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May 26, 2022

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

We have reviewed the audit report of the Northwest Indiana Regional Development Authority, which was opined upon by LWG CPAs & Advisors, Independent Public Accountants, for the period January 1, 2021 to December 31, 2021. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Northwest Indiana Regional Development Authority as of December 31, 2021, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding included in the report on page 35.

In our opinion, LWG CPAs & Advisors prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

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

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

Tammy R. White, CPA
Deputy State Examiner

Northwest Indiana Regional Development
Authority

Financial Statements
with
Additional Information

Years Ended December 31, 2021 and 2020

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Northwest Indiana Regional Development Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Northwest Indiana Regional Development Authority, as of and for the year ended December 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise Northwest Indiana Regional Development Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of Northwest Indiana Regional Development Authority, as of December 31, 2021 and 2020 and the related statements of activities and changes in net position, and cash flows, for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northwest Indiana Regional Development Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Northwest Indiana Regional Development Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest Indiana Regional Development Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest Indiana Regional Development Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10 and the retirement plan schedule of proportionate share of pension liability and schedule of contributions on pages 29-30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an

opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the budgetary comparison information that accounting principles generally accepted in the United States of America require 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 opinions on the basic financial statements are not affected by this missing information

Report on Internal Control over Financial Reporting

We also have audited, in accordance with auditing standards generally accepted in the United States of America, Northwest Indiana Regional Development Authority's internal control over financial reporting as of December 31, 2021, 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 25, 2022 expressed an unmodified opinion.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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

April 25, 2022

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2021, 2020 and 2019

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, 2021, 2020 and 2019. Please read this discussion in conjunction with the Authority's financial statements and the notes to financial statements immediately following this section.

There was a restatement of the Statement of Financial Position and the Statement of Activities resulting from amounts paid of \$662,279 for the Valpo Chicago Dash Phase II grant. For the year ended December 31, 2020, this amount was expensed. This amount should have offset the grant payable amount due for the project. The result of the restatement was an increase in net position of \$662,279 due to a decrease in expense for the year ended December 31, 2020. The following analysis includes the effects of this adjustment.

Financial Highlights

2021

- Operating revenues for 2021 increased from \$23,233,525 to \$23,369,049 due to an increase in revenues from the Lake County Local Income Tax.
- Total expenses for 2021 decreased from \$12,922,505 to \$5,712,355 due to less grants and less expenses associated with rail projects.
- Non-operating revenues increased due to interest income increasing from \$441,800 to \$457,240 in 2021.

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 \$12,922,505 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. This resulted from a change in the statute in 2019 which required the Lake County Auditor to transfer local income tax revenues, which had been collected over the period from 2014 through 2019 and dedicated to the West Lake Corridor rail project to be transferred to the RDA by the end of 2019.
- 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.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2021, 2020 and 2019

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 29 and is related to the Authority's participating in the public Employer's Retirement Fund. The additional information continues to present the 2021 Supplemental Schedule for Supporting Services on page 31.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2021, 2020 and 2019

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 receives Local Income Tax revenue collected by the State and distributed to the RDA by the State Auditor (IC 6-3.6-9-5) which is derived from the governmental 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 commuter rail, South Shore Line, specifically the Double Track Project and the West Lake Project. These projects have been approved for funding by Federal Transit Administration at an approximate total of \$1.3 billion (not to include financing costs) through its Capital Improvement Grant process and work is proceeding on both. The State and Local funding for the two commuter rail projects is coming from the RDA in the form of loan proceeds and cash funding and from the State of Indiana making cash commitments. The RDA is in the process of completing two loans with the federal Build America Bureau for a total of \$249.9 million for the two projects and will fund the debt service through its own, member dues over an approximate 30-year term. The State of Indiana through various appropriations and cash funding has committed \$278.9 million for these projects.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2021, 2020 and 2019

A comparative condensed summary of the Authority's net assets at December 31, 2021, 2020, and 2019 is as follows:

	2021	2020	2019
Current assets	\$ 104,629,296	\$ 88,002,308	\$ 101,386,254
Property and equipment			
Furniture & fixtures, net	20,865	22,124	23,482
Long-term assets	<u>4,930,000</u>	<u>6,915,000</u>	<u>7,575,000</u>
Total assets	<u>109,580,161</u>	<u>94,939,432</u>	<u>108,984,736</u>
Deferred outflows of resources	<u>63,689</u>	<u>33,068</u>	<u>8,830</u>
Current liabilities	8,795,099	17,119,479	44,117,467
Long-term liabilities	<u>16,826,171</u>	<u>12,067,427</u>	<u>9,853,659</u>
Total liabilities	<u>25,621,270</u>	<u>29,186,906</u>	<u>53,971,126</u>
Deferred inflow of resources	<u>189,825</u>	<u>66,773</u>	<u>56,439</u>
Net position	<u>\$ 83,832,755</u>	<u>\$ 65,718,821</u>	<u>\$ 54,966,001</u>

2021

Long-term assets decreased by \$1,985,000 due to the Authority receiving payments from a bond anticipation note from the City of Gary.

Current liabilities decreased by \$8,324,380 from 2020 due to a decrease in accounts payable and grants payable.

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 \$26,997,988 from 2019 due to a decrease in accounts payable and grants payable.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2021, 2020 and 2019

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.

	2021	2020	2019
Operative revenues	\$ 23,369,049	\$ 23,233,525	\$ 36,579,092
Operating expenses	<u>5,712,355</u>	<u>12,922,505</u>	<u>41,301,058</u>
Operating income	17,656,694	10,311,020	(4,721,966)
 Non-operating revenue	 <u>457,240</u>	 <u>441,800</u>	 <u>1,473,971</u>
 Change in net assets	 <u>\$ 18,113,934</u>	 <u>\$ 10,752,820</u>	 <u>\$ (3,247,995)</u>

2021

Operating revenues for 2021 increased by \$135,524 due to an increase in revenue from the Lake County Local Income Tax.

Operating expenses for 2021 decreased from 2020 by \$7,210,150 due to decreased activity related to the rail projects and less grants in 2021.

Non-operating revenue increased in 2021 due to an increase interest income.

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 \$28,378,553 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.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2021, 2020 and 2019

2019

Operating revenues for 2019 increased by \$18,873,185 due to additional revenue from the Lake County Local Income Tax, resulting from a change in the State statute.

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.

	2021	2020	2019
Salaries and wages	\$ 634,627	\$ 686,365	\$ 757,614
Professional fees	4,974,192	6,608,458	3,745,537
Program services	-	5,505,533	19,325,885
Other	<u>103,536</u>	<u>122,149</u>	<u>107,568</u>
 Total operating expenses	 <u>\$ 5,712,355</u>	 <u>\$ 12,922,505</u>	 <u>\$ 23,936,604</u>

2021

The decrease in professional fees was due to decreased professional fees in 2021. Program services decreased from the prior year due to no grants being awarded in 2021.

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.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
Cash from activities:			
Operating	\$ 14,191,672	\$ (13,062,019)	\$ 13,439,798
Investing	<u>2,414,729</u>	<u>1,079,239</u>	<u>2,728,771</u>
Net change in cash	16,606,401	(11,982,780)	16,168,569
Cash:			
Beginning of the year	<u>80,383,538</u>	<u>92,366,318</u>	<u>76,197,749</u>
End of the year	<u>\$ 96,989,939</u>	<u>\$ 80,383,538</u>	<u>\$ 92,366,318</u>

2021

The Authority's available cash increased by \$16,606,401 as of December 31, 2021. The increase is primarily due to less cash expended for grants payable and payments to outside professionals/consultants.

2020

The Authority's available cash decreased by \$11,982,780 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.

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, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 61,053,361	\$ 49,422,979
Restricted cash	35,936,578	30,960,559
Accounts receivable	6,251,227	6,260,475
Interest receivable	24,079	31,568
Prepaid expenses	24,051	21,727
Current portion of bond receivable	1,340,000	1,305,000
TOTAL CURRENT ASSETS	<u>104,629,296</u>	<u>88,002,308</u>
Property and equipment		
Furniture, fixtures & leasehold improvements	75,557	75,557
Accumulated depreciation	(54,692)	(53,433)
TOTAL PROPERTY AND EQUIPMENT (NET)	<u>20,865</u>	<u>22,124</u>
Long-term assets		
Bond receivable	4,930,000	6,915,000
TOTAL LONG-TERM ASSETS	<u>4,930,000</u>	<u>6,915,000</u>
TOTAL ASSETS	<u>109,580,161</u>	<u>94,939,432</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension costs	63,689	33,068
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>63,689</u>	<u>33,068</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	1,053,071	4,378,613
Accrued vacation	36,189	50,938
Grants payable	7,705,839	12,689,928
TOTAL CURRENT LIABILITIES	<u>8,795,099</u>	<u>17,119,479</u>
Non-current liabilities		
Net pension liability	113,163	276,064
West Lake operating escrow	16,713,008	11,791,363
TOTAL NON-CURRENT LIABILITIES	<u>16,826,171</u>	<u>12,067,427</u>
TOTAL LIABILITIES	<u>25,621,270</u>	<u>29,186,906</u>
DEFERRED INFLOWS OF RESOURCES		
Pension costs	189,825	66,773
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>189,825</u>	<u>66,773</u>
NET POSITION		
Net position - unrestricted	64,781,663	46,667,729
Net position - restricted	19,051,092	19,051,092
TOTAL NET POSITION	<u>\$ 83,832,755</u>	<u>\$ 65,718,821</u>

The accompanying notes are an integral part of these statements.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

STATEMENTS OF ACTIVITIES Years Ended December 31, 2021 and 2020

	Amount	
	2021	Restated 2020
UNRESTRICTED NET ASSETS		
Support		
Lake County Local Income Tax	\$ 5,869,049	\$ 5,733,525
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
TOTAL SUPPORT	23,369,049	23,233,525
EXPENSES		
Program services		
NICTD - Double Track	-	3,164,527
Brownsfield Assessment	-	21,306
NICTD West Lake	-	2,319,700
TOTAL PROGRAM SERVICES	-	5,505,533
Supporting services		
Salaries & professional services	5,608,819	7,294,823
Operating expenses	102,277	120,792
TOTAL SUPPORTING SERVICES	5,711,096	7,415,615
Depreciation expense	1,259	1,357
TOTAL EXPENSES	5,712,355	12,922,505
NON-OPERATING REVENUE		
Interest income	457,240	441,800
TOTAL NON-OPERATING REVENUE	457,240	441,800
CHANGE IN NET POSITION	18,113,934	10,752,820
NET POSITION - BEGINNING OF YEAR	65,718,821	54,966,001
NET POSITION - END OF YEAR	\$ 83,832,755	\$ 65,718,821

The accompanying notes are an integral part of these statements.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

STATEMENTS OF CASH FLOWS Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Fee revenue	\$ 28,299,942	\$ 26,895,772
Payments to grantees	(4,984,089)	(10,480,629)
Payments to suppliers and employees	(9,124,181)	(29,477,162)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>14,191,672</u>	<u>(13,062,019)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Bond payment proceeds	1,950,000	635,000
Investment interest income	464,729	444,239
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>2,414,729</u>	<u>1,079,239</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	16,606,401	(11,982,780)
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>80,383,538</u>	<u>92,366,318</u>
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 96,989,939</u>	<u>\$ 80,383,538</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	\$ 17,656,694	\$ 10,311,020
Depreciation expense	1,259	1,357
Decrease (increase) in assets		
Accounts receivable	9,248	1,427,087
Prepaid expenses	(2,324)	(3,359)
Increase (decrease) in liabilities		
West Lake operating escrow	4,921,645	2,235,160
Net pension liability	(70,470)	(35,296)
Accounts payable and other accruals	(3,340,291)	(16,538,665)
Grants payable	(4,984,089)	(10,459,323)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 14,191,672</u>	<u>\$ (13,062,019)</u>

The accompanying notes are an integral part of these statements.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

(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

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2021 and 2020

(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 used 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.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

(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.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2021 and 2020

(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 receives Local Income Tax due to governmental units in Lake County, but collected by the State and transferred to the RDA. 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 2021 and 2020, the RDA received \$0 and \$0 of federal funds related to Brownfield and West Lake.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2021 and 2020

(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.

West Lake Operating Escrow – Under the Governance Agreement, the RDA has committed to escrow revenues received from the State of Indiana per IC 6-3.1-20-7 and IC 36-4.5-4-2 for the purpose of defraying the West Lake rail project's annual operating deficits at such time the project becomes operational. The project is expected to achieve revenue service sometime in 2025.

Operating Revenue, Operating Expenses, and Non-Operating Revenue and Expenses – The principal operating revenue of the Authority derives from gaming or admissions taxes collected by and transferred to the RDA by the State of Indiana. Secondly the Authority receives local income tax revenue which under State law (IC 6-3.6-9-5) is a fixed percentage of local income tax owing to the specified governmental units in Lake County but collected by the State and transferred directly to the RDA on a monthly basis. 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.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2021 and 2020

(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, 2022. 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, 2021 and 2020, \$750,000 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, 2021 and 2020, the remaining portion of cash respectively, was covered by the PDIF and classified in Risk Category 1.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

(3) Furniture, Fixtures, and Leasehold Improvements

All furniture, fixtures, and leasehold improvements is depreciated using the straight-line method. Depreciation expense at December 31, 2021 and 2020 was \$1,259 and \$1,357. 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	(54,692)	(53,433)
Total property and equipment, net	\$ 20,865	\$ 22,124

(4) Pension plan

Plan Description

The RDA is a participating employer of the Public Employees' Hybrid plan (PERF Hybrid), and its employees are participating members. PERF Hybrid is part of the Public Employees' Retirement Fund (PERF) and consists of two components: the Public Employees' Defined Benefit Account (PERF DB), the monthly employer-funded defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account (PERF DC), a member-funded account. PERF Hybrid is administered by the Indiana Public Retirement System (INPRS). INPRS issues a publicly available financial report, including PERF Hybrid, that may be obtained at <http://www.inprs.in.gov/>.

Public Employees' Defined Benefit Account

PERF DB is a cost-sharing, multiple employer defined benefit fund providing retirement, disability, and survivor benefits to full-time employees of the State not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the fund is generally in accordance with IC 5-10.2, IC 5-10.3, IC 5-10.5, 35 IAC 1.2, and other Indiana pension law.

Eligibility for Pension Benefit Payment

Full Retirement Benefit: A member is entitled to a full retirement benefit at 1) at age 65 with at least 10 years of creditable service (eight years for certain elected officials), 2) at age 60 with at least 15 years of creditable service, 3) at age 55 if age and creditable service total at least 85, 4) at age 55 with 20 years of creditable service and active as an elected official in the PERF-covered position, or 5) at age 70 with 20 years of creditable service and still active in the PERF-covered position.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

(4) Pension plan (cont.)

Early Retirement Benefit: A member is entitled to an early retirement benefit at age 50 and a minimum of 15 years of creditable service. The benefit is 44% of full benefits at age 50, increasing 5% per year up to 89% at age 59.

Disability Benefit: An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of disability.

Survivor Benefit: If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death. If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment.

Contribution Rates

Contributions are determined by the INPRS Board and are based on a percentage of covered payroll. If determined to be necessary by the actuaries of INPRS, the INPRS Board updates the percentage of covered payroll annually effective July 1. Employers currently contribute 11.2% of covered payroll. No member contributions are required.

Benefit Formula and Postretirement Benefit Adjustment

The lifetime annual benefit equals years of creditable service multiplied by the average highest five-year annual salary multiplied by 1.1% (minimum of \$180 per month). Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12.4 and administered by the INPRS Board.

Public Employees' Defined Contribution Account

PERF DC is a multiple-employer defined contribution fund providing retirement benefits to full-time employees of the State not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the account is generally in accordance with IC 5-10.2, IC 5-10.3, 35 IAC 1.2, and other Indiana pension law.

Contribution Rates

Member contributions under PERF DC are set by statute and the INPRS Board at 3% of covered payroll. The employer may choose to make these contributions on behalf of the member. The Board made no contributions to PERF DC for the year ended June 30, 2021. Under certain limitations, voluntary post-tax member contributions up to 10% of compensation can be made solely by the member.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

(4) Pension plan (cont.)

Benefit Terms

Members (or their beneficiaries) are entitled to the sum total of contributions plus earnings 30 days after separation from employment (retirement, termination, disability, or death) or upon providing proof of the member's qualification for Social Security disability benefits. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity. PERF DC members are 100% vested in their account balance.

Significant Actuarial Assumptions

The total pension liability is determined using an actuarial valuation performed by the actuaries of INPRS, which involves estimates of the value of reported amounts (e.g., salaries, credited service, etc.) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations, etc.). Actuarially determined amounts are subject to review and modifications, as actual results are compared with past expectations and new estimates are developed.

Key methods, assumptions, and dates of experience studies used in calculating the total pension liability in the latest actuarial valuation are included in the publicly available financial report published by INPRS. In addition, the INPRS financial report includes a target asset allocation and geometric real rates of return expected to be realized in calculating the total pension liability, as well as how those rates of return were determined.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of the Plan calculated using the discount rate of 6.25 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.25 percent), or one percentage point higher (7.25 percent) than the current rate:

1% Decrease <u>(5.75%)</u>	Current <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
\$ 295,971	\$ 113,163	\$ (39,323)

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

At December 31, 2021 and 2020, the RDA reported a liability of \$113,163 and \$276,064, respectively, for its proportionate share of the net pension liability. The RDA's proportionate share of the net pension liability was based on the RDA's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the December 31, 2021 and 2020, measurement dates was 0.000086 and 0.0000914, respectively.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2021 and 2020

(4) Pension plan (cont.)

For the years ended December 31, 2021 and 2020, the RDA recognized pension expense of \$70,470 and \$75,254, respectively. At December 31, 2021 and 2020, the RDA reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
As of December 31, 2021		
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 2,897	\$ 15,214
Differences between expected and actual experience	3,870	2,260
Net difference of projected and actual investment earnings	-	146,932
Changes in assumption	56,922	25,419
Total	<u>\$ 63,689</u>	<u>\$ 189,825</u>
As of December 31, 2020		
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	<u>\$ 33,068</u>	<u>\$ 66,773</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

(4) Pension plan (cont.)

Year Ending December 31:

2021	\$	(35,615)
2022		(29,019)
2023		(19,501)
2024		(42,001)
Total	\$	(126,136)

(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, 2021 and 2020 was \$6,270,000 and \$8,220,000, respectively.

Year Ending December 31:		Principal		Interest
2022	\$	1,340,000	\$	137,572
2023		1,370,000		106,350
2024		1,400,000		74,433
2025		1,435,000		41,822
2026		725,000		8,306
Total	\$	6,270,000	\$	368,483

(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 \$7,705,839 at December 31, 2021 as follows:

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2021 and 2020

(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 12-31-2021:	\$225,000
Remaining Balance at 12-31-2021:	\$1,755,000
Percent (%) Complete as of 12-31-2021:	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 12-31-2021:	\$31,422,872
Remaining Balance at 12-31-2021:	\$57,128
Percent (%) Complete as of 12-31-2021:	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 12-31-2021:	\$3,345,333
Remaining Balance at 12-31-2021:	\$569,667
Percent (%) Complete as of 12-31-2021:	85%

Project Name:	NICTD
Nature of Project:	Surface Transportation - Commuter Rail
Date Awarded:	5/7/2013
Initial Total Project Cost:	\$275,000
Cost through 12-31-2021:	\$262,621
Remaining Balance at 12-31-2021:	\$12,379
Percent (%) Complete as of 12-31-2021:	95%

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2021 and 2020

(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 12-31-2021:	\$1,968,750
Remaining Balance at 12-31-2021:	\$31,250
Percent (%) Complete as of 12-31-2021:	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 12-31-2021:	\$2,446,700
Remaining Balance at 12-31-2021:	\$3,300
Percent (%) Complete as of 12-31-2021:	100%

Project Name:	Shoreline and Demolition
Nature of Project:	Shoreline
Date Awarded:	7/18/2014
Initial Total Project Cost:	\$17,495,000
Cost through 12-31-2021:	\$16,842,877
Remaining Balance at 12-31-2021:	\$652,123
Percent (%) Complete as of 12-31-2021:	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 12-31-2021:	\$257,712
Remaining Balance at 12-31-2021:	\$61,079
Percent (%) Complete as of 12-31-2021:	81%

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2021 and 2020

(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 12-31-2021:	\$12,534,557
Remaining Balance at 12-31-2021:	\$400,443
Percent (%) Complete as of 12-31-2021:	97%

Project Name:	RLF Loan
Nature of Project:	Other - Deal Closing
Date Awarded:	12/22/2014
Initial Total Project Cost:	\$160,000
Cost through 12-31-2021:	\$99,213
Remaining Balance at 12-31-2021:	\$60,787
Percent (%) Complete as of 12-31-2021:	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 12-31-2021:	\$2,837,280
Remaining Balance at 12-31-2021:	\$4,009,720
Percent (%) Complete as of 12-31-2021:	41%

Project Name:	Porter County Airport
Nature of Project:	Taxiway Connector Pavements
Date Awarded:	2/21/2017
Initial Total Project Cost:	\$317,917
Cost through 12-31-2021:	\$224,954
Remaining Balance at 12-31-2021:	\$92,963
Percent (%) Complete as of 12-31-2021:	71%

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2021 and 2020

(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) Prior period adjustment

The RDA restated the Statement of Activities for the year ended December 31, 2020. An amount of \$662,279 that was paid to the Valpo Chicago Dash Phase II grant was previously recorded as an expense. This amount should have been recorded against the grant payable. This change decreased expenses and increased net position \$662,279 for the year ended December 31, 2020.

(9) Subsequent events

Subsequent events have been evaluated through April 25, 2022, 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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's proportion of the net pension liability	0.0000860	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	\$ 113,163	\$ 276,064	\$ 297,456	\$ 310,830	\$ 422,062	\$ 405,737	\$ 342,124	\$ 224,426	\$ 248,318
Authority's covered-employee payroll	474,343	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	23.9%	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	92.5%	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**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 53,127	\$ 55,275	\$ 52,536	\$ 52,272	\$ 52,555	\$ 47,985	\$ 45,048	\$ 46,678	\$ 39,005
Contributions in relation to the statutorily required contribution	<u>53,127</u>	<u>55,275</u>	<u>52,536</u>	<u>52,272</u>	<u>52,555</u>	<u>47,985</u>	<u>45,048</u>	<u>46,678</u>	<u>39,005</u>
Deficit (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 474,343	\$ 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%	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, 2021 and 2020

	2021	2020
Accounting	\$ 40,900	\$ 32,835
Federal/State/Compliance consultant	53,650	260,375
Financial advisor	257,733	383,671
Legal	80,628	96,105
Public awareness and education	1,464	17,995
Rail project consultants	3,841,988	3,709,335
Salaries and related personnel costs	634,627	686,365
Special consultant	323,721	1,308,852
Transit Development District Planning	374,108	799,290
Total Salaries and Professional Services	5,608,819	7,294,823

Operating Expenses

Bank charges	662	2,706
Bad debt	-	14,599
Communication	13,169	7,256
Insurance	23,913	22,496
Meals and entertainment	198	2,414
Office supplies	4,702	1,983
Postage	67	257
Rent	48,508	48,062
Telephone and fax services	3,547	3,632
Travel	2,811	8,441
Tuition reimbursement	4,700	8,946
Total Operating Expenses	102,277	120,792
Total Supporting Services Expenses	\$ 5,711,096	\$ 7,415,615



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Northwest Indiana Regional Development Authority

Report on Internal Control over Financial Reporting

Opinion on Internal Control Over Financial Reporting

We have audited Northwest Indiana Regional Development Authority's internal control over financial reporting as of December 31, 2021, based on criteria established in the Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, Northwest Indiana Regional Development Authority maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in the Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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 25, 2022 expressed an unmodified opinion.

Basis for Opinion

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting section of our report. We are required to be independent of Northwest Indiana Regional Development Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 included in the accompanying Management's Report on Internal Control Over Financial Reporting.

Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

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.



LWG CPAs & Advisors
Indianapolis, Indiana
April 25, 2022



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

To the Board of Directors
of 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 Northwest Indiana Regional Development Authority as of and for the year ended December 31, 2021, 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 25, 2022.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations, that we consider to be significant deficiencies.

The RDA did not properly record amounts in accounts payable at year-end. Certain amounts related to 2021 services were not recorded as accounts payable as of December 31. Recording amounts due in the proper period provides management with meaningful financial information. Inaccurate cut-off procedures could misrepresent the financial position of the RDA. We recommend that accounts payable is reviewed and adjusted at year-end to ensure that invoices are recorded in the proper period.

Compliance and Other Matters

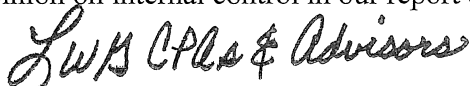
As part of obtaining reasonable assurance about whether Northwest Indiana Regional Development Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which 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, 2021, 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 25, 2022.



LWG CPAs & Advisors
Indianapolis, Indiana
April 25, 2022