumet College St. Joseph. She has been employed with the City since 2001 in various positions. She serves on multiple commissions and professional organizations throughout the region. Africa maintains a strong commitment to supporting the local business and non-profit communities to continuously move the region forward.



**TONY WALKER**  
Gary Appointment

Tony Walker has been a practicing attorney since 1995. He is the Chairman of The Walker Law Group, P.C.. He is a graduate of the University of Massachusetts-Amherst where he received a Bachelor of Arts degree in Social Thought and Political Economy. Walker continued his post-baccalaureate education studying political science at Clark Atlanta University and then law at DePaul University where he received a Doctor of Jurisprudence. He served as a Commissioner and as Chairman of the Supreme Court Attorney Disciplinary Commission from 2009 to 2019. He has represented the First Congressional District on the State Board of Education since 2011.



**PATRICK LYP**  
Governor’s Appointment

Patrick Lyp serves as the City Attorney for the City of Valparaiso. He earned his Bachelor’s degree in Philosophy from The Catholic University of America and his law degree from Seton Hall University. He currently serves on the Board of Directors for Opportunity Enterprises and as a board member of the Valparaiso Economic Development Corporation and Valparaiso Human Relations Committee.

## COMMUTER RAIL EXPANSION: STATUS REPORT



ON OCTOBER 28, 2020, executives and Board Members of the Northwest Indiana Regional Development Authority joined with local, state and federal representatives under a sunny Munster, Indiana sky to officially break ground on the West Lake Corridor extension of the South Shore commuter rail line.

“What a great day,” Bill Hanna, President and CEO of the RDA, said. “We are here celebrating a project that a lot of people said could not be done. This will be the most significant investment that we in Northwest Indiana have made in ourselves in decades.”

It was a morning filled with remembrances, as Hanna recalled traveling to Indianapolis with U.S. Congressman Pete Visclosky to urge – successfully, as it turned out – the then newly elected Gov. Eric Holcomb to support the project. On his part, Holcomb recalled a meeting with the Congressman more than a decade before, when Visclosky had passionately argued the West Lake case to former Gov. Mitch Daniels. And Mike Noland, President and General Manager of the South Shore, contemplated how upon taking the job six years ago, he was handed a 20-year plan that included this project, a plan that is now on course to be completed in around half that time.



While breaking ground on West Lake is, as Gov. Holcomb called it, a “momentous milestone,” it’s also just half of the commuter rail expansion picture in Northwest Indiana. The other piece, Double Track, which will fully double track the existing South Shore line from Gary to Michigan City, will have its own groundbreaking in 2021 after reaching an agreement for federal matching funds in January. Together, the two projects are expected to bring some \$2.3 billion in private investment and 6,000 jobs to Northwest Indiana over the next 20 years.

October’s groundbreaking represents the culmination of seven years of effort by the Regional Development Authority, the final piece of which fell into place in April, when the Board of Directors approved an additional \$30 million to allow funding negotiations with the Federal Transit Administration to move forward.

Earlier in the year, the design-build contract for West Lake with the F.H. Paschen Ragnar Benson Joint Venture had been finalized at \$535 million. This was slightly more than had been projected, leaving a gap of \$30 million between the costs budgeted and the local amount needed to fully fund the project. The additional money, which was placed in an escrow account to be called up if needed, provided the final piece of the local funding puzzle.

“The need to commit reserve funds for these projects has always been a real possibility,” Hanna said. “For that reason, the RDA has over its life maintained significant reserves. These funds were put in escrow, and although they might not be needed, were required in order to demonstrate to the FTA that sufficient funds are committed to the project.”

If 2020 was the year of West Lake, its sister project Double Track appears headed for its own celebration in 2021. The initiative received two infusions of cash from the FTA over the second half of 2020. First came \$50.6 million in August, then \$49.4 million in December, for a grand total of \$99 million. These funds were an advance on the \$173 million coming from the federal government once a full funding grant agreement was sealed, which was accomplished in early 2021.

“The FTA’s commitment gives confidence to investors and developers that these projects are real,” Hanna notes. “To spur development and jobs on both South Shore lines, the RDA is creating Transit Development Districts, areas around each station where we can provide funding for infrastructure improvements and incentives. These TDDs are really driven by private investment, and that has to do with confidence.”

Indeed, just weeks after the groundbreaking, development firm Saxon Partners announced plans for a \$160 million medical-focused business and technology hub in Munster. The site of the campus, the Indiana side of the Lansing County Club, is included within the proposed transit development district presented to the public by the RDA in November, and Saxon told the *Times of Northwest Indiana* that they plan to ask the Regional Development Authority to help fund infrastructure and utility work through the Transit Development District.

It’s just the beginning, Hanna says. Northwest Indiana’s connection to Chicago, the third-largest economy in the country, is about to take a quantum leap forward. □

# THE TRANSIT DEVELOPMENT DISTRICTS



IN ORDER TO ACCELERATE AND MAXIMIZE the return on the state's investment in commuter rail expansion in Northwest Indiana, the RDA was tasked with creating Transit Development Districts, or TDDs, around each South Shore station.

What is a TDD? Here are the basics:

- TDDs are defined by a contiguous boundary drawn around a station area.
- They must be no more than 0.5 square miles (about 320 acres) in area.
- They capture incremental growth in local income and property tax revenue for use in public investment related to the station area.
- Revenue collected from a district must be spent in that district. Revenues may not be shifted from one district to another.

- Two public hearings must be held before the RDA approves the TDD boundaries for review and approval by the State Budget Committee.

Over the course of 2020, the RDA engaged three consulting firms — KPMG, MKSK and Policy Analytics — to establish the boundaries of each TDD. In all phases of the process, the RDA and its team are engaged with community leadership to ensure that the TDD matches the plans and vision of the community. This is critical, because while the RDA has the ability to collect incremental property and income tax from the TDD and fund development, control over the type and extent of development is retained by the local communities.

The RDA is hosting a series of public meetings in each community to present the proposed boundaries of the district. Due to the COVID-19 pandemic, we are conducting these

events as hybrid in-person and virtual meetings. Prior to each meeting, materials explaining each district are prepared and set up in the community at a location such as the town hall. These are accompanied by comment forms and the exhibits themselves have QR codes allowing those with smartphones to take an online survey about the district.

Virtual versions of all these materials are hosted online at [www.nwitdd.com](http://www.nwitdd.com), a new website set up to keep the public informed of the progress of the TDDs. We regularly update the site to answer questions submitted via our online or in-person comment forms and also send out monthly status reports to those who provide an email address.

The meetings themselves are conducted via Zoom, with recordings on the meetings posted to the RDA's YouTube, Facebook and Twitter accounts, and uploaded to [nwitdd.com](http://nwitdd.com).

As of the end of 2020, the Regional Development Authority had conducted virtual meetings for the Munster Ridge Road station, the Munster Dyer Main Street station and the Ogden Dunes portion of the Portage Ogden Dunes station. We are now working on finalizing the boundaries based on comments received in the meetings before presenting them to our Board and the state for review and approval. We plan to have most of the Transit Development Districts completed by the end of 2021. □

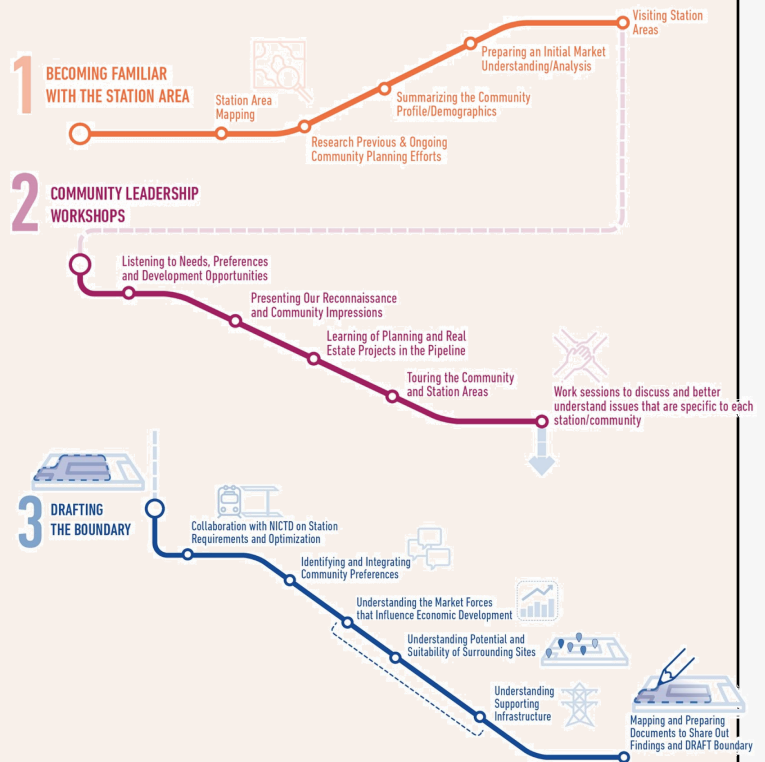
## THE TDD BOUNDARY PROCESS

**1 | BECOMING FAMILIAR WITH THE STATION AREA.** Research of previous and current planning and development efforts, demographic analysis, initial market understanding, and station area visits.

**2 | COMMUNITY LEADERSHIP WORKSHOPS.** Listening to needs, preferences, and development opportunities; discussing impressions and findings; learning of projects in the pipeline, touring the communities; and collaborative work sessions.

**3 | DRAFTING THE BOUNDARY.** Collaboration with NICTD on station requirements and optimization, integrating community preferences, understanding market forces for economic development, understanding suitability of surrounding sites, understanding supporting infrastructure, and preparing information to report out findings.

**4 | REVISING THE BOUNDARY.** Integrating community input, update and create draft TDD boundary, conduct second public engagement session.



# LOCAL CONTRACTOR AND MBE/WBE PARTICIPATION



THE BOARD OF DIRECTORS OF THE RDA has set goals of 15% minority-owned business (MBE) and 5% women owned business (WBE) participation of RDA-funded projects. We have engaged Organizational Development Solutions (ODS) to track and report on the hiring of MBEs, WBEs and local companies on our initiatives.

The results of the most recent report on MBE/WBE participation on our active projects through Q4 of 2020 are presented on the opposite page. Two important caveats about these numbers:

First, the RDA does not usually fund the entirety of a project. Typically, our funds are used to match local, federal or private dollars. This “leverage” increases the impact of our

investment and allows for projects that otherwise would not have enough money to move forward. As an example, the RDA provided a total of \$50 million for the runway expansion project at the Gary Chicago International Airport. The total cost of the project was approximately \$177 million; that other \$127 million comes from local and federal funds. The ODS report reflects only how the RDA’s investment is being utilized. It does not represent the local or MBE/ WBE participation on the project as a whole.

Second, not all companies working on RDA-funded projects have provided the requested information. The majority have, and we are grateful for how far they have gone above and beyond. The data we have requested is not something usually required and so has imposed an extra expense and

reporting burden on them. We appreciate their cooperation and we continue to work with our grantees to collect data from their contractors and subcontractors.

The RDA has also established a “buy Indiana” initiative to encourage the use of local contractors and workers on projects funded by the RDA. In order to be considered an Indiana business, a contractor must meet at least one of four criteria:

- A business whose principal place of business is located in Indiana.

- A business that pays a majority of its payroll (in dollar volume) to residents of Indiana.
- A business that employs Indiana residents as a majority of its employees.
- A business that makes “significant capital investments” in Indiana demonstrating a minimum capital investment of \$5 million or more in plan/equipment or annual lease payments of \$2.5 million or more.

As of the end of the fourth quarter of 2020, more than 72% of the contractors tracked met these criteria. ☐

PROJECT	% COMPLETED	AWARD AMOUNT	MBE EXPENDITURES	% OF GOAL	WBE EXPENDITURES	% OF GOAL
East Chicago Lakefront Phase I	96.1%	\$17,495,000	\$2,773,595	105.7%	\$884,954	101.2%
East Chicago Lakefront Phase II	97.0%	\$12,925,000	\$288,958	14.9%	\$253,510	39.2%
East Chicago Lakefront Phase III	11.7%	\$8,545,000	\$290,138	22.6%	\$22,435	5.25%
Valparaiso Chicago Dash	19.0%	\$6,847,000	\$650,178	63.3%	\$593,042	173.2%
Gary Buffington Harbor	9.0%	\$7,456,000	\$357,765	32.0%	\$491,246	131.8%
City of Gary	96.1%	\$4,500,000	\$717,164	106.3%	\$882,323	392.1%
Porter Lakefront Phase II	85.0%	\$3,915,000	\$206,624	35.2%	\$215,631	110.2%
Hobart 69th Avenue	23.5%	\$2,500,000	\$0	\$0 0.0%	\$242,964	193.4%
Porter County Airport	70.7%	\$317,197	\$109,598	230.4%	\$279,323	1761.2%

# INDEPENDENT AUDITOR'S REPORT

## **TO THE BOARD OF DIRECTORS OF NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY:**

We have audited the accompanying financial statements of the Northwest Indiana Regional Development Authority, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

## **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.

## **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating significant accounting estimates made by management as well as evaluating the overall presentation of financial statements.

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

## **OPINION**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Northwest Indiana Regional Development Authority as of December 31, 2019 and 2018, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING**

We also have audited in accordance with attestation standards established by the American Institute of Certified Public

Accountants, Northwest Indiana Regional Development Authority's internal control over financial reporting as December 31, 2019, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated August 4, 2020 expressed an unmodified opinion.

#### **OTHER MATTERS**

Government Auditing Standards require that that management's discussion and analysis information on pages 4-10 and the retirement plan schedule of proportionate share of pension liability and schedule of contributions on pages 33-34 be presented to supplement the basic financial statements. (*Note:* this material can be found in the full audit report on the RDA website, [in.gov/rda](http://in.gov/rda).)

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 the 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 additional information in accordance with government auditing standards, 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.

Management has omitted the Budgetary Comparison Schedule that is required by the Government Accounting Standards Board to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statement is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on financial statements that collectively comprise Northwest Indiana Regional Development Authority's basic financial statements. The additional information which can be found in the full audit report at [in.gov/rda](http://in.gov/rda) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

#### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with Government Auditing Standards, we have also issued our report dated August 4, 2020 on our consideration of Northwest Indiana Regional Development Authority'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 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 Northwest Indiana Regional Development Authority's internal control over financial reporting and compliance.

LWG CPAs & Advisors  
Indianapolis, Indiana

August 4, 2020

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017

The following discussion and analysis of Northwest Regional Development Authority's (the "Authority") financial performance provides an introduction and overview of the Authority's financial activities for the years ended December 31, 2019, 2018 and 2017. Please read this discussion in conjunction with the Authority's financial statements and the notes to financial statements immediately following this section.

### FINANCIAL HIGHLIGHTS

#### 2019

- Operating revenues for 2019 increased from \$17,705,907 to \$36,579,092 due to additional revenues from the Lake County Local Income Tax.
- Total expenses for 2019 increased from \$23,936,604 to \$41,301,058 due to the Authority's continued funding of rail projects.
- Non-operating revenues increased due to interest income increasing from \$553,245 to \$1,473,971 in 2019.

#### 2018

- Operating revenues for 2018 decreased from \$22,715,682 to \$17,705,907 due to inclusion of the January 2018 payment as a receivable at December 31, 2017.
- Total expenses for 2018 decreased from \$33,827,291 to \$23,936,604 due to the Authority awarding less grants in 2018.

- Non-operating revenues increased due to interest income increasing from \$428,812 to \$553,245 in 2018.

#### 2017

- Operating revenues for 2017 increased from \$17,500,000 to \$22,715,682 due to inclusion of the January 2018 payment as a receivable.
- Total expenses for 2017 increased from \$17,253,506 to \$33,827,291 due to the Authority awarding more grants in 2017.
- Non-operating revenues increased due to interest income increasing from \$366,305 to \$428,812 in 2017.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements are comprised of the Financial Statements and the Notes to the Financial Statements. In addition to the financial statements this report also presents Supplementary Information after the Notes to the Financial Statements.

The Statements of Financial Position present all the Authority's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by private-sector companies. The difference between assets and liabilities is reported as net position. The increase or decrease in net position may serve as an indicator, over time, whether the Authority's financial position is improving or deteriorating. However, the consideration of other non-financial factors such as changes within the Northwest Indiana com-



munity may be necessary in the assessment of overall financial position and health of the Authority.

The Statements of Activities present all current fiscal year revenues and expenses, regardless of when cash is received or paid, and the ensuing change in net assets.

The Statements of Cash Flows report how cash and cash equivalents were provided and used by the Authority's operating, investing, and financing activities. These statements are prepared on a cash basis and present the cash received and disbursed, the net increase or decrease in cash for the year, and the cash balance at year end.

The Notes to Financial Statements are an integral part of the financial statements; accordingly, such disclosures are essential to a full understanding of the information provided in the financial statements. The Notes to the Financial Statements begin on page 24.

In addition to the financial statements, the full 2019 audit report includes Additional Information. Required additional information begins on page 33 of that report and is related to the Authority's participating in the public Employer's Retirement Fund. The additional information continues to present the 2019 Supplemental Schedule for Supporting Services. All required additional information can be found in the full audit report on the RDA website, [in.gov/rda](http://in.gov/rda).

## **FINANCIAL ANALYSIS**

The Authority receives substantially all of its revenue from state, city and county agencies. Beginning in 2006, the fiscal officer of each city and county described in IC 36-7.5-2(b) (other than the (2) largest cities in a county described in IC 36-7.5-2-3(b)(I) (Lake County, Porter County, East Chicago, Gary, and Hammond)) shall each transfer three million five hundred thousand dollars (\$3,500,000) each year to the Authority for deposit in the Authority's fund. The RDA also collects Local Income Tax from the units in Lake County. These

amounts are restricted to be used for the West Lake Corridor project.

## **FACTORS BEARING ON THE FUTURE**

During 2018, the RDA signed a governance agreement with the Northern Indiana Commuter Transportation District ("NICTD") and the Indiana Finance Authority ("IFA"). This agreement which became effective August 31, 2018, governs the roles and responsibilities of the 3 entities regarding the planned improvements to the South Shore Line, specifically the Double Track Project and the West Lake Project. These projects are proceeding toward Federal Transit Administration funding through its Capital Improvement Grant process. The State of Indiana has appropriated for the benefit of these projects, \$30 million through State Fiscal Year ending June 30, 2019; and is committed to providing \$6 million per year toward each project for the balance of the 30-year period. It is anticipated that the RDA will issue bonds funded through its own, member dues; and that the State will separately issue debt utilizing the appropriations made by the State legislature. None of the already appropriated funds have been "allotted" to the RDA, and therefore remain in the State Treasury.

A comparative condensed summary of the Authority's net assets at December 31, 2019, 2018, and 2017 is as follows:

	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Current Assets (\$)</b>	\$101,386,254	\$85,729,333	\$81,099,195
<b>Property and equipment</b>			
Furniture & fixed assets	23,482	24,858	26,235
<b>Long-term assets</b>	<u>7,575,000</u>	<u>8,855,000</u>	<u>10,105,000</u>
<b>Total assets</b>	<u>108,984,736</u>	<u>94,609,191</u>	<u>91,230,430</u>
<b>Deferred outflow of resources</b>	<u>8,830</u>	<u>135,343</u>	<u>173,927</u>
<b>Current liabilities</b>	44,117,467	30,712,522	24,694,856
<b>Long-term liabilities</b>	<u>297,456</u>	<u>422,062</u>	<u>405,737</u>
<b>Total liabilities</b>	44,414,923	31,134,584	25,100,593
<b>Deferred inflow of resources</b>	<u>9,612,642</u>	<u>5,395,954</u>	<u>2,412,316</u>
<b>Net Position</b>	<u>54,966,001</u>	<u>58,213,996</u>	<u>63,891,448</u>

## 2019

- Long-term assets decreased by \$1,280,000 due to the Authority receiving payments from a bond anticipation note from the City of Gary.
- Current liabilities increased by \$13,404,945 from 2018 primarily due to an increase in payables related to rail projects.

## 2018

- Long-term assets decreased by \$1,250,000 due to the Authority receiving payments from a bond anticipation note from the City of Gary.
- Current liabilities increased by \$6,017,669 from 2017 primarily due to an increase in grants payable. The Authority awarded more grants than paid down in 2018.

## 2017

- Long-term assets decreased by \$1,220,000 due to the Authority receiving payments from a bond anticipation note from the City of Gary.
- Current liabilities increased by \$4,177,443 from 2016 primarily due to an increase in grants payable. The Authority awarded more grants than paid down in 2017.

	2019	2018	2017
<b>Operative revenues</b>	\$36,579,092	\$17,705,907	\$22,715,682
<b>Operating expenses</b>	<u>41,301,058</u>	<u>23,936,604</u>	<u>33,827,291</u>
<b>Operating income</b>	(4,721,966)	(6,230,697)	(11,111,609)
<b>Non-operating revenue</b>	<u>1,473,971</u>	<u>553,245</u>	<u>428,812</u>
<b>Change in net assets</b>	<u>\$(3,247,995)</u>	<u>\$(5,677,452)</u>	<u>\$(10,682,797)</u>

## 2019

- Operating revenues for 2019 increased by \$18,873,185 due to additional revenue from the Lake County Local Income Tax.
- Operating expenses for 2019 increased from 2018 by \$17,364,454 due to increased activity related to the rail projects.
- Non-operating revenue increased in 2019 due to an increase interest income.

## 2018

- Operating revenues for 2018 decreased by \$5,009,775 resulting from recording accounts receivable due for the fourth quarter of 2017.
- Operating expenses for 2018 decreased from 2017 by \$9,890,687 due to the Authority awarding less grants in 2018.
- Non-operating revenue increased in 2018 due to an increase interest income.

## 2017

- Operating revenues for 2017 increased by \$5,215,682 resulting from recording accounts receivable due for the fourth quarter of 2017.
- Operating expenses for 2017 increased from by \$16,573, 785 due to the Authority awarding more grants in 201 7.
- Non-operating revenue increased in 2017 due to an increase interest income and the Authority receiving more federal grants.

	2019	2018	2017
<b>Salaries and wages</b>	\$ 765,700	\$ 757,614	\$ 679,038
<b>Professional fees</b>	5,954,564	3,745,537	2,577,486
<b>Program services</b>	34,459,541	19,325,885	30,410,502
<b>Other</b>	<u>121,253</u>	<u>107,568</u>	<u>160,265</u>
<b>Total operating expenses</b>	\$41,301,058	\$23,936,604	\$33,827,291

## 2019

- The increase in professional fees was due to increased legal and special consultant work in 2019.
- Program services increased from the prior year due to more grants being awarded in 2019.

## 2018

- The increase in professional fees was due to increased legal and special consultant work in 2018.
- Program services decreased from the prior year due to less grants being awarded in 2018.

## 2017

- The increase in professional fees was due to increased legal and special consultant work in 2017.
- There was an increase in the amount of grants awarded in 2017 causing total operating expenses to increase by \$16,573,785.

<b>Cash from activities:</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Operating</b>	\$13,439,798	\$ 1,812,963	\$(7,295,124)
<b>Investing</b>	<u>\$2,728,771</u>	<u>\$ 1,777,930</u>	<u>\$ 452,694</u>
<b>Net change in cash</b>	\$16, 168,569	\$ 3,590,893	\$ (6,842,430)
<b>Cash:</b>			
<b>Beginning of the year</b>	<u>\$76,197,749</u>	<u>\$72,606,856</u>	<u>\$79,449,286</u>
<b>End of the year</b>	<u>\$92,366,318</u>	<u>\$76,197,749</u>	<u>\$72,606,856</u>

## 2019

- The Authority's available cash increased by \$16,168,569 as of December 31, 2019. The increase is primarily due to additional cash received from the Lake County Local Income Tax distributions.

## 2018

- The Authority's available cash increased by \$3,590,893 as of December 31, 2018. The increase is primarily due to a decrease in payments to grantees.

## 2017

- The Authority's available cash decreased by \$6,842,430 as of December 31, 2017. The decrease is primarily due to payments to grantees during 2017.

**STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2019 AND 2018**

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
<b>Current assets</b>		
Cash and cash equivalents	\$63,725,208	\$70,826,434
Restricted cash	28,641,110	5,371,315
Accounts receivable	7,687,562	8,225,678
Interest receivable	34,006	38,807
Prepaid expenses	18,368	17,099
Current portion of bond receivable	<u>1,280,000</u>	<u>1,250,000</u>
<b>TOTAL CURRENT ASSETS</b>	<u>101,386,254</u>	<u>85,729,333</u>
<b>Property and equipment</b>		
Furniture, fixtures & leasehold improvements	75,557	75,557
Accumulated depreciation	<u>(52,075)</u>	<u>(50,699)</u>
<b>TOTAL PROPERTY AND EQUIPMENT (NET)</b>	<u>23,482</u>	<u>24,858</u>
<b>Long-term assets</b>		
Bond receivable	<u>7,575,000</u>	<u>8,855,000</u>
<b>TOTAL LONG-TERM ASSETS</b>	<u>7,575,000</u>	<u>8,855,000</u>
<b>TOTAL ASSETS</b>	<u>108,984,736</u>	<u>94,609,191</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension costs	<u>8,830</u>	<u>135,343</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>8,830</u>	<u>135,343</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$20,916,313	\$ 1,446,791
Accrued vacation	51,903	50,141
Grants payable	<u>23,149,251</u>	<u>29,215,590</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>44,117,467</u>	<u>30,712,522</u>
<b>Non-current liabilities</b>		
Net pension liability	<u>297,456</u>	<u>422,062</u>
<b>TOTAL LIABILITIES</b>	<u>44,414,923</u>	<u>31,134,584</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue	9,556,203	5,371,315
Pension costs	<u>56,439</u>	<u>24,639</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>9,612,642</u>	<u>5,395,954</u>
<b>NET POSITION</b>		
Net position - unrestricted	35,914,909	58,213,996
Net position - restricted	<u>19,051,092</u>	<u>—</u>
<b>TOTAL NET POSITION</b>	<u>\$ 54,966,001</u>	<u>\$58,213,996</u>

The accompanying notes are an integral part of these statements.

**STATEMENTS OF ACTIVITIES Years Ended December 31, 2019 and 2018**

<b>UNRESTRICTED NET ASSETS</b>	<b>2019</b>	<b>2018</b>
<b>Support</b>		
Lake County Local Income Tax	\$19,051,092	\$ --
City of East Chicago	3,500,000	3,500,000
Lake County	3,500,000	3,500,000
City of Gary	3,500,000	3,500,000
City of Hammond	3,500,000	3,500,000
Porter County	3,500,000	3,500,000
Federal grants	28,000	205,907
<b>TOTAL SUPPORT</b>	<u>36,579,092</u>	<u>17,705,907</u>
 <b>EXPENSES</b>		
<b>Program services</b>		
West Lake Project	10,427,526	
NIRPC Travel Demand Study	46,993	
NICTD - Double Track	556,366	
Town of Munster 45th Avenue Alignment	4,506,894	
City of Gary Stormwater Management District	4,500,000	
Brownfield Assessment		152,582
NICTD West Lake	14,421,762	672,303
East Chicago Waterfront Phase II		8,545,000
Hobart 69th Avenue Reconstruction		2,500,000
Gary Buffington Harbor Access Road		7,456,000
<b>TOTAL PROGRAM SERVICES</b>	<u>34,459,541</u>	<u>19,325,885</u>
 <b>Supporting services</b>		
Salaries & professional services	<u>6,720,264</u>	<u>4,503,151</u>
Operating expenses	<u>119,876</u>	<u>106,191</u>
<b>TOTAL SUPPORTING SERVICES</b>	<u>6,840,140</u>	<u>4,609,342</u>
Depreciation expense	<u>1,377</u>	<u>1,377</u>
<b>TOTAL EXPENSES</b>	<u>41,301,058</u>	<u>23,936,604</u>
<b>NON-OPERATING REVENUE</b>		
Interest income	<u>1,473,971</u>	<u>553,245</u>
 <b>TOTAL NON-OPERATING REVENUE</b>	<u>1,473,971</u>	<u>553,245</u>
<b>CHANGE IN NET POSITION</b>	(3,247,995)	(5,677,452)
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>58,213,996</u>	<u>63,891,448</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$54,966,001</u>	<u>\$58,213,996</u>

The accompanying notes are an integral part of these statements.

**STATEMENTS OF CASH FLOWS Years Ended December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Fee revenue	\$ 41,302,096	\$19,688,259
Payments to grantees	(15,120,226)	(14,358,657)
Payments to suppliers and employees	<u>(12,742,072)</u>	<u>(3,516,639)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>13,439,798</u>	<u>1,812,963</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Bond payment proceeds	1,250,000	1,220,000
Investment interest income	<u>1,478,771</u>	<u>557,930</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>2,728,771</u>	<u>1,777,930</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	16,168,569	3,590,893
<b>CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>76,197,749</u>	<u>72,606,856</u>
<b>CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, END OF YEAR</b>	<u>92,366,318</u>	<u>76,197,749</u>
<b>RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income	\$ (4,721,966)	\$ (6,230,697)
Depreciation expense	1,377	1,377
Decrease (increase) in assets		
Accounts receivable	538,116	(1,006,757)
Prepaid expenses	(1,269)	(7,173)
Increase (decrease) in liabilities		
Deferred revenue	4,184,888	2,989,109
Net pension liability	33,707	49,438
Accounts payable and other accruals	19,471,284	1,050,438
Grants payable	<u>(6,066,339)</u>	<u>4,967,228</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 13,439,798</u>	<u>\$ 1,812,963</u>

*The accompanying notes are an integral part of these statements.*

## NOTES TO THE FINANCIAL STATEMENTS

### Years Ended December 31, 2019 and 2018

#### (1) Summary of significant accounting policies

**Nature of Activities** -The Northwest Indiana Regional Development Authority (the "RDA" or the "Authority") was established as a separate body corporate and politic by REA 1120-2005 which identified the board selection process, powers, duties and sources of funding. If the RDA issues bonds they are to create two funds, a general fund and a lease rental account. It specifies that the lease rental account shall always maintain a balance that is higher than the highest annual debt service and lease payment.

**Mission** - The RDA operates with the highest ethical principles to stimulate a significant rebirth in Northwest Indiana and is a catalyst in transforming the economy and quality of life in Northwest Indiana. They are guided by a set of principles directing them to be:

- BOLD in their thinking
- COLLABORATIVE when working with many groups and organizations without regards to political affiliation, race, or social status
- TRANSPARENT to the public and press as work is done
- NON-PARTISAN as we reach out to all affected parties
- EFFICIENT in use of the public's resources
- ACCOUNTABLE for their actions, now and in the future
- SOCIALLY EQUITABLE as we conduct business (internal and external) and direct the use of our resources in ways that respect the diversity of our region

The Legislative vision for the RDA from House Bill 1120 is summarized as follows:

Lake and Porter counties face unique and distinct challenges and opportunities related to transportation and economic development. A unique approach is required to fully take

advantage of the economic potential of the South Shore, Gary/Chicago Airport, and Lake Michigan shoreline. Powers and responsibilities of the RDA are appropriate and necessary to carry out the public purposes of encouraging economic development and further facilitating the provision of air, rail, and bus transportation services, project, and facilities, shoreline development projects, and economic development projects in eligible counties.

#### Power and Duties

- Assist in the coordination of local efforts concerning projects
- Assist a commuter district, airport authority, shoreline development commission and regional bus authority in coordinating regional transportation and economic development
- Fund projects identified in the article
- Fund bus services and projects related to bus services (facilities)
- May issue grants, make loans and loan guarantees, issue bonds or enter into a lease of a project
- Developed a Comprehensive Strategic Development Plan which identified the following:
  - ◇ Projects to be funded
  - ◇ Timeline and budget
  - ◇ Return on investment
  - ◇ Need for ongoing subsidy
  - ◇ Expected federal matching funds

**Financing** - The following identifies the sources of funding for the RDA:

- Riverboat admission, wagering, or incentive payments received by Lake County, Hammond, East Chicago, or Gary
- County economic development income tax received by a county or city
- Amounts from the Toll Road Authority



- Food and beverage tax (the RDA does not have the authority to impose any tax; only the right to receive income in accordance with the legislation.)
- Federal funds
- Appropriations from the general assembly
- Other revenue appropriated to the fund by a political subdivision
- Gifts, Donations or Grants
- Private Equity

**Reporting Entity** - In evaluating how to define the RDA for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic - but not only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the RDA and is generally available to its citizens.

A third criterion use to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the RDA is able to exercise oversight responsibilities. Based upon the application of these criteria, no entities have been considered to be potential component units for the purpose of defining the RDA's reporting entity.

**Non-Exchange Transactions** - Governmental Accounting Standards Board ("GASB") No. 33 defines a non-exchange transaction, as a governmental unit that gives (or receives) value without directly receiving (or giving) equal value in return. Because the RDA distributes money to local governmental units without directly receiving equal value in return, the transactions qualify as a non-exchange transaction. On an accrual basis, expenses to grantees are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the monies are required to be used or the fiscal year when use is first permitted, and revenue requirements, in which the monies are provided to the qualified agencies on a reimbursement basis. Monies requested by year end but not reimbursed until the following fiscal year are considered grants payable.

**Measurement Focus and Basis of Accounting** - The accounting principles of the Authority are based upon accounting principles generally accepted in the United States of America, as prescribed by the GASB. The Authority adopted GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments, GASB Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus and GASB Statement No. 38, Certain Financial Statement Disclosures. The primary impact of adopting these GASB statements is the presentation of net assets, which replaces the previous fund equity section of contributed capital and retained earnings, the presentation of Management's Discussion and Analysis (MD&A) as required supplementary information, and the addition of a statement of cash flows.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounts of the Authority are reported using the flow of economic resources measurement focus.

The accounting policies of the Authority are based upon accounting principles generally accepted in the United States of America, as prescribed by the GASB. The Authority uses the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. Enterprise funds may elect to apply Financial Accounting Standards Board ("FASB") pronouncements issued after November 30, 1989, provided that such standards are not in conflict with standards issued by the GASB. The Authority has elected not to apply FASB pronouncements issued after November 30, 1989.

**Management's Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

**Revenue** - The RDA receives substantially all of its support revenue from state, city and county agencies. The State of Indiana distributes to the Authority admissions tax collected from Lake County, East Chicago, Gary, and Hammond. The amount to be collected from each entity is \$3,500,000 per fiscal year. As of December 31, there could be shortfalls in admissions tax collected which is collected in the subsequent year. Porter County distributes funds to the RDA from its Local Option Income tax in the amount of \$3,500,000 per year. The RDA also collects Local Income Tax from the units in Lake County. These amounts are restricted to be used for the West Lake Corridor project.

The IC 8-15-2-14.7 provides that an appropriation made by the general assembly to the Authority may be distributed to the Authority only if all transfers required from cities and counties to the Authority under IC 36-7.5-4-2 have been made.

Revenue is ear-marked for projects recognized with the development of a Comprehensive Strategic Development Plan. Based on this plan the following projects were identified:

- Commuter Rail Transportation - Plans to extend the South Shore rail line to Lowell and Valparaiso are being reviewed.
- Lake Michigan Shoreline Development - A reinvestment strategy for the Lake Michigan shoreline to provide balance between nature, industry, restoration and redevelopment while reclaiming the shoreline for public access and projects related to the Lake Michigan Marina and Shoreline Development Commission. IC 36-7.5-2-1 identifies the types of projects eligible for RDA funding:
- Town of Porter - Indiana 49 lakeshore gateway corridor area between Interstate 94 to the Indiana Dunes State Park

**Federal Grant Funds** - The RDA is the recipient and fiscal agent of a Brownfield Revolving Loan Fund ("RLF") grant sponsored by the US Environmental Protection Agency (EPA). The grant award is \$1,400,000. The reporting requirements for this grant include quarterly progress reports which are due four times a year, within 30 days of the end of each quarter: January 31, April 30, July 31, and October 31. An annual financial report is due at the end of the year and by January 31. Once all data is assembled, the Authority's project manager submits the quarterly progress report and the annual financial report to the designated EPA project officer.

At times, the RDA receives money from federal agencies and acts as the fiscal agent responsible for distributing funds to local municipalities to leverage local matches from the RDA. The funds are drawn-down from the federal agencies only upon the grantee spending the money and requesting reimbursement. The RDA monitors the grant and the grantee and ensures that the grantee is in compliance with the eligibility on how the monies are spent. The RDA submits quarterly reports to the federal agencies. During 2019 and 2018,

the RDA received \$28,000 and \$205,907 of federal funds related to Brownfield and West Lake.

**Accounts Receivable** - Accounts receivable represent payments due to the RDA in January 2020 for amounts collected for fourth quarter of 2019. In addition, any shortfalls in admissions tax distributions during the year are included in accounts receivable. All amounts are expected to be collected.

**Prepaid Expenses** - Prepaid expenses represent payments to vendors during the current period, which will reflect costs applicable to subsequent accounting periods.

**Accounts Payable and Accrued Expenses** - The December 31 accounts payable balance relates to materials, supplies, taxes or services provided to the Authority during one calendar year, and not paid until the following calendar year. Expenses that have occurred but not invoiced through the financial statement date are considered accrued expenses.

**Accrued Vacation** - It is the policy of the Authority that unused vacation time can be carried forward. Vacation time earned but not taken is considered accrued vacation and should be paid the employee at the time services are terminated.

**Grants Payable and Other Related Accruals** - The Authority is committed to various organizations via reimbursement based grants. These payments are made when the organization has fulfilled the terms of the grant and submitted for reimbursement from the Authority. See Note 6 for further detail.

**Deferred Revenue** - Deferred revenue represents amounts received as a supplemental distribution from State of Indiana admission tax. These amounts are to assist with commuter rail transportation, specifically the West Lake Line. These funds will be recognized as revenue at such time a project is approved.

**Operating Revenue, Operating Expenses, and Non-Operating Revenue and Expenses** – The principal operating revenue of the Authority is fee revenue. Operating expenses for the Authority include contractual and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Income Tax Status** - The RDA is a quasi-government organization that operates as a separate body corporate and politic. An opinion from the Attorney General has been requested regarding the RDA's tax exempt status and Federal and State filing requirements.

**Cash and Cash Equivalents** - The RDA considers all investments with maturities of three months or less, when purchased, to be cash equivalents. Cash and cash equivalents are stated at fair value and consist of cash bank accounts. See Note 2 for further detail.

**Furniture, Fixtures, and Leasehold Improvements** - Furniture and equipment are recorded at cost less accumulated depreciation computed on the straight-line method over the estimated useful life of five to ten years. Leasehold improvements are computed on the straight-line method over the estimated useful life of three years.

**Net Position** - Net position is comprised of the net earnings from operating and non-operating revenues, expenses and capital contributions. Net position is considered restricted for the portion of revenue collected from the Lake County Local Income Tax as it is to be used for the West Lake Corridor project. The remaining net position is considered unrestricted and is available for the use of the Authority.

**Budgetary Information** - Each year, the budget is prepared on or before the first day of December on a basis consistent with generally accepted accounting principles. The budget is adopted by the Board annually and submitted to the state finance committee in January of each year for approval. The

legal level of budgetary control is at the total fund expense level.

**Staff and Payroll** - Staff salaries, other compensation, and related expenses are paid by the state budget agency and reimbursed by the RDA.

**Tuition Expense** - The agency offers an incentive for employees to further their education with a tuition reimbursement program.

**Operating Leases** -The agency has a twelve (12) month rental agreement for office space and supply reimbursement with a two year option to renew. The lease expense for the year ended December 31, 2019 was \$49,524. The RDA has chosen to renew the lease term which will expire June 30, 2020. The monthly lease amount, which is due at the beginning of each month, is \$4,185. The remaining obligation due for the rental agreement is \$24,414.

**Restricted Cash** - The agency has received funding related to a rail improvement project in Lake County that will not be completed until 2020 and beyond. The cash received is considered restricted in use for this project.

## **(2) Concentrations**

At December 31, 2019 and 2018, \$800,000 of the RDA's cash and cash equivalents was insured by the Federal Depository Insurance Corporation (FDIC), and therefore classified under Risk Category 1. The Public Deposit Insurance Fund (PDIF) was created by the Acts of 1937 in the State of Indiana to protect the public funds of the state and its political subdivisions deposited in approved financial institutions. The PDIF insures those public funds deposited in approved financial institutions which exceed the limits of coverage provided by any FDIC. The RDA has funds deposited in PDIF approved financial institutions.

At December 31, 2019 and 2018, the remaining portion of cash respectively, was covered by the PDIF and classified in Risk Category 1.

## **(3) Furniture, Fixtures, and Leasehold Improvements**

All furniture, fixtures, and leasehold improvements is depreciated using the straight-line method. Depreciation expense at December 31, 2019 and 2018 was \$1,377 and \$1,377. Furniture, fixtures, and leasehold improvements at year end consist of the following:

	<b>2019</b>	<b>2018</b>
<b>Furniture and fixtures</b>	\$37,655	\$37,655
<b>Leasehold improvements</b>	37,902	37,902
<b>Accumulated depreciation</b>	(52,075)	(50,699)
<b>Total property and eqpmnt, net</b>	\$23,482	\$24,858

## **(4) Pension plans**

The Authority contributed to the Public Employees' Retirement Fund (PERF), which is administered by INPRS as a cost-sharing, multiple-employer defined benefit plan. PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. Political subdivisions mean a county, city, town, or township, political body corporate, public school corporation, public library, public utility, of a county, city, town, or township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation. There are two tiers to PERF. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the My Choice Retirement Savings Plan for Public Employees (My Choice), formerly known as the Public Employees' Annuity Savings Account Only Plan. The Authority does not participate in My Choice.

### Significant Actuarial Assumptions

The total pension liability is determined by the INPRS actuaries in accordance with the GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g. salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g. mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

The Authority reported a liability of \$297,456 and \$422,062 as of December 31, 2019 and 2018, respectively, for its proportionate share of the net pension liability. The Authority's proportionate share of the net pension liability was based on a projection of long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019 and 2018, the Authority's proportion was 0.0000900 and 0.0000918, respectively.

For the year ended December 31, 2019 and 2018, the Authority recognized pension expense of \$108,669 and \$101,710, respectively. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Changes in proportion and differences between employer contributions and</b>		

<b>proportionate share of contributions</b>	\$877	\$10,043
<b>Differences between expected and actual expense</b>	7,877	14,060
<b>Net difference of projected and actual investment earnings</b>		32,336
<b>Changes in assumption</b>	66	
<b>Total</b>	\$8,830	\$56,439

At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Changes in proportion and differences between employer contributions and proportionate share of contributions</b>	\$23,942	\$3,150
<b>Differences between expected and actual experience</b>	8,015	328
<b>Net difference of projected and actual investment earnings</b>	66,763	21,161
<b>Changes in assumption</b>	6,777	
<b>Contribution subsequent to the measurement date</b>	29,846	
<b>Total</b>	\$135,343	\$24,639

Amortization of net deferred outflows/(inflows) are as follows:

<b>Year Ending December 31:</b>	
2020	\$(15,215)
2021	(25,627)
2022	(5,676)

2023 (1,091)  
**Total \$(47,609)**

**(5) Bond receivable**

In 2016, the RDA agreed to loan \$13,100,000 to the City of Gary, Indiana. The amount due to the Authority from the City of Gary at December 31, 2019 and 2018 was \$8,855,000 and \$10,105,000, respectively.

<b>Year Ending Dec. 31</b>	<b>Principal</b>	<b>Interest</b>
2020	1,280,000	197,814
2021	1,305,000	168,040
2022	1,340,000	137,572
2023	1,370,000	106,350
2024	1,400,000	74,444
Thereafter	2,160,000	50,128
<b>Total</b>	<b>\$8,855,000</b>	<b>\$734,348</b>

**(6) Commitments**

Effective August 31, 2018 the RDA entered into a governance agreement with NICTD and IFA for the development of the South Shore Line, specifically the Double Track and the West Lake Corridor projects. Future commitments are uncertain but projected annual debt service could range from between \$13 million to \$16 million per year, encompassing both projects.

Since the inception of the RDA, there have been contracts awarded for approved projects within Northwest Indiana. Because not all awarded contracts have been completed, the RDA has remaining commitments of \$23,149,251 at December 31, 2019 as detailed on the opposite page.

**(7) No interest security forgivable loan**

The contingent security interest acquired by the RDA under the forgivable loan program is incrementally released as the

granter complies with the grant requirements. There is no reasonable way to predict future conduct by grantees. Although there is a potential likelihood that the RDA could obtain some form of an asset at some date in the future if grantee noncompliance occurs, there is no way to predict if or when that will occur.

**(8) Subsequent events**

Subsequent events have been evaluated through August 4, 2020 which is the date the financial statements were available to be issued.

<b>Name</b>	<b>Nature of Project</b>	<b>Date Awarded</b>	<b>Initial Total Cost</b>	<b>Cost Through 12/31/19</b>	<b>Remaining Balance at 12/31/19</b>	<b>% Complete as of 12/31/19</b>
Water Filtration Plant Demolition	Shoreline Restoration	11/13/2008	\$1,980,000	\$225,000	\$1,755,000	11%
Hammond Lakes Area	Shoreline Restoration	1/8/2009	\$31,480,000	\$31,422,872	\$57,128	100%
Porter Gateway to the Dunes (Grant 2)	Shoreline Restoration	7/7/2011	\$3,915,000	\$3,345,333	\$569,667	85%
NICTD	Surface Transportation	5/7/2013	\$275,000	\$262,621	\$12,379	95%
Modem Forge	Deal Closing	9/18/2014	\$2,000,000	\$1,968,750	\$31,250	98%
Tec Air	Deal Closing	4/3/2014	\$2,450,000	\$2,446,700	\$3,300	100%
Shoreline and Demolition	Shoreline Restoration	7/18/2014	\$17,495,000	\$16,842,877	\$652,123	96%
Southlake County Community Service	Surface Transportation	1/15/2014	\$318,791	\$239,505	\$79,286	75%
Shoreline and Demolition Phase II	Shoreline Restoration	9/22/2016	\$12,935,000	\$12,490,301	\$444,699	97%
RLF Loan	Deal Closing	12/22/2014	\$160,000	\$99,213	\$60,787	62%
Valpo Chicago Dash Phase II	Surface Transportation	8/1/2017	\$6,847,000	\$1,553,531	\$5,293,469	23%
Porter County Airport	Econ. Dvlp.	2/21/2017	\$317,917	\$224,954	\$92,963	71%
East Chicago Phase III	Shoreline Restoration	6/5/2019	\$8,545,000	\$1,000,000	\$7,545,000	12%
Hobart 69th Avenue	Surface Transportation	9/5/2019	\$2,500,000	\$0	\$2,500,000	0%
Gary Buffington Harbor	Shoreline Restoration	3/7/2019	\$7,456,000	\$4,653,595	\$2,802,405	62%
City of Gary Stormwater Management District	Shoreline Restoration	9/19/2019	\$4,500,000	\$3,250,205	\$1,249,795	72%

# STAFF



## **BILL HANNA, PRESIDENT AND CHIEF EXECUTIVE OFFICER**

Bill Hanna is President and CEO of the RDA. Prior to his current assignment, Hanna was the City Manager for the City of Valparaiso for three years, the Economic Development Director for Valparaiso and Vice President of the Valparaiso Economic Development Corporation. Hanna earned his Juris Doctor from Valparaiso University, his MBA from National-Louis University in Chicago, and his Bachelor's degree in Organizational Management and Human Resources from Colorado Christian University. His military career in the U.S. Army as a paratrooper from 1995 to 1999 included membership in the Army's Official Presidential Escort and service as the Head Trainer/Guard at the Tomb of the Unknown Soldier in Washington, D.C.



## **SHERRI ZILLER, CHIEF OPERATING OFFICER**

Sherri Ziller, a lifelong resident of Northwest Indiana, was named Chief Operating Officer of the RDA in 2012, responsible for day-to-day operations, strategic planning and fiscal management of the organization. Previously she was the organization's Finance and Grants Manager. Ziller has been with the RDA since its inception in the spring of 2006 and provides leadership to our efforts to maximize the economic development and redevelopment potential throughout the region, increase job creation and develop greater connectivity to Chicago to promote new economic growth statewide. She holds a Master's degree in Education and a Bachelor's in Political Science from Purdue University Calumet.



## **JILLIAN HUBER, GRANTS MANAGER**

Jillian Huber serves as the Grants Manager for the RDA. Jillian currently oversees the financial and record-keeping aspects of the RDA grants program and all outside grants received by the RDA. She works closely with the State's internal programs to ensure accurate financial, reporting, and procedural compliance on all grants. She researches external grant opportunities, as well as helps to develop a response to applicable grant solicitations. Jillian helps to set relevant policies and provides technical assistance as required. Jillian also maintains relationships with internal and external partners, and compiles non-financial data for the preparation of reports, compliance requirements, and grant billings. Jillian holds a Master's degree in Public Administration from Capella University, and a bachelor's degree in Labor Studies from Indiana University.



## **AMY JAKUBIN, EXECUTIVE ASSISTANT**

Amy Jakubin, a resident of Crown Point, is the Executive Assistant at the RDA. She has been with the organization since 2011. Jakubin works with the President, COO, Board of Directors and staff to provide dedicated administrative support. Jakubin has a Nursing Assistant certification from South Suburban College and is pursuing a Bachelor's in Health Care Administration. Amy also serves as the RDA's Wellness Ambassador to the State of Indiana Employee Wellness Program. The program builds a culture of wellness by communicating Invest in Your Health program options to co-workers by providing constructive program feedback to the Health & Wellness Manager. Amy leads the wellness and initiative program, while striving to build a culture of wellness within the RDA.



## **DAVID WELLMAN, COMMUNICATIONS MANAGER**

David Wellman joined the RDA in 2012 as Communications Manager. A 20-year business-to-business media veteran, Wellman was previously senior writer for Building Indiana magazine. Prior to that, he held various positions ranging from assistant editor to editor-in-chief for a diverse collection of b2b publications, including Frozen Food Age, Supermarket Business and Food & Beverage Marketing. His work has also appeared in publications such as Ad Age, Convenience Store News, Tobacco Outlet Business and the Times of Northwest Indiana. He holds a Bachelor's degree in Journalism from Ohio University.