Northwest Indiana Regional Development Authority

Financial Statements
with
Additional Information

Years Ended December 31, 2020 and 2019

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

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CPAS ADVISORS

INDEPENDENT AUDITORS' 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, 2020 and 2019, 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.

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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, 2020 and 2019, 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, 2020, 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 April 28, 2021 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. 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 (page 35) 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 April 28, 2021 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

LWG CPAs & Advisors
Indianapolis, Indiana
April 28, 2021

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2020, 2019 and 2018

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, 2020, 2019 and 2018. Please read this discussion in conjunction with the Authority's financial statements and the notes to financial statements immediately following this section.

Financial Highlights

2020

- Operating revenues for 2020 decreased from $36,579,092 to $23,233,525 due to a decrease in revenues from the Lake County Local Income Tax.
- Total expenses for 2020 decreased from $41,301,058 to $13,584,784 due to less grants and less funding of rail projects.
- Non-operating revenues decreased due to interest income decreasing from $1,473,971 to $441,800 in 2020.

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.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2020, 2019 and 2018

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 community 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 14.

In addition to the financial statements, this report includes Additional Information. Required additional information begins on page 33 and is related to the Authority's participating in the public Employer's Retirement Fund. The additional information continues to present the 2020 Supplemental Schedule for Supporting Services on page 35.

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)(1) (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.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

A comparative condensed summary of the Authority's net assets at December 31, 2020, 2019, and 2018 is as follows:

	2020	2019	2018
Current assets	$ 88,002,308	$ 101,386,254	$ 85,729,333
Property and equipment			
Furniture & fixtures, net	22,124	23,482	24,858
Long-term assets	6,915,000	7,575,000	8,855,000
Total assets	94,939,432	108,984,736	94,609,191
Deferred outflows of resources	33,068	8,830	135,343
Current liabilities	17,781,758	44,117,467	30,712,522
Long-term liabilities	276,064	297,456	422,062
Total liabilities	18,057,822	44,414,923	31,134,584
Deferred inflow of resources	11,858,136	9,612,642	5,395,954
Net position	$ 65,056,542	$ 54,966,001	$ 58,213,996

2020

Long-term assets decreased by $660,000 due to the Authority receiving payments from a bond anticipation note from the City of Gary.

Current liabilities decreased by $26,335,709 from 2019 due to a decrease in accounts payable and grants payable.

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.

	2020	2019	2018
Operative revenues	$ 23,233,525	$ 36,579,092	$ 17,705,907
Operating expenses	13,584,784	41,301,058	23,936,604
Operating income	9,648,741	(4,721,966)	(6,230,697)
Non-operating revenue	441,800	1,473,971	553,245
Change in net assets	$ 10,090,541	$ (3,247,995)	$ (5,677,452)

2020

Operating revenues for 2020 decreased by $13,345,567 due to a decrease in revenue from the Lake County Local Income Tax.

Operating expenses for 2020 decreased from 2019 by $27,716,274 due to decreased activity related to the rail projects and less grants in 2020.

Non-operating revenue decreased in 2020 due to a decrease interest income.

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.

	2020	2019	2018
Salaries and wages	$ 686,365	$ 765,700	$ 757,614
Professional fees	6,608,458	5,954,564	3,745,537
Program services	6,167,812	34,459,541	19,325,885
Other	122,149	121,253	107,568
Total operating expenses	$ 13,584,784	$ 41,301,058	$ 23,936,604

2020

The increase in professional fees was due to increased legal and special consultant work in 2020. Program services decreased from the prior year due to less grants being awarded in 2020.

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.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2020, 2019 and 2018

	2020	2019	2018
Cash from activities:			
Operating	$ (13,062,019)	$ 13,439,798	$ 1,812,963
Investing	1,079,238	2,728,771	1,777,930
Net change in cash	(11,982,781)	16,168,569	3,590,893
Cash:			
Beginning of the year	92,366,318	76,197,749	72,606,856
End of the year	$ 80,383,537	$ 92,366,318	$ 76,197,749

2020

The Authority's available cash decreased by $11,982,781 as of December 31, 2020. The decrease is primarily due to less cash received from the Lake County Local Income Tax distributions.

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.

Requests for Information

This financial report is designed to provide the reader with a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Northwest Indiana Regional Development Authority's Office.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 49,422,979	$ 63,725,208
Restricted cash	30,960,559	28,641,110
Accounts receivable	6,260,475	7,687,562
Interest receivable	31,568	34,006
Prepaid expenses	21,727	18,368
Current portion of bond receivable	1,305,000	1,280,000
TOTAL CURRENT ASSETS	88,002,308	101,386,254
Property and equipment		
Furniture, fixtures & leasehold improvements	75,557	75,557
Accumulated depreciation	(53,433)	(52,075)
TOTAL PROPERTY AND EQUIPMENT (NET)	22,124	23,482
Long-term assets		
Bond receivable	6,915,000	7,575,000
TOTAL LONG-TERM ASSETS	6,915,000	7,575,000
TOTAL ASSETS	94,939,432	108,984,736
DEFERRED OUTFLOWS OF RESOURCES		
Pension costs	33,068	8,830
TOTAL DEFERRED OUTFLOWS OF RESOURCES	33,068	8,830
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	4,378,613	20,916,313
Accrued vacation	50,938	51,903
Grants payable	13,352,207	23,149,251
TOTAL CURRENT LIABILITIES	17,781,758	44,117,467
Non-current liabilities		
Net pension liability	276,064	297,456
TOTAL LIABILITIES	18,057,822	44,414,923
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	11,791,363	9,556,203
Pension costs	66,773	56,439
TOTAL DEFERRED INFLOWS OF RESOURCES	11,858,136	9,612,642
NET POSITION		
Net position - unrestricted	46,005,450	35,914,909
Net position - restricted	19,051,092	19,051,092
TOTAL NET POSITION	$ 65,056,542	$ 54,966,001

The accompanying notes are an integral part of these statements.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

	Amount 2020	Amount 2019
UNRESTRICTED NET ASSETS		
Support		
Lake County Local Income Tax	$ 5,733,525	$ 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
TOTAL SUPPORT	23,233,525	36,579,092
EXPENSES		
Program services		
West Lake Project	-	10,427,526
NIRPC Travel Demand Study	-	46,993
NICTD - Double Track	3,164,527	556,366
Town of Munster 45th Avenue Alignment	-	4,506,894
City of Gary Stormwater Mgmt District	-	4,500,000
Valpo Chicago Dash Phase II	662,279	-
Brownsfield Assessment	21,306	-
NICTD West Lake	2,319,700	14,421,762
TOTAL PROGRAM SERVICES	6,167,812	34,459,541
Supporting services		
Salaries & professional services	7,294,823	6,720,264
Operating expenses	120,792	119,876
TOTAL SUPPORTING SERVICES	7,415,615	6,840,140
Depreciation expense	1,357	1,377
TOTAL EXPENSES	13,584,784	41,301,058
NON-OPERATING REVENUE		
Interest income	441,800	1,473,971
TOTAL NON-OPERATING REVENUE	441,800	1,473,971
CHANGE IN NET POSITION	10,090,541	(3,247,995)
NET POSITION - BEGINNING OF YEAR	54,966,001	58,213,996
NET POSITION - END OF YEAR	$ 65,056,542	$ 54,966,001

The accompanying notes are an integral part of these statements.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Fee revenue	$ 26,895,772	$ 41,302,096
Payments to grantees	(10,480,629)	(15,120,226)
Payments to suppliers and employees	(29,477,162)	(12,742,072)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(13,062,019)	13,439,798
CASH FLOWS FROM INVESTING ACTIVITIES		
Bond payment proceeds	635,000	1,250,000
Investment interest income	444,238	1,478,771
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,079,238	2,728,771
NET CHANGE IN CASH AND CASH EQUIVALENTS	(11,982,781)	16,168,569
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, BEGINNING OF YEAR	92,366,318	76,197,749
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, END OF YEAR	$ 80,383,537	$ 92,366,318
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	$ 9,648,741	$ (4,721,966)
Depreciation expense	1,357	1,377
Decrease (increase) in assets		
Accounts receivable	1,427,087	538,116
Prepaid expenses	(3,359)	(1,269)
Increase (decrease) in liabilities		
Deferred revenue	2,235,160	4,184,888
Net pension liability	(35,296)	33,707
Accounts payable and other accruals	(16,538,665)	19,471,284
Grants payable	(9,797,044)	(6,066,339)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (13,062,019)	$ 13,439,798

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

(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 HEA 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

(1) Summary of significant accounting policies (cont.)

- 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.

(1) Summary of significant accounting policies (cont.)

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.

(1) Summary of significant accounting policies (cont.)

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 2020 and 2019, the RDA received $0 and $28,000 of federal funds related to Brownfield and West Lake.

(1) Summary of significant accounting policies (cont.)

Accounts Receivable – Accounts receivable represent payments due to the RDA at December 31. 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.

(1) Summary of significant accounting policies (cont.)

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, 2020 was $48,062. The RDA has chosen to renew the lease term which will expire June 30, 2021. The monthly lease amount, which is due at the beginning of each month, is $4,356. The remaining obligation due for the rental agreement is $26,136.

Restricted Cash – The agency has received funding related to a rail improvement project in Lake County. The cash received is considered restricted in use for this project.

(2) Concentrations

At December 31, 2020 and 2019, $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, 2020 and 2019, 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, 2020 and 2019 was $1,357 and $1,377. Furniture, fixtures, and leasehold improvements at year end consist of the following:

	2020	2019
Furniture and fixtures	$ 37,655	$ 37,655
Leasehold improvements	37,902	37,902
Accumulated depreciation	(53,433)	(52,075)
Total property and equipment, net	$ 22,124	$ 23,482

(4) Pension plan

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.

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with IC 5-10.2, IC 5-10.3, and IC 5-10.5. There are two (2) aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the annuity savings account (ASA) that supplements the defined benefit at retirement.

Members are required to participate in the ASA. The ASA consists of the member's contributions, set by statute at 3% of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the member's account. The employer may elect to make contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10% of their compensation into their ASA. A member's contributions and interest credits belong to the member and do not belong to the State or political subdivision.

(4) Pension plan (cont.)

Investments in the member's ASA are individually directed and controlled by plan participants who direct the investment of their account balances among eight (8) investment options, with varying degrees of risk and return potential. All contributors made to a member's account (member contribution subaccount and employer contribution subaccount) are invested as a combined total according to the member's investment elections. Members may make changes to their investment directions daily and investments are reported at fair value.

The PERF Hybrid Plan retirement consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's ASA. Pension benefits (non ASA) vest after 10 years of creditable service. The vesting period is eight years for certain elected officials. Members are immediately vested in their ASAs. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's ASA, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination may withdraw their ASAs and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the ASA. A non-vested member who terminates employment prior to retirement may withdraw his/her ASA after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.1% times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four consecutive calendar quarters. The same calendar quarter may not be included in two different groups. For PERF members who serve as an elected official, the highest one year (total of four consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to $2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100% of the benefits as described above.

A member who has reached age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89%. The amount is reduced five percentage points per year (e.g. age 58 is 84 percent) to age 50 being 44%.

(4) Pension plan (cont.)

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is $180 per month, or the actuarial equivalent.

Upon the death in service of a member with 15 or more years or creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member has been married for two or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at last 10 but not more than 14 years of creditable service.

INPRS issues a publicly available financial report that include financial statements and required supplementary information. That report may be obtained at https://www.inprs.gov. Detailed information about the Plan's fiduciary net position is included in the INPRS financial report.

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.

(4) Pension plan (cont.)

The accompanying Schedule of Contributions in the Required Supplementary Information presents trend information about the amounts contributed to the plan by employers and a non-employer contributing entity in comparison to the Actuarially Determined Contribution (ADC). The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year and the amortization of any unfunded actuarial accrued liability (or funding excess). Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by employers and plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projections of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly-hired employee, actuarial calculations will take into account the employee's entire career with the employer and also takes into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

Asset valuation date:	June 30, 2020
Liability valuation date and method:	June 30, 2019 – member census data as of June 30, 2019 was used in the valuation and adjusted 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 as of June 30, 2019 to the June 30, 2020 measurement date.
Actuarial cost method:	Entry age normal – level percent of payroll
Experience study date:	Period of five years ended June 30 , 2019
Discount rate	6.75%, includes inflation and net of investment expenses
COLA:	2020-2021, 13th check; 2022-2033 – 0.40%; 2034-2038 – 0.50%; 2039 and thereafter – 0.60%
Future salary increases, including inflation:	2.75% - 8.75%
Inflation:	2.25%
Mortality – Healthy	PubG-2010
Mortality – Disabled	PubG-2010

(4) Pension plan (cont.)

The long-term return expectation for the defined benefit retirement plan 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 the rebalancing uncorrelated asset classes.

	Target Asset Allocation	Geometric Basis Long-Term Expected Real Rate of Return 2020	2019
Public equity	22.0%	4.4%	4.9%
Private markets	14.0%	7.6%	7.0%
Fixed income - ex inflation linked	20.0%	1.9%	2.5%
Fixed income - inflation linked	7.0%	0.5%	1.3%
Commodiites	8.0%	1.6%	2.0%
Real estate	7.0%	5.8%	6.7%
Absolute return	10.0%	2.9%	2.9%
Risk parity	12.0%	5.5%	5.3%

Total pension liability for the Plan was calculated using the discount rate of 6.75%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75%). Based on those assumptions, the Plan's fiduciary net position were 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 the Plan.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

1% Decrease (5.75%)	Current (6.75%)	1% Increase (7.75%)
$ 450,078	$ 276,064	$ 130,313

(4) Pension plan (cont.)

Funding Policy

The State is obligated by statute to make contributions to the PERF Hybrid Plan or My Choice. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the Plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rate that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs including benefit costs are shared proportionately by the participating employees. During the fiscal year ended June 30, 2019, all participating employers were required to contribute 11.2% of covered payroll for members employed by the State and Political Subdivisions.

For My Choice, the State was also required to contribute 11.2% of covered payroll. In accordance with IC 5-10.3-12-24, the amount credited from the employer's contribution rate to the member's account shall not be less than three percent and not be greater than the normal cost of the fund and any amount not credited to the member's account shall be applies to the pooled assets of PERF Hybrid Plan.

The PERF Hybrid Plan and My Choice members contribute 3% of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension for PERF Hybrid Plan. For the PERF Hybrid Plan, the employer may elect to make the contributions on behalf of the member. The State pays the member's contributions on behalf of the member employed by the State that participate in My Choice. Political subdivisions may choose to pay part or all of the member's contributions on behalf of the member for My Choice. In addition, members of PERF Hybrid and My Choice may elect to make additional voluntary contributions, under certain criteria, of up to 10% of their compensation into their annuity savings accounts. Political subdivisions that participate in My Choice may elect to match voluntary contributions at a rate of 50%.

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

The Authority reported a liability of $276,064 and $297,456 as of December 31, 2020 and 2019, 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, 2020 and 2019, the Authority's proportion was 0.0000914 and 0.0000900, respectively.

(4) Pension plan (cont.)

For the year ended December 31, 2020 and 2019, the Authority recognized pension expense of $75,254 and $108,669, respectively. At December 31, 2020, 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
Changes in proportion and differences between employer contributions and proportionate share of contributions	$ 4,550	$ 5,546
Differences between expected and actual experience	4,891	3,707
Net difference of projected and actual investment earnings	23,627	-
Changes in assumption	-	57,520
Total	$ 33,068	$ 66,773

At December 31, 2019, 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
Changes in proportion and differences between employer contributions and proportionate share of contributions	$ 887	$ 10,043
Differences between expected and actual experience	7,877	14,060
Net difference of projected and actual investment earnings	-	32,336
Changes in assumption	66	-
Total	$ 8,830	$ 56,439

(4) Pension plan (cont.)

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

Year Ending December 31:	
2021	$ (30,373)
2022	(10,159)
2023	(3,209)
2024	10,036
Total	$ (33,705)

(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, 2020 and 2019 was $8,220,000 and $8,855,000, respectively. The RDA allowed the City of Gary to make its payment due in November 2020 in January 2021. This payment has been collected.

Year Ending December 31:	Principal	Interest
2021	1,950,000	263,269
2022	1,340,000	137,572
2023	1,370,000	106,350
2024	1,400,000	74,433
2025	1,435,000	41,822
Thereafter	725,000	8,306
Total	$ 8,220,000	$ 631,752

(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 $13,352,207 at December 31, 2020 as follows:

(6) Commitments (cont.)

Project Name:	Water Filtration Plant Demolition
Nature of Project:	Shoreline Restoration
Date Awarded:	11/13/2008
Initial Total Project Cost:	$1,980,000
Cost through 12-31-2020:	$225,000
Remaining Balance at 12-31-2020:	$1,755,000
Percent (%) Complete as of 12-31-2020:	11%

Project Name:	Hammond Lakes Area
Nature of Project:	Shoreline Restoration
Date Awarded:	1/8/2009
Initial Total Project Cost:	$31,480,000
Cost through 12-31-2020:	$31,422,872
Remaining Balance at 12-31-2020:	$57,128
Percent (%) Complete as of 12-31-2020:	100%

Project Name:	Porter Gateway to the Dunes (Grant 2)
Nature of Project:	Shoreline Restoration
Date Awarded:	7/7/2011
Initial Total Project Cost:	$3,915,000
Cost through 12-31-2020:	$3,345,333
Remaining Balance at 12-31-2020:	$569,667
Percent (%) Complete as of 12-31-2020:	85%

Project Name:	NICTD
Nature of Project:	Surface Transportation - Commuter Rail
Date Awarded:	5/7/2013
Initial Total Project Cost:	$275,000
Cost through 12-31-2020:	$262,621
Remaining Balance at 12-31-2020:	$12,379
Percent (%) Complete as of 12-31-2020:	95%

(6) Commitments (cont.)

Project Name:	Modern Forge
Nature of Project:	Other - Deal Closing
Date Awarded:	9/18/2014
Initial Total Project Cost:	$2,000,000
Cost through 12-31-2020:	$1,968,750
Remaining Balance at 12-31-2020:	$31,250
Percent (%) Complete as of 12-31-2020:	98%

Project Name:	Tec Air
Nature of Project:	Other - Deal Closing
Date Awarded:	4/3/2014
Initial Total Project Cost:	$2,450,000
Cost through 12-31-2020:	$2,446,700
Remaining Balance at 12-31-2020:	$3,300
Percent (%) Complete as of 12-31-2020:	100%

Project Name:	Shoreline and Demolition
Nature of Project:	Shoreline
Date Awarded:	7/18/2014
Initial Total Project Cost:	$17,495,000
Cost through 12-31-2020:	$16,842,877
Remaining Balance at 12-31-2020:	$652,123
Percent (%) Complete as of 12-31-2020:	96%

Project Name:	Southlake County Community Service
Nature of Project:	Public Transportation
Date Awarded:	1/15/2014
Initial Total Project Cost:	$318,791
Cost through 12-31-2020:	$239,505
Remaining Balance at 12-31-2020:	$79,286
Percent (%) Complete as of 12-31-2020:	75%

(6) Commitments (cont.)

Project Name:	Shoreline and Demolition Phase II
Nature of Project:	Shoreline
Date Awarded:	9/22/2016
Initial Total Project Cost:	$12,935,000
Cost through 12-31-2020:	$12,534,557
Remaining Balance at 12-31-2020:	$400,443
Percent (%) Complete as of 12-31-2020:	97%

Project Name:	RLF Loan
Nature of Project:	Other - Deal Closing
Date Awarded:	12/22/2014
Initial Total Project Cost:	$160,000
Cost through 12-31-2020:	$99,213
Remaining Balance at 12-31-2020:	$60,787
Percent (%) Complete as of 12-31-2020:	62%

Project Name:	Valpo Chicago Dash Phase II
Nature of Project:	ChicaGo Dash - Commuter Bus Service
Date Awarded:	8/1/2017
Initial Total Project Cost:	$6,847,000
Cost through 12-31-2020:	$2,175,000
Remaining Balance at 12-31-2020:	$4,672,000
Percent (%) Complete as of 12-31-2020:	32%

Project Name:	Porter County Airport
Nature of Project:	Taxiway Connecter Pavements
Date Awarded:	2/21/2017
Initial Total Project Cost:	$317,917
Cost through 12-31-2020:	$224,954
Remaining Balance at 12-31-2020:	$92,963
Percent (%) Complete as of 12-31-2020:	71%

(6) Commitments (cont.)

Project Name:	East Chicago Phase III
Nature of Project:	Shoreline
Date Awarded:	6/5/2019
Initial Total Project Cost:	$8,545,000
Cost through 12-31-2020:	$5,008,653
Remaining Balance at 12-31-2020:	$3,536,347
Percent (%) Complete as of 12-31-2020:	59%

Project Name:	Hobart 69th Avenue
Nature of Project:	Road Reconstruction
Date Awarded:	9/5/2019
Initial Total Project Cost:	$2,500,000
Cost through 12-31-2020:	$1,587,329
Remaining Balance at 12-31-2020:	$912,671
Percent (%) Complete as of 12-31-2020:	63%

Project Name:	Gary Buffington Harbor
Nature of Project:	Access Harbor
Date Awarded:	3/7/2019
Initial Total Project Cost:	$7,456,000
Cost through 12-31-2020:	$6,939,137
Remaining Balance at 12-31-2020:	$516,863
Percent (%) Complete as of 12-31-2020:	93%

(7) No interest security forgivable loan

The contingent security interest acquired by the RDA under the forgivable loan program is incrementally released as the grantor 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 April 28, 2021, which is the date the financial statements were available to be issued.

REQUIRED
ADDITIONAL INFORMATION

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

Retirement Plan Schedule of Proportionate Share of Pension Liability

	2020	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability	0.0000914	0.0000900	0.0000915	0.0000946	0.0000894	0.0000840	0.0000854	0.0000725
Authority's proportionate share of the net pension liability	$ 276,064	$ 297,456	$ 310,830	$ 422,062	$ 405,737	$ 342,124	$ 224,426	$ 248,318
Authority's covered-employee payroll	493,528	469,071	466,715	469,240	428,435	402,211	416,765	348,263
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.9%	63.4%	66.6%	89.9%	94.7%	85.1%	53.8%	71.3%
Plan fiduciary net position as a percentage of the total pension liability	81.4%	80.1%	78.9%	76.6%	75.3%	77.3%	84.3%	78.8%

* The effort and cost to re-create financial information for 10 years was not practical. The amounts presented are as of the fiscal year end of the plan, June 30.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

Retirement Plan Schedule of Contributions

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	$ 55,275	$ 52,536	$ 52,272	$ 52,555	$ 47,985	$ 45,048	$ 46,678	$ 39,005
Contributions in relation to the statutorily required contribution	55,275	52,536	52,272	52,555	47,985	45,048	46,678	39,005
Deficit (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 493,528	$ 469,071	$ 466,715	$ 469,240	$ 428,435	$ 402,211	$ 416,765	$ 348,263
Contributions as a percentage of covered-employee payroll	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%

* The effort and cost to re-create financial information for 10 years was not practical. The amounts presented are as of the fiscal year end of the plan, June 30.

ADDITIONAL INFORMATION

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

Supplemental Schedule for Supporting Services

For the Years Ended December 31, 2020 and 2019

		2020		2019
Accounting	$	32,835	$	38,170
Federal/State/Compliance consultant		260,375		208,352
Financial advisor		383,671		326,092
Legal		96,105		96,296
Public awareness and education		17,995		24,415
Rail project consultants		3,709,335		2,979,171
Salaries and related personnel costs		686,365		765,700
Special consultant		1,308,852		2,282,068
Transit Development District Planning		799,290		0
Total Salaries and Professional Services		7,294,823		6,720,264

Operating Expenses

		2020		2019
Bank charges		2,706		263
Bad debt		14,599		-
Communication		7,256		-
Insurance		22,496		19,824
Meals and entertainment		2,414		6,302
Office supplies		1,983		4,809
Postage		257		607
Rent		48,062		54,893
Telephone and fax services		3,632		4,637
Travel		8,441		20,534
Tuition reimbursement		8,946		8,007
Total Operating Expenses		120,792		119,876
Total Supporting Services Expenses	$	7,415,615	$	6,840,140

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Northwest Indiana Regional Development Authority

Report on Internal Control over Financial Reporting

We have audited Northwest Indiana Regional Development Authority's internal control over financial reporting as of December 31, 2020, based on criteria established in the Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's Responsibility for Internal Control over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting as described in its report on the same.

Auditors' Responsibility

Our responsibility is to express an opinion on the entity's internal control over financial reporting based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgement, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

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

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (*1*) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (*2*) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (*3*) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, Northwest Indiana Regional Development Authority, maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in the Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Report on Financial Statements

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Northwest Indiana Regional Development Authority, and our report dated April 28, 2021 expressed an unmodified opinion.

LWG CPAs & Advisors

LWG CPAs & Advisors
Indianapolis, Indiana
April 28, 2021

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

The Governing Body
Northwest Indiana Regional Development Authority

We have audited, 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, the financial statements of of Northwest Indiana Regional Development Authority as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Northwest Indiana Regional Development Authority's basic financial statements, and have issued our report thereon dated April 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northwest Indiana Regional Development Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northwest Indiana Regional Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Northwest Indiana Regional Development Authority'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northwest Indiana Regional Development Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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.

Report on Internal Control over Financial Reporting

In addition to the audit of the financial statements of Northwest Indiana Regional Development Authority as of and for the year ended December 31, 2020, and the related notes to the financial statements, we were also engaged to perform an audit of internal control. We have issued our opinion on internal control in our report dated April 28, 2021.

LWG CPAs & Advisors

LWG CPAs & Advisors
Indianapolis, Indiana
April 28, 2021

CPAS ▲ ADVISORS

April 28, 2021

Board of Directors
Northwest Indiana Regional Development Authority
9800 Connecticut Drive
Crown Point, IN 46307

We have audited the financial statements of the Northwest Indiana Regional Development Authority for the year ended December 31, 2020 and have issued our report thereon dated April 28, 2021. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States and *Government Auditing Standards*

As communicated in our engagement letter dated February 16, 2018, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility as prescribed by professional standards, is to plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial statement. Accordingly, as part of our audit, we considered the internal control of the Northwest Indiana Regional Development Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. In addition, as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we assessed the risk that noncompliance with certain provisions of laws, regulations, contracts, and grants could cause the financial statements to be materially misstated. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding significant control deficiencies and other matters noted during our audit in a separate letter to you dated April 28, 2021.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Northwest Indiana Regional Development Authority is included in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the Northwest Indiana Regional Development Authority's financial statements or the auditor's report. We are pleased to report that no such disagreement arose during the course of our audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the attached letter dated April 28, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultation with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the Northwest Indiana Regional Development Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted on a condition to our retention as Northwest Indiana Regional Development Authority' auditors.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This information is intended solely for the use of the board of directors and management of the Northwest Indiana Regional Development Authority, and is not intended to be and should not be used by anyone other than these specified parties.

LWG CPAs & Advisors

LWG CPAs & Advisors
Indianapolis, Indiana
April 28, 2021