2022

NORTHWEST INDIANA
REGIONAL DEVELOPMENT AUTHORITY
ANNUAL REPORT

Our Vision

Northwest Indiana will be the first choice in suburban Chicago for new and current residents, businesses and access to jobs. With diverse opportunities in all areas, Northwest Indiana will be the leading area for economic growth in Indiana. We will be the best example in the nation for balancing growth with preservation, exciting and trendy urban and lakefront communities with tranquil rural areas. Northwest Indiana will be the example of what Hoosiers can be when given global opportunity.

RDA

REGIONAL DEVELOPMENT AUTHORITY

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FROM THE CHAIRMAN AND PRESIDENT/CEO

Donald P. Fesko
Chairman of the Board

Sherri Ziller
President & CEO

On behalf of the Board of Directors and Staff of the Northwest Indiana Regional Development Authority (RDA), we are pleased to present the 2022 annual report. This report includes the results of our fiscal 2021 audit conducted by the London Witte Group.

On August 11th, 2022, the Board unanimously approved Transit Development Districts (TDDs) around seven South Shore Line and West Lake Corridor Stations. These districts were subsequently confirmed by the State Budget Committee, completing more than two years of work between the RDA, the towns of Munster, Dyer and Ogden Dunes and the cities of Hammond, Gary, East Chicago and Michigan City.

These districts will allow communities and the RDA to accelerate development and continue to support public infrastructure investment around commuter rail stations in Northwest Indiana. We are already seeing hundreds of millions of dollars of new construction getting underway in Hammond and Michigan City that are directly related to the West Lake and Double Track initiatives. These projects are just the beginning of the large financial investment and thousands of new jobs that commuter rail expansion will bring to the region.

We continue to work with a second group of communities that are eligible for TDDs, including the Gary Metro, Dune Park, Beverly Shores and South Bend districts.

Of these, the downtown Gary TDD is first in line. We have been working with the City of Gary to understand the development opportunities and plans that they have in place for the revitalization of downtown. This has given us a clearer picture of where that TDD boundary could be and how it could give them an additional tool to drive economic development in that area..

Likewise, we have talked with the Town of Porter regarding the Dune Park TDD. With its proximity to the state and national parks, a TDD here is a unique opportunity. It could capture economic development opportunities not just related to transit, but those related to the parks as well.

All of these districts will go through the same process as the TDDs in the first group, we expect the process to go much quicker than the initial group of districts. It includes an initial public engagement session with both in-person and online options to present the draft boundary. From there, we will collect and review comments from the public as well as local officials and modify the boundaries accordingly to reach a final consensus that will be presented in two public hearings before the Board is asked to approve it. If approved, these boundaries would be presented to the State Budget Committee for their sign-off.

In addition to drawing the TDD boundaries, RDA also partnered with NICTD to provide Transit-Oriented Development planning services to all of our communities. This effort was funded by a federal grant. NICTD and RDA intend to seek further federal funds to continue this effort in 2023.

Ahead of the Board's consideration of the districts, RDA expanded its Board of Directors to include three new TDD-focused representatives from Lake, Porter and LaPorte counties. This expansion was mandated by the legislature and will ensure that projects the RDA funds in the Transit Development Districts receive the highest level of review for appropriateness to the community and return on investment to the area and the State of Indiana.

The stage is being set for the kind of regional transformation the RDA was created to stimulate. With new development, more jobs and increased connectivity to Chicago added to our amazing natural resources, great business climate, and fantastic people, the sky is the limit. ❐

The Board of Directors

Donald P. Fesko
Governor's Appointment and Chairman of the Board

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

Randolph Palmateer
Lake County Appointment and Vice-Chairman of the Board

Randolph Palmateer is Business Manager of the Northwestern Indiana Building Trades Council. He is a 24-year veteran of the Northwest Indiana construction industry, joining the International Brotherhood of Electrical Workers Local 697 as an apprentice in 1997. He holds multiple industry certifications and an Associate's Degree in Applied Science from Ivy Tech Community College. Palmateer is active on numerous boards and commissions, including South Shore Promotions, the Challenger Learning Center at Purdue Calumet, the Saint John Economic Development Commission, the Lake County Economic Alliance and the Urban League of Northwest Indiana.

Chris Campbell
Porter County Appointment and Treasurer

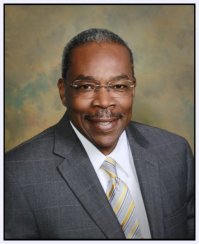
Chris Campbell, is an executive at Centier Bank. He is president of the bank holding company and a member of Centier's Board of Directors. He serves on several nonprofit boards, including Chair of The Boys and Girls Club of Greater Northwest Indiana, the Valparaiso Economic and Development Commission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

Milton Reed
East Chicago Appointment

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

Africa Tarver
Hammond Appointment

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



Darnail Lyles
Gary Appointment

Darnail Lyles, BS, JD, graduated from Howard University in 1981; he received his Law Degree from the Howard University School of Law in 1986. He has practiced law in Indiana for three decades. He also develops real estate. His largest Project to date was a 100 Unit Senior Building in the Miller Beach section of Gary, Indiana. His civic engagements include Board Memberships on the Gary Sanitary District and the South Shore Convention and Visitors Authority. He is currently Special Counsel to Jerome Prince, Mayor of the City of Gary, Indiana.

Patrick Lyp
Governor's Appointment

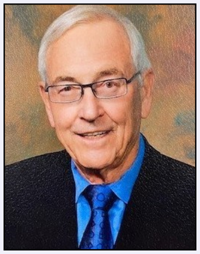
Patrick Lyp serves as the City Attorney for the City of Valparaiso. He earned his Bachelor's degree in Philosophy from The Catholic University of America and his law degree from Seton Hall University. He currently serves on the Board of Directors for Opportunity Enterprises and as a board member of the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

Don Babcock
Governor's Appointment, LaPorte County TDD Appointee

Raised in Highland, Indiana and with over 40 years of experience in the energy business, Babcock held numerous leadership positions at NIPSCO and NiSource (NIPSCO's parent company), including Operations, Sales, Customer Service, Marketing, and Public Affairs. He has served the community on a number of boards including, the Lake County Economic Alliance, the La Porte Economic Advancement Partnership, the Elkhart Economic Development Corporation, the Northwest Indiana Forum, and the Indiana Economic Development Corporation Chairman's Circle. He is also past Chairman of the Energy Solutions Center in Washington, DC. In 2021, Don Babcock joined the staff of Purdue Northwest Chancellor Thomas L. Keon as Director of Economic Development and Community Relations. Babcock, a PNW alumnus, role is to expand the university's efforts around community and economic development in Northwest Indiana.

Jason Gilliana
Governor's Appointment, Porter County TDD Appointee

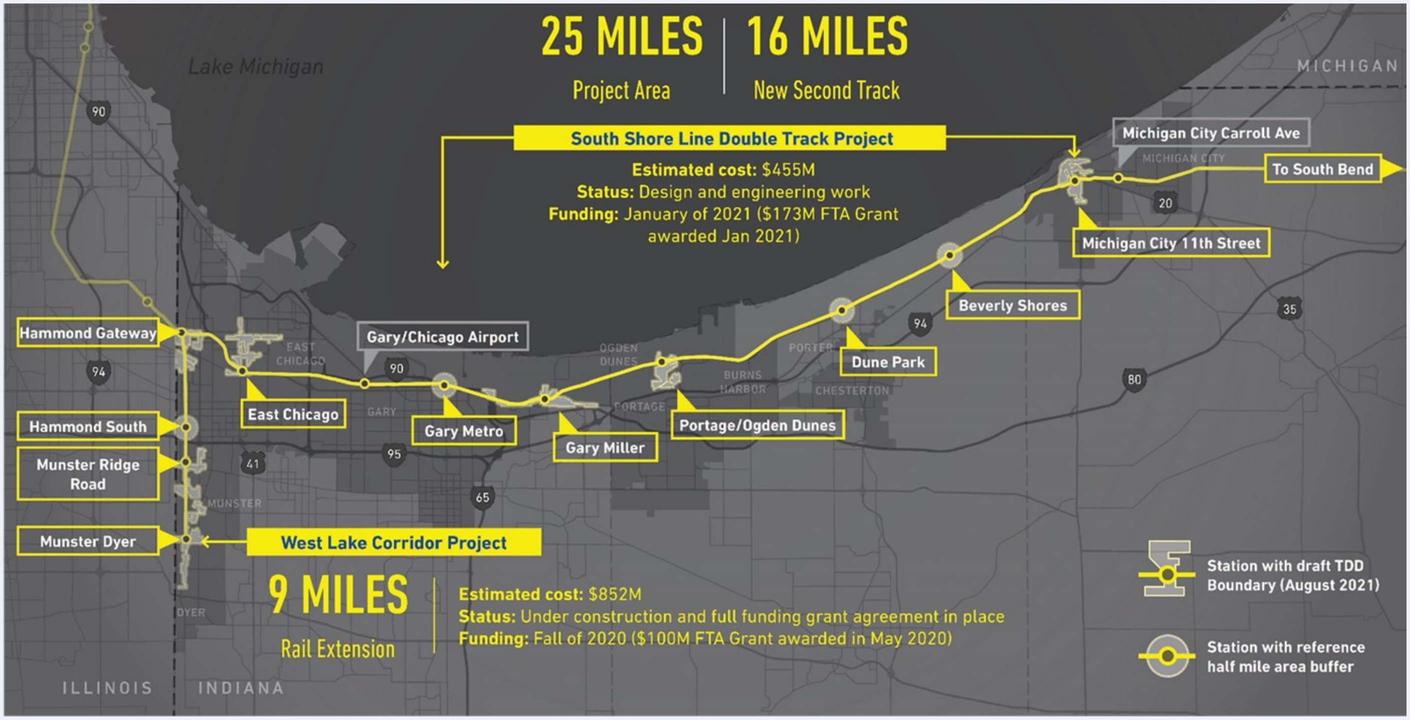
Jason Gilliana is a lifelong resident of Northwest Indiana. He is the Managing Member of Gilliana Pools and White-co Pool Solutions LLC. A Qualifier and Commercial Construction License holder in several states and local municipalities throughout the country, Jason has more than 25 years of experience in Residential and Commercial Real estate development. He is current Vice-President of the Porter County Redevelopment Commission and a past Board Member of the Porter County Alcoholic Beverage Commission.



John Dull
Governor's Appointment, Lake County TDD Appointee

John has a Bachelors and a Masters from Indiana University in Bloomington and a law degree from Loyola of Chicago. He concentrates his practice in government law. For almost 37 years he was the Lake County Attorney and currently is an Assistant Lake County Attorney which is a capacity in which he has total service of seven years. While in college, he was elected to Phi Beta Kappa which is the oldest academic honor society in the United States.

The Transit Development Districts



At roughly $1.5 billion combined, the West Lake and Double Track commuter rail expansion projects together represent the largest economic development project in the history of the State of Indiana. The RDA worked for most of a decade to secure the federal, state and local funding for these projects and we are extraordinarily proud to say that not only has all the funding been secured, but that construction is well underway. According to the Northern Indiana Commuter Transportation District (NICTD), as of August 2022 construction on Double Track was more than one-third done, and West Lake is about 10 percent complete. There is still a great deal to be done but we are on track for the scheduled completion dates of spring 2024 for Double Track and spring 2025 for West Lake.

When the Northwest Indiana Regional Development Authority first proposed the State of Indiana help fund West Lake and Double Track, legislators told us to first update out comprehensive strategic plan and present the business case for the state's dollars. So we did. In 2016, we presented the results to the legislature: that commuter rail expansion would generate more than $2 billion in private investment in Northwest Indiana over the next 20 years. They were understandably excited about the two billion part, but thought that the two decade

Side-by-side duplex

Courtyard building

Multiplex

Source: missingmiddlehousing.com

timeline could be improved upon.

Thus, the Transit Development Districts, or TDDs for short. TDDs are a type of tax increment financing district that will provide the RDA with funds to support development and infrastructure projects in a designated area near each station. As of August 31, 2022, seven of these districts have been fully established. Complete details on these approved TDDs can be found on our web site, nwitdd.com. There are four more TDDs that the RDA is working on and plans to present to its Board of Director and the State Budget Committee for review and approval in 2023.

The TDDs are intended to accelerate that $2 billion-plus dollars of private investment. We already know that transit drives construction. You don't have to look any further than our neighbor to the west, Chicago, to see that. It also drives population growth, so residential development is going to be a key component of that investment. In fact, Northwest Indiana communities on the rail lines are already seeing that residential development begin. And that's great news for future commercial and professional development because, as the old real estate saying goes, "retail follows rooftops." If you bring in the people, businesses to serve them will follow.

What will that residential development look like? While we expect no shortage of new single family homes in Northwest Indiana, we expect that so-called "missing middle" housing will also play a big role. Missing middle housing isn't really missing, but it's far less common than it was prior to the World War II. Duplexes, cottages, townhomes, buildings with a first floor business and the business owner's apartment above (and maybe another apartment to rent above that), will all make a comeback.

This will provide expanded housing options for many of our communities moving forward. For a municipality, one of the keys to taking advantage of transit is density, but the traditional big apartment building isn't appropriate for everyone.

Stacked duplex

Cottage court

Stacked triplex

Townhouse

Live-work

Missing middle housing provides options for communities who want to maintain their own unique character but also want to get the most out of the new and improved commuter rail system.

Missing middle housing also has the advantage of helping to address the shortage of housing that's a challenge not just in Northwest Indiana but across the country. Combined with transit it appeals to everyone from seniors to young families.

The 11th Street Station development in Michigan City will include more than 200 apartments and commercial space.

Of course, there are communities where big residential developments are wholly appropriate and we are already seeing this as well. In Michigan City, Flarety & Collins is building an $80 million mixed use development on 11st street that includes a parking garage for commuters, thousands of square feet of retail space and 200 luxury apartments. Another firm, TRG Community Development, is planning a $35 million investment that includes 200 downtown apartments for workforce housing. And in late 2022, a $240 million hotel and multifamily housing project near the Michigan City shoreline was announced. When asked, the developers involved in all of these projects cite the Double Track project as either a or the catalyst for their investment. The story is similar in Hammond. There's the $25 million Tailor Row Apartment Complex planned for downtown, the $15 million Madison Lofts project, and the $28 million mixed-use redevelopment of the former Bank Calumet building that will place about 100 market-rate apartments essentially next door to the proposed downtown Hammond station.

Between Michigan City and Hammond, more than $400 million in development is already underway. So if anyone thought that that $2.7 billion in investment was pie in the sky, we are 15 percent of the way there before the TDDs have funded a single deal and two years out from all the rail projects being finished.

The RDA has always expected this, and so for the past several years have been working with our partner communities to prepare and plan for development. Some, like Hammond, which brought in renowned expert Jeff Speck to reimagine their downtown, have been notably forward-thinking. Likewise, Munster completely overhauled its zoning code, and Dyer hammed out a new strategic plan. Subsequent to that, all of our communities have been able to take advantage of the planning services of MKSK, an urban planning firm based in Indianapolis that helped RDA draw the TDD boundaries, thanks to a federal planning grant obtained by NICTD. RDA and NICTD have been co-managing that process.

The RDA has felt strongly since we began advocating for these rail projects to be funded that planning was absolutely critical for every community with a station, or that would have a station on the new West Lake line. We knew that development was not going to wait for the trains to start running. Developers were going to be swooping the minute the money for the projects was actually secured. And that is exactly what we are seeing now. The good news is that our communities are ready for growth, or nearly so. They have new tools and a deeper understanding of what kind of questions they need to ask when developers come knocking. You hear people say that "Northwest Indiana is poised for growth" but to be poised for growth, you have to put in the work first. And our communities have.

So where does RDA come in? Right now, we have a number of tasks to complete. There are four more TDDs that we need to get on-line in 2023. RDA also must continue work with communities whose TDDs have been approved to formally define our relationship and how we will work together. And we need to continue our outreach to the development community to spread the word about all tremendous opportunities that are available here right now. Beyond that, we will continue to facilitate connections locally and develop partnerships with other state agencies like IEDC so we can drive growth even faster.

There's great reason for optimism in Northwest Indiana. We are improving our connectivity to one of the biggest economies in the world, we are investing in our communities, our schools and our universities – and most importantly in our people. And we are right on the cusp of a fundamental transformation that will help secure Northwest Indiana's future for generations to come. ❐

As part of our outreach and education efforts, RDA President and CEO Sherri Ziller regularly addresses business and civic groups in Northwest Indiana to update them on our progress and detail the opportunities being created by the commuter rail projects and TDDs.

Local Contractor and MBE/WBE Participation

The Board of Directors of the RDA has set goals of 15% minority-owned business (MBE) and 5% women owned business (WBE) participation of RDA-funded projects.

The results of the most recent report on MBE/WBE participation on our active projects through Q2 of 2022 are presented on the opposite page. Two important caveats about these numbers:

First, the RDA does not usually fund the entirety of a project. Typically, our funds are used to match local, federal or private dollars. This “leverage” increases the impact of our investment and allows for projects that otherwise would not have enough money to move forward. As an example, the RDA provided a total of $50 million for the runway expansion project at the Gary Chicago International Airport. The total cost of the project was approximately $177 million; that other $127 million comes from local and federal funds. The report reflects only how the RDA’s investment is being utilized. It does not represent the local or MBE/ WBE participation on the project as a whole.

Second, not all companies working on RDA-funded projects have provided the requested information. The majority have, and we are grateful for how far they have gone above and beyond. The data we have requested is not something usually required and so has imposed an extra expense and reporting burden on them. We appreciate their cooperation and we continue to work with our grantees to collect data from their contractors and subcontractors.

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

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

As of the end of the second quarter of 2022, more than 77% of the contractors tracked met these criteria. Additionally, 64% of contractors were based in Lake or Porter counties. ❒

PROJECT	% COMPLETED	AWARD AMOUNT	MBE EXPENDITURES	% OF GOAL	WBE EXPENDITURES	% OF GOAL
East Chicago Lakefront Phase I	96.1%	$17,495,000	$2,773,595	105.7%	$884,954	101.2%
East Chicago Lakefront Phase II	97.0%	$12,925,000	$288,958	14.9%	$253,510	39.2%
East Chicago Lakefront Phase III	96.3%	$8,545,000	$327,997	25.6%	$166,201	38.9%
Valparaiso Chicago Dash	41.4%	$6,847,000	$681,068	66.9%	$624,930	182.5%
Gary Buffington Harbor	100.0%	$7,456,000	$387,545	34.7%	$591,689	158.7%
City of Gary	96.1%	$4,500,000	$717,164	106.3%	$882,323	392.1%
Porter Lakefront Phase II	85.0%	$3,915,000	$206,624	35.2%	$380,626	110.2%
Hobart 69th Avenue	83.6%	$2,500,000	$30,645	8.2%	$457,644	366.1%
Porter County Airport	70.7%	$317,197	$109,598	230.4%	$279,323	1761.2%

Independent Auditor's Report

To the Board of Directors of the Northwest Indiana Regional Development Authority

We have audited the financial statements of Northwest Indiana Regional Development Authority ("RDA"), as of and for the year ended December 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise RDA'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 RDA, 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 RDA 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

RDA'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 RDA'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 RDA'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, RDA'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 28, 2021

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.

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.

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.

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	4,930,000	6,915,000	7,575,000
Total assets	109,580,161	94,939,432	108,984,736
Deferred outflows of resources	63,689	33,068	8,830
Current liabilities	8,795,099	17,119,479	44,117,467
Long-term liabilities	16,826,171	12,067,427	9,853,659
Total liabilities	25,621,270	29,186,906	53,971,126
Deferred inflow of resources	189,825	66,773	56,439
Net position	$ 83,832,755	$ 65,718,821	$ 54,966,001

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.

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	5,712,355	12,922,505	41,301,058
Operating income	17,656,694	10,311,020	(4,721,966)
Non-operating revenue	457,240	441,800	1,473,971
Change in net assets	$ 18,113,934	$ 10,752,820	$ (3,247,995)

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.

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	103,536	122,149	107,568
Total operating expenses	$ 5,712,355	$ 12,922,505	$ 23,936,604

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.

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

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.

Request 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.

STATEMENTS OF FINANCIAL POSITION—December 31, 2021 and 2020

	2021	Restated 2020
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	104,629,296	88,002,308
Property and equipment		
Furniture, fixtures & leasehold improvements	75,557	75,557
Accumulated depreciation	(54,692)	(53,433)
TOTAL PROPERTY AND EQUIPMENT (NET)	20,865	22,124
Long-term assets		
Bond receivable	4,930,000	6,915,000
TOTAL LONG-TERM ASSETS	4,930,000	6,915,000
TOTAL ASSETS	109,580,161	94,939,432
DEFERRED OUTFLOWS OF RESOURCES		
Pension costs	63,689	33,068
TOTAL DEFERRED OUTFLOWS OF RESOURCES	63,689	33,068
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	8,795,099	17,119,479
Non-current liabilities		
Net pension liability	113,163	276,064
West Lake operating escrow	16,713,008	11,791,363
TOTAL NON-CURRENT LIABILITIES	16,826,171	12,067,427
TOTAL LIABILITIES	25,621,270	29,186,906
DEFERRED INFLOWS OF RESOURCES		
Pension costs	189,825	66,773
TOTAL DEFERRED INFLOWS OF RESOURCES	189,825	66,773
NET POSITION		
Net position - unrestricted	64,781,663	46,667,729
Net position - restricted	19,051,092	19,051,092
TOTAL NET POSITION	$ 83,832,755	$ 65,718,821

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

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

	2021	Restated 2020
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	14,191,672	(13,062,019)
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	2,414,729	1,079,239
NET CHANGE IN CASH AND CASH EQUIVALENTS	16,606,401	(11,982,780)
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, BEGINNING OF YEAR	80,383,538	92,366,318
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, END OF YEAR	$ 96,989,939	$ 80,383,538

	2021	Restated 2020
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	$ 14,191,672	$ (13,062,019)

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

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
- Developed a Comprehensive Strategic Development Plan which identified the following:
    - Projects to be funded
    - Timeline and budget
    - Return on investment
    - Need for ongoing subsidy
    - Expected federal matching funds

Financing – The following identifies the sources of funding for the RDA:

- Riverboat admission, wagering, or incentive payments received by Lake County, Hammond, East Chicago, or Gary
- County economic development income tax received by a county or city
- Amounts from the Toll Road Authority
- Food and beverage tax (the RDA does not have the authority to impose any tax; only the right to receive income in accordance with the legislation.)
- Federal funds
- Appropriations from the general assembly
- Other revenue appropriated to the fund by a political subdivision
- Gifts, Donations or Grants

- Private Equity

Reporting Entity – In evaluating how to define the RDA for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic – but not only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the RDA and is generally available to its citizens. A third criterion use to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the RDA is able to exercise oversight responsibilities. Based upon the application of these criteria, no entities have been considered to be potential component units for the purpose of defining the RDA's reporting entity.

Non-Exchange Transactions – Governmental Accounting Standards Board ("GASB") No. 33 defines a non-exchange transaction, as a governmental unit that gives (or receives) value without directly receiving (or giving) equal value in return. Because the RDA distributes money to local governmental units without directly receiving equal value in return, the transactions qualify as a non-exchange transaction. On an accrual basis, expenses to grantees are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the monies are required to be used or the fiscal year when use is first permitted, and revenue requirements, in which the monies are provided to the qualified agencies on a reimbursement basis. Monies requested by year end but not reimbursed until the following fiscal year are considered grants payable.

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

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

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

Revenue – The RDA receives substantially all of its support revenue from state, city and county agencies. The State of Indiana distributes to the Authority admissions tax collected from Lake County, East Chicago, Gary, and Hammond. The amount to be collected from each entity is $3,500,000 per fiscal year. As of December 31, there could be shortfalls in admissions tax collected which is collected in the subsequent year. Porter County distributes funds to the RDA from its Local Option Income tax in the amount of $3,500,000 per year. The RDA also 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.

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. Secondarily 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.

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.

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.

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

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.

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.

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 (5.75%)	Current (6.75%)	1% Increase (7.75%)
$ 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.

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:

As of December 31, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
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	$ 63,689	$ 189,825

As of December 31, 2020	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

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

Year Ending December 31:	
2021	$ (35,615)
2022	(29,019)
2023	(19,501)
2024	(42,001)
Total	$ (126,136)

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	**(6)**
2025	1,435,000	41,822	
2026	725,000	8,306	
Total	$ 6,270,000	$ 368,483	

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 shown in the table at right.

Name	Nature of Project	Date Awarded	Initial Total Cost	Cost Through 12/31/21	Remaining Balance at 12/31/21	% Complete as of 12/31/21
Water Filtration Plant Demolition	Shoreline Restoration	11/13/2008	$1,980,000	$225,000	$1,755,000	11%
Hammond Lakes Area	Shoreline Restoration	1/8/2009	$31,480,000	$31,422,872	$57,128	100%
Porter Gateway to the Dunes (Grant 2)	Shoreline Restoration	7/7/2011	$3,915,000	$3,345,333	$569,667	85%
NICTD	Surface Transportation	5/7/2013	$275,000	$262,621	$12,379	95%
Southlake County Community Service	Surface Transportation	1/15/2014	$318,791	$257,712	$61,079	81%
Tec Air	Deal Closing	4/3/2014	$2,450,000	$2,446,700	$3,300	100%
Shoreline and Demolition	Shoreline Restoration	7/18/2014	$17,495,000	$16,842,877	$652,123	96%
Modem Forge	Deal Closing	9/18/2014	$2,000,000	$1,968,750	$31,250	98%
RLF Loan	Deal Closing	12/22/2014	$160,000	$99,213	$60,787	62%
Shoreline and Demolition Phase II	Shoreline Restoration	9/22/2016	$12,935,000	$12,534,557	$400,443	97%
Porter County Airport	Econ. Dvlp.	2/21/2017	$317,917	$224,954	$92,963	71%
Valpo Chicago Dash Phase II	Surface Transportation	8/1/2017	$6,847,000	$2,837,280	$4,009,720	41%

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.

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.

Subsequent events

Subsequent events have been evaluated through April 25, 2022, which is the date the financial statements were available to be issued.

Staff

Sherri Ziller, President and Chief Executive Officer
Sherri Ziller, a lifelong resident of Northwest Indiana, was named President and Chief Executive Officer of the RDA in 2021. Previously she was the organization's Chief Operating Officer, responsible for day-to-day operations, strategic planning and fiscal management. Ziller has been with the RDA since its inception in the spring of 2006 and provides leadership to our efforts to maximize the economic development and redevelopment potential throughout the region, increase job creation and develop greater connectivity to Chicago to promote new economic growth statewide. She holds a Master's degree in Education and a Bachelor's in Political Science from Purdue University Calumet.

Amy Jakubin, Executive Assistant
Amy Jakubin, a resident of Crown Point, IN is the Executive Assistant at the Northwest Indiana Regional Development Authority and has been with the organization since 2011. As the Executive Assistant to the President and CEO, Amy is responsible for managing the administrative aspects of all RDA projects as they relate to scheduling, logistical coordination, communication, organizing, managing and reporting. Amy is also responsible for general fiscal and office management functions and provides highly sensitive support to the President and CEO and Board of Directors. During her time at the RDA, she has proven to be a highly dynamic, energetic, and reliable professional who is always willing to be challenged with new opportunities while maintaining a positive attitude and producing high quality work. She is currently pursuing a Bachelor's degree in Business Administration from Capella University.

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