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February 24, 2011

Board of Directors  
Northern Indiana Commuter Transportation District  
503 N. Carroll Avenue  
Michigan City, IN 46360-5026

We have reviewed the audit report prepared by Crowe Horwath, LLP, Independent Public Accountants, for the period January 1, 2009 to December 31, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Northern Indiana Commuter Transportation District, as of December 31, 2009 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

TAA:csc

**NORTHERN INDIANA COMMUTER  
TRANSPORTATION DISTRICT**

**ANNUAL REPORT**  
December 31, 2009 and 2008

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
Chesterton, Indiana

ANNUAL REPORT  
December 31, 2009 and 2008

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Crowe Horwath LLP  
Independent Member Crowe Horwath International

## REPORT OF INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS

Board of Trustees  
Northern Indiana Commuter  
Transportation District  
Chesterton, Indiana

We have audited the accompanying balance sheets of Northern Indiana Commuter Transportation District (the District) as of December 31, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets, and cash flows, for the years then ended, which collectively comprise the District's basic financial statements. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

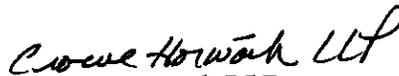
We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Guidelines for Audits of State and Local Governments by Authorized Independent Public Accountants*, issued by the Indiana State Board of Accounts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Northern Indiana Commuter Transportation District as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 30, 2010 on our consideration of Northern Indiana Commuter Transportation District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be considered in assessing the results of our audits.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedules of expenses, schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of budgeted, actual and questioned costs by grant are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
Crowe Horwath LLP

South Bend, Indiana  
April 30, 2010

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009 and 2008

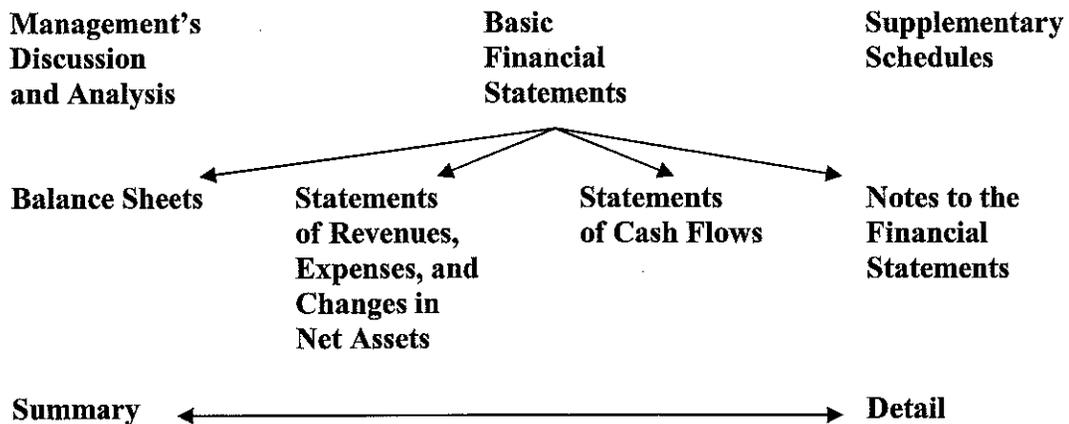
(In thousands of dollars)

The following discussion and analysis of the Northern Indiana Commuter Transportation District's (the District's) financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2009 and 2008.

**Overview of the Financial Statements**

This annual financial report consists of four parts: Management's Discussion and Analysis, Financial Statements, Schedules, Supplementary and the Reports on Compliance. The Financial Statements also include notes that explain in more detail some of the information in the financial statements. The statements are followed by a section of Supplementary Schedules that further explain and support the information in the Financial Statements. Figure A-1 shows how the required parts of the annual financial report are arranged and relate to one another. The Financial Statements of the District report information about the District using accounting methods similar to those used by private sector companies, except for the reporting of capital contributions and net assets. These statements offer short and long-term financial information about its activities.

**Figure A-1**  
**Required Components of Northern Indiana Commuter Transportation District's Annual Financial Report**



The Balance Sheet includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009 and 2008

(In thousands of dollars)

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All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Change in Net Assets, successor to the Income Statement. This statement measures the results of the District's operations over the past year and can be used to determine whether the District has recovered its costs through its fare rates and other charges.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides information on the sources and uses of cash and the changes in cash balances during the year.

### **Financial Highlights**

- Total Assets decreased by \$2,304 or 0.66%, from \$350,596 in 2008 to \$348,292 in 2009, primarily due to decreases in cash and cash equivalents. Total Assets increased by \$13,057 or 3.87%, from \$337,549 in 2007 to \$350,596 in 2008, primarily due to increases in capital assets.
- Operating Revenues decreased by \$1,326 or 6.95% in 2009, from \$19,085 to \$17,759. Operating Revenues increased by \$310 or 1.65% in 2008, from \$18,775 to \$19,085.
- Operating Expenses increased by \$2,898 or 5.50% in 2009, from \$52,677 to \$55,575, primarily due to increases in Maintenance Expenses. Operating Expenses increased by \$2,285 or 4.53% in 2008, from \$50,392 to \$52,677, primarily due to increases in Maintenance Expenses and Transportation Expenses.
- Income/loss before Capital Contributions decreased by \$3,579 or 29.94% in 2009, from (\$11,954) to (\$15,533) due to a decrease in other local grants and other revenue. Income/loss before Capital Contributions decreased by \$20,368 or 242% in 2008, from \$8,414 to (\$11,954) due to a decrease in state operating assistance and other local grants.

### **Balance Sheet**

Total Net Assets decreased by \$96 in 2009 and increased by \$16,513 in 2008 (see Figure A-2). The largest portion of Net Assets is Invested in Capital Assets, net of Related Debt, which increased \$9,980 in 2009 and \$6,672 in 2008 through capital improvements, which were funded by contributions from federal and state governmental agencies and bond proceeds. The Debt Service Fund was established with proceeds of the Indefinite Situs Tax. In 2009 and 2008, the balance in the Debt Service Fund increased by Situs Tax received and decreased by bond interest and principal payments. Debt is discussed in more detail in the section titled Capital Assets and Debt Administration.

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(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009 and 2008

(In thousands of dollars)

<b>Figure A-2a</b>				
<b>Condensed Balance Sheet</b>				
	2009	2008	Difference	Percent Change
Current Assets	\$ 40,242	\$ 41,441	\$ (1,199)	(2.89)%
Noncurrent Assets	598	646	(48)	(7.43)%
Restricted Assets	32,162	44,441	(12,279)	(27.63)%
Capital Assets	275,290	264,068	11,222	4.25%
<b>Total Assets</b>	<b>348,292</b>	<b>350,596</b>	<b>(2,304)</b>	<b>(0.66)%</b>
Current Liabilities	11,247	10,062	1,185	11.78%
Long-Term Liabilities	52,551	55,944	(3,393)	(6.06)%
<b>Total Liabilities</b>	<b>63,798</b>	<b>66,006</b>	<b>(2,208)</b>	<b>(3.34)%</b>
Net Assets invested in capital assets, net of related debt	222,053	212,073	9,980	4.71%
Net Assets restricted for debt service	15,183	15,611	(428)	(2.74)%
Net Assets restricted for capital projects	6,223	16,473	(10,250)	(62.22)%
Unrestricted net assets	41,035	40,433	602	1.49%
<b>Total Net Assets</b>	<b>\$ 284,494</b>	<b>\$ 284,590</b>	<b>\$ (96)</b>	<b>(0.03)%</b>

<b>Figure A-2b</b>				
<b>Condensed Balance Sheet</b>				
	2008	2007	Difference	Percent Change
Current Assets	\$ 41,441	\$ 39,910	\$ 1,531	3.84%
Noncurrent Assets	646	693	(47)	(6.78)%
Restricted Assets	44,441	51,636	(7,195)	(13.93)%
Capital Assets	264,068	245,310	18,758	7.64%
<b>Total Assets</b>	<b>350,596</b>	<b>337,549</b>	<b>13,047</b>	<b>3.87%</b>
Current Liabilities	10,062	10,432	(370)	(3.55)%
Long-Term Liabilities	55,944	59,040	(3,096)	(5.24)%
<b>Total Liabilities</b>	<b>66,006</b>	<b>69,472</b>	<b>(3,466)</b>	<b>(4.99)%</b>
Net Assets invested in capital assets, net of related debt	212,073	205,401	6,672	3.25%
Net Assets restricted for debt service	15,611	13,753	1,858	13.51%
Net Assets restricted for capital projects	16,473	17,520	(1,047)	(5.98)%
Unrestricted net assets	40,433	31,403	9,030	28.76%
<b>Total Net Assets</b>	<b>\$ 284,590</b>	<b>\$ 268,077</b>	<b>\$ 16,513</b>	<b>6.16%</b>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009 and 2008

(In thousands of dollars)

Statement of Revenues, Expenses and Changes in Net Assets

Operating Revenues decreased by \$1,326 in 2009 (see Figure A-3a). Operating Revenues increased by \$310 in 2008 (see Figure A-3a).

	2009	2008	2007
Operating Revenue	\$ 17,759	\$ 19,085	\$ 18,775
Commuter Ridership	2,242	2,370	2,480
Off-Peak Ridership	1,643	1,810	1,766
Total Ridership	3,885	4,180	4,246

Operating Expenses increased by \$2,898 in 2009. The key components of operating expenses are: Transportation, Maintenance and Depreciation. Maintenance Expenses increased by \$1,110 due to increased labor wages, salary rates, as well as several significant repairs. Railroad operating expenses increased 5.50% over 2008. This reflects flows of internal labor and related charges, which get capitalized, being a greater share of the work than maintenance in a given year. Labor costs have increased 3.27% while the cost of fringe benefits have increased 2.30%. Traction Power increased by 46.21% in 2009 due to separate accounting of the electricity portion of the trackage rights expense. Subsequently, operating costs decreased by 26.33% due to change in trackage rights reporting. Depreciation expense increased by \$2,318 due to capitalizing of signal, catenary and railcar projects. Non-operating income increased by \$645, or 2.98%, in 2009 due to an increase in local grant funding.

<b>Figure A-3a</b>				
<b>Condensed Statements of Revenues, Expenses and Changes in Net Assets</b>				
	2009	2008	Difference	Percent Change
Operating Revenue	\$ 17,759	\$ 19,085	\$ (1,326)	(6.95)%
Operating Expenses	(55,575)	(52,677)	2,898	5.50%
Operating Loss	(37,816)	(33,592)	4,224	12.57%
Non-Operating Revenues/Expenses	22,283	21,638	645	2.98%
Income/(Loss) before Contributions	(15,533)	(11,954)	(3,579)	29.94%
Contributions	15,437	28,467	(13,030)	(45.77)%
Increase/(decrease) in Net Assets	(96)	16,513	(16,609)	(100.58)%
Net Assets, Beginning of Year	284,590	268,077	16,513	6.16%
Net Assets, End of Year	\$ 284,494	\$ 284,590	\$ (96)	(0.03)%

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009 and 2008

(In thousands of dollars)

Operating Expenses increased by \$2,285 in 2008. The key components of operating expenses are: Transportation, Maintenance and Depreciation. Transportation and Maintenance Expenses increased by \$3,078 due to increased labor wages, salary rates, as well as several significant repairs. Railroad operating expenses increased 5.1% over 2007. This reflects flows of internal labor and related charges, which get capitalized, being a greater share of the work than maintenance in a given year. Labor costs have increased 10.0% while the cost of fringe benefits have decreased 3.3%. Professional service costs decreased 27.0% in 2008 due to the decreased use of consultants in 2008. Depreciation expense increased by \$454. Non-operating income decreased by \$18,393, or 45.95%, in 2008 due to a decrease in local grant funding.

<b>Figure A-3b</b>				
<b>Condensed Statements of Revenues, Expenses and Changes in Net Assets</b>				
	2008	2007	Difference	Percent Change
Operating Revenue	\$ 19,085	\$ 18,775	\$ 310	1.65%
Operating Expenses	(52,677)	(50,392)	2,285	4.53%
Operating Loss	(33,592)	(31,617)	1,975	6.25%
Non-Operating Revenues/Expenses	21,638	40,031	(18,393)	(45.95)%
Income/(Loss) before Contributions	(11,954)	8,414	(20,368)	(242.07)%
Contributions	28,467	20,907	7,560	36.16%
Increase/(decrease) in Net Assets	16,513	29,321	(12,808)	(43.68)%
Net Assets, Beginning of Year	268,077	238,756	29,321	12.28%
Net Assets, End of Year	\$ 284,590	\$ 268,077	\$ 16,513	6.16%

Statement of Cash Flows

Cash flow from Operating Activities in 2009 decreased by \$103 (see Figure A-4a) due to an increase in operating expenses. Cash receipts for Capital and Related Financing Activities decreased by \$7,484 due to an increase in capital assets acquired. Cash from Investing Activities increased by \$6,779 due to sales of certificates of deposit. Cash flow from Operating Activities in 2008 decreased by \$2,059 (see Figure A-4b) due to an increase in operating expenses. Cash receipts for Capital and Related Financing Activities decreased by \$30,024 due to an increase in capital assets acquired. Cash from Investing Activities decreased by \$15,723 due to purchases of certificates of deposit.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009 and 2008

(In thousands of dollars)

<b>Figure A-4a</b>				
<b>Condensed Statements of Cash Flows</b>				
	2009	2008	Difference	Percent Change
Cash from Operating Activities	\$ (19,678)	\$ (19,575)	\$ (103)	(0.53)%
Cash from Noncapital Financing Activities	26,010	19,846	6,164	31.06%
Cash from Capital and Financing Activities	(18,673)	(11,189)	(7,484)	(66.89)%
Cash from Investing Activities	(10,122)	(8,284)	(1,838)	(22.19)%
Change in Cash and Temporary Investments	(22,463)	(19,202)	(3,261)	(16.98)%
Cash and Equivalents, Beginning of Year	48,151	67,353	(19,202)	(28.51)%
Cash and Equivalents, End of Year	\$ 25,688	\$ 48,151	(22,463)	(46.65)%

<b>Figure A-4b</b>				
<b>Condensed Statements of Cash Flows</b>				
	2008	2007	Difference	Percent Change
Cash from Operating Activities	\$ (19,575)	\$ (17,516)	\$ (2,059)	(11.76)%
Cash from Noncapital Financing Activities	19,846	21,384	(1,538)	(7.19)%
Cash from Capital and Financing Activities	(11,189)	18,835	(30,024)	(159.41)%
Cash from Investing Activities	(8,284)	7,439	(15,723)	(211.35)%
Change in Cash and Temporary Investments	(19,202)	30,142	(49,344)	(163.71)%
Cash and Equivalents, Beginning of Year	67,353	37,211	30,142	81.00%
Cash and Equivalents, End of Year	\$ 48,151	\$ 67,353	(19,202)	(28.51)%

Capital Assets

The District uses a five-year Capital Improvements Program (CIP) that is updated annually. Development of the CIP is based on the District's current facilities plan and recommendations from the annual inspection of tracks, catenary, traffic signals, and bridge facilities. The District's current plan covers the years from 2009 through 2013. The District expects to invest \$81,000 in capital improvements during 2009-2013 in a major upgrade of the right of way.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009 and 2008

(In thousands of dollars)

Debt Administration

At December 31, 2009 and 2008, the District had \$30,505 and \$32,100 principal outstanding for the Series 2007 bonds and \$24,056 and \$25,648 principal outstanding for the Series 2004 Bonds.

<b>Figure A-5</b>				
<b>Debt Service Coverage</b>				
	2009	2008	Difference	Percent Change
Situs Tax Restricted for Debt Service	\$ 15,183	\$ 15,611	\$ (428)	(2.74)%
Current Aggregate Net Debt Service – Bonds	\$ 54,561	\$ 57,748	\$ (3,187)	(5.52)%

<b>Figure A-5</b>				
<b>Debt Service Coverage</b>				
	2008	2007	Difference	Percent Change
Situs Tax Restricted for Debt Service	\$ 15,611	\$ 13,753	\$ 1,858	13.51%
Current Aggregate Net Debt Service – Bonds	\$ 57,748	\$ 59,299	\$ (1,551)	(2.62)%

**Economic Factors and Next Year's Business Plans and Fares**

Ridership is expected to remain flat in 2010. Commuter ridership is down in response to the weakening job market. As such, operating revenue is down 6.95% in 2009. Operation and maintenance expenses in 2010 are estimated to increase by \$284 or approximately 0.01% over 2009 expense levels. Management believes that the 2010 plan adequately addresses all revenue requirements, pending stable economic conditions. If the economy worsens, management anticipates it can reduce expenses by an adequate amount to offset reduced revenues.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009 and 2008

(In thousands of dollars)

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**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, customers, creditors, and Board members with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at Northern Indiana Commuter Transportation District, 33 East U.S. Highway 12, Chesterton, Indiana 46304.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
 STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS  
 Years ended December 31, 2009 and 2008  
 (In thousands of dollars)

	<u>2009</u>	<u>2008</u>
<b>Operating revenue</b>		
Passenger fares (net of refunds)	\$ 17,719	\$ 19,053
Parking lot collections	40	32
	<u>17,759</u>	<u>19,085</u>
<b>Operating expenses</b>		
Transportation	12,527	13,514
Maintenance of way	7,914	7,170
Maintenance of equipment	10,002	9,636
Claims and insurance	2,004	1,700
General and administrative	5,723	5,570
	<u>38,170</u>	<u>37,590</u>
Depreciation	17,405	15,087
	<u>55,575</u>	<u>52,677</u>
<b>Operating loss</b>	<u>(37,816)</u>	<u>(33,592)</u>
Nonoperating revenues (expenses)		
Maintenance grant	4,495	4,586
State operating assistance	9,985	7,867
Other local funds (Note 8)	3,780	4,058
Other revenue (Note 8)	1,031	1,808
Interest expense	(2,350)	(2,304)
Indefinite Situs tax	5,342	5,623
	<u>22,283</u>	<u>21,638</u>
<b>Income (Loss) before capital contributions</b>	<u>(15,533)</u>	<u>(11,954)</u>
Capital contributions		
Federal	12,490	22,908
State	2,947	5,559
	<u>15,437</u>	<u>28,467</u>
Increase (decrease) in net assets	(96)	16,513
Net assets at beginning of year	<u>284,590</u>	<u>268,077</u>
Net assets at end of year	<u>\$ 284,494</u>	<u>\$ 284,590</u>

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT

BALANCE SHEETS

December 31, 2009 and 2008

(In thousands of dollars)

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (Note 2)	\$ 7,642	\$ 8,164
Short-term investments (Note 2)	13,710	12,858
Receivables		
Federal capital and planning assistance	1,979	1,832
State assistance	9,106	11,640
Metra portion of operating costs	1,115	1,406
Other	1,497	442
Total receivables	<u>13,697</u>	<u>15,320</u>
Materials and supplies inventory	4,119	4,013
Prepaid expenses	1,074	1,086
Total current assets	<u>40,242</u>	<u>41,441</u>
Restricted assets		
Cash and cash equivalents (Note 2)	18,046	39,987
Short-term investments (Note 2)	14,115	4,439
Interest receivable	1	15
Total restricted assets	<u>32,162</u>	<u>44,441</u>
Capital assets		
Capital assets not being depreciated	21,842	99,582
Capital assets being depreciated	424,362	318,910
Less accumulated depreciation	<u>(170,914)</u>	<u>(154,424)</u>
Capital assets being depreciated, net	<u>253,448</u>	<u>164,486</u>
Total capital assets, net (Note 3)	<u>275,290</u>	<u>264,068</u>
Loan fees, net of amortization	<u>598</u>	<u>646</u>
Total assets	<u>\$ 348,292</u>	<u>\$ 350,596</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
BALANCE SHEETS  
December 31, 2009 and 2008  
(In thousands of dollars)

	<u>2009</u>	<u>2008</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities (payable from current assets)		
Accounts payable		
Trade	\$ 3,042	\$ 2,420
Capital projects	274	126
Payroll taxes and withholdings	563	568
Unredeemed fares	163	202
Accrued injuries and damages	1,300	940
Other accrued expenses	2,720	2,726
Current portion – bonds payable (Note 5)	3,185	3,080
Total current liabilities (payable from current assets)	<u>11,247</u>	<u>10,062</u>
Long-term debt – bonds payable (Note 5)	51,376	54,668
Accrued post retirement health costs (Note 5)	1,175	1,276
Total long-term liabilities	<u>52,551</u>	<u>55,944</u>
Total liabilities	<u>63,798</u>	<u>66,006</u>
Net assets (Note 6)		
Invested in capital assets, net of related debt	222,053	212,073
Restricted for debt service	15,183	15,611
Restricted for capital projects	6,223	16,473
Unrestricted	41,035	40,433
Total net assets	<u>284,494</u>	<u>284,590</u>
Total liabilities and net assets	<u>\$ 348,292</u>	<u>\$ 350,596</u>

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
 STATEMENTS OF CASH FLOWS  
 Years ended December 31, 2009 and 2008  
 (In thousands of dollars)

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities</b>		
Cash fares from customers	\$ 17,721	\$ 19,042
Cash payments for salaries and benefits	(25,501)	(24,106)
Cash payments for insurance	(1,673)	(1,608)
Cash paid for goods and services	(10,225)	(12,903)
Net cash flows used in operating activities	<u>(19,678)</u>	<u>(19,575)</u>
<b>Cash flows from noncapital financing activities</b>		
State assistance grant contributions	12,518	4,655
Maintenance grant	4,495	4,586
Situs tax	5,342	5,623
Other local sources	(415)	1,114
Metra operating subsidy	3,118	2,861
Trackage rights subsidy	952	1,007
Net cash flows provided by noncapital financing	<u>26,010</u>	<u>19,846</u>
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets	(28,479)	(35,172)
Proceeds from disposition of assets	5	115
Capital grants received	15,290	27,675
Interest expenses	(2,409)	(2,367)
Bond repayment	(3,080)	(1,440)
Net cash flows used in capital and related financing activities	<u>(18,673)</u>	<u>(11,189)</u>
<b>Cash flows from investing activities</b>		
Net purchase of certificates of deposit	(10,527)	(9,790)
Interest received on cash equivalents and investments	405	1,506
Net cash flows used in investing activities	<u>(10,122)</u>	<u>(8,284)</u>
Net decrease in cash and cash equivalents	(22,463)	(19,202)
Cash and cash equivalents at beginning of year	<u>48,151</u>	<u>67,353</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 25,688</u>	<u>\$ 48,151</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
 STATEMENTS OF CASH FLOWS  
 Years ended December 31, 2009 and 2008  
 (In thousands of dollars)

	<u>2009</u>	<u>2008</u>
<b>Reconciliation of operating loss to net cash flows used in operating activities</b>		
Operating loss	\$ (37,816)	\$ (33,592)
Adjustments to reconcile loss to net cash from operating activities		
Depreciation expense	17,405	15,087
Gain on sale of fixed assets	(5)	(115)
Change in assets and liabilities		
Inventories	(106)	(342)
Prepaid expenses	12	(27)
Accounts payable - trade	622	(929)
Unredeemed fares	(38)	(43)
Accrued retirement	(101)	95
Accrued injuries and damages	360	24
Accrued and withheld items	<u>(11)</u>	<u>267</u>
Net cash flows used in operating activities	<u>\$ (19,678)</u>	<u>\$ (19,575)</u>
<b>Noncash capital and related financing activities</b>		
Capital assets included in accounts payable		
End of year	\$ 274	\$ 126
Beginning of year	126	1,455
<b>Noncash noncapital financing activities</b>		
Insurance premiums financed	1,029	1,041

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Business: The Northern Indiana Commuter Transportation District (the District) was formed as a municipal corporation in 1977, through ordinances by the Boards of the County Commissioners of Lake, LaPorte, Porter and St. Joseph counties in Indiana (under the provisions of Indiana Code, Section 19-5-2.6-3 which was recodified and is now Section 8-5-15-2), to enable these counties to solve the problems of providing public commuter transportation across county lines. Specifically, the counties have endeavored to improve passenger service over the Chicago South Shore and South Bend Railroad by coordinating the raising of local, state, and federal funds and providing certain subsidies for operating losses and capital improvements. On December 29, 1989, the District began direct operation of the passenger service.

Basis of Accounting: The operations of the District are accounted for in one business segment, public transportation, as an enterprise fund on an accrual basis in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the District are included in the balance sheet. The principle operating revenues of the District are rail passenger fares. The District also recognizes as operating revenue parking lot collections and miscellaneous operating revenue. Operating expenses for the District include the costs of operating the mass transit system, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board (FASB) issued prior November 30, 1989 to its business-type activities and the Government Accounting Standards Board (GASB).

Capital, Planning, and Operating Grants: Federal grants, through the Federal Transit Administration (FTA), provide substantial funding of the District's operations and capital improvement programs.

Additional funding of such activities is provided through the public mass transportation, electric rail service fund and commuter rail service funds in the State of Indiana. In accordance with GASB 33, the District recognizes revenue when all applicable eligibility requirements, including time requirements are met. Revenue from federal and state planning and operating assistance grants is recognized as earned based on eligible costs incurred.

Federal and state capital grants are recorded as capital contributions in the statements of revenue, expenses, and changes in net assets.

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(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2009 and 2008 cash equivalents stated at cost, which approximates fair value, consisted of certificates of deposit.

Investments: In accordance with Indiana Code, Section 5-12 et sequel, it is the policy of the District to deposit public funds into the depositories approved by the State Board of Finance. The District is further authorized by statute to invest in obligations of the U.S. Treasury and U.S. Agencies, certificates of deposit, repurchase agreements, passbook savings, money market deposit accounts, and negotiable order of withdrawal accounts. It is the policy of the District to invest funds with local, federally insured banks that have a principal office within any of the four counties of Northwest Indiana and have been approved by the State Board of Finance. Cash and certificates of deposit are fully insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposits Insurance Fund. Investments are carried at cost which generally approximates market value.

Restricted Assets: Funds are deposited in the Accident Claims Reserve Accounts, plus interest earned on these funds, are set aside from the general operations of the District at the direction of the Board of Trustees to be used to cover up to the \$5 million self-insured retention for catastrophic liability. Funds deposited in the Bond Fund represent Indefinite Situs tax revenue which use is limited to the repayment of debt.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources when they are needed.

Property, Plant, and Equipment: Major items of property, plant, and equipment acquired with federal, state and local funds exceeding \$5,000 individually are capitalized at cost. Expenditures for maintenance and repairs are charged to operations as incurred. The District recognizes depreciation on plant and equipment on a straight-line basis over the estimated useful lives of the assets, as follows:

Rolling stock (including capital spare parts)	33 years
Building and improvements	5 – 30 years
Electrical substations	20 years
Track work	5 – 30 years
Information system and office equipment	3 – 10 years
Machinery and equipment	3 – 10 years
Autos and trucks	3 – 5 years

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(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Depreciation on the portion of the cost of assets attributable to federal, state, and local capital grants is transferred to the respective capital grant equity balance from unreserved net assets.

Materials and Supplies Inventory: Material and supplies inventory is stated at lower or average cost of market.

Accounts Receivable: No allowance for bad debts has been established because management considers all material accounts receivable to be collectable.

Compensated Absences: Substantially all employees receive compensation for vacations and holidays. Approximately one-fourth of the employees receive compensation for illness and certain other qualifying absences. The number of days compensated for the various categories of absence is based generally on length of service. Vacation leave which has been earned but not paid has been accrued in the accompanying financial statements. Compensation for holiday, illness, and other qualifying absences are not accrued in the accompanying financial statements because rights to such compensation amounts either do not accumulate or they do not vest.

Insurance: The District has insurance coverage for property and casualty losses to electrical substations and related equipment. In addition, the District is responsible for the retention portion on the following insured risks: the first \$500 of loss on cars and trucks; \$2 million per occurrence on rolling stock; and the first \$100 thousand of loss on all other property.

The District is responsible for catastrophic liability claims up to \$3 million. Claims in excess of \$3 million are covered by commercial insurance carriers up to a maximum of \$62 million. The coverage from \$3 million to \$62 million is with several insurance carriers. During 2009 and 2008, all such layers of coverage have been subscribed. There is no guarantee that such coverage will continue to be fully subscribed in the future.

Budgetary Accounting and Reporting: The District practices financial planning and cost controls, however it is not legally required to report on a budgetary basis. Therefore, no comparison of actual and budget data is included in the financial statements.

Reporting Entity: In evaluating how to define the District, 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 the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise material operational control. 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

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(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2009 and 2008

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

designation of managements, 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 District and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusions or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, no entities have been considered to be potential components units for the purpose of defining the District's reporting entity.

Management Estimates: In preparing financial statements, management must make estimates and assumptions. These estimates and assumptions affect the amounts reported for assets, liabilities, revenue and expenses, as well as affecting the disclosures provided. Future results could differ from current estimates.

**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Cash and cash equivalents at December 31, 2009 and 2008 are as follows in thousands of dollars:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2009 Amount</u>	<u>2008 Amount</u>
Cash				\$ 22,792	\$ 12,209
Government Securities				-	8,618
Certificate of deposit	11/12/09	02/12/10	0.100%	1,000	-
Certificate of deposit	10/26/09	01/25/10	0.400%	510	-
Certificate of deposit	10/27/09	01/26/10	0.400%	427	-
Certificate of deposit	10/27/09	01/26/10	0.400%	353	-
Certificate of deposit	11/06/09	02/05/10	0.400%	505	-
Certificate of deposit	10/24/09	01/22/10	0.050%	101	-
Certificate of deposit	10/21/08	01/20/09	2.770%	-	3,805
Certificate of deposit	11/12/08	02/10/09	1.000%	-	4,893
Certificate of deposit	12/12/08	02/10/09	0.890%	-	1,025
Certificate of deposit	12/23/08	02/23/09	0.340%	-	545
Certificate of deposit	12/30/08	03/30/09	1.800%	-	200
Certificate of deposit	11/03/08	02/02/09	1.800%	-	1,217
Certificate of deposit	12/05/08	03/05/09	1.450%	-	1,000
Certificate of deposit	11/30/08	02/28/09	2.025%	-	1,120
Certificate of deposit	12/12/08	03/12/09	2.025%	-	891
Certificate of deposit	12/23/08	02/23/09	1.632%	-	6,927
Certificate of deposit	10/27/08	01/26/09	2.950%	-	503
Certificate of deposit	12/08/08	02/06/09	2.200%	-	500

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008

**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2009 Amount</u>	<u>2008 Amount</u>
Certificate of deposit	11/30/08	02/28/09	2.025%	\$ -	\$ 1,169
Certificate of deposit	12/30/08	03/30/09	0.750%	-	424
Certificate of deposit	12/30/08	03/30/09	0.750%	-	351
Certificate of deposit	10/29/08	01/27/09	1.440%	-	100
Certificate of deposit	12/09/08	01/08/09	0.820%	-	2,154
Certificate of deposit	12/15/08	01/14/09	0.150%	-	500
				<u>\$ 25,688</u>	<u>\$ 48,151</u>

Cash and cash equivalents are allocated as follows in thousands of dollars:

	<u>2009</u>	<u>2008</u>
General fund	\$ 7,642	\$ 8,164
Restricted		
Accident claims reserve	1,000	2,217
Bond proceeds/local grants restricted for acquisition of capital assets	7,004	22,722
Westlake corridor contributions	1,663	1,661
Indefinite Situs tax restricted for debt repayment	8,379	13,387
Total Restricted	<u>18,046</u>	<u>39,987</u>
	<u>\$ 25,688</u>	<u>\$ 48,151</u>

Short-term investments at December 31, 2009 and 2008 are as follows in thousands of dollars:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2009 Amount</u>	<u>2008 Amount</u>
Government Securities				\$ 8,617	\$ -
Certificate of deposit	11/19/09	02/23/10	0.100%	1,005	-
Certificate of deposit	11/11/09	05/11/10	0.395%	1,143	-
Certificate of deposit	08/03/09	02/03/10	0.792%	3,601	-
Certificate of deposit	09/12/09	01/12/10	0.245%	1,089	-
Certificate of deposit	09/22/09	03/22/10	0.445%	1,177	-
Certificate of deposit	09/22/09	03/22/10	0.445%	1,342	-
Certificate of deposit	11/01/09	05/01/10	0.395%	1,514	-
Certificate of deposit	11/19/09	02/22/10	0.100%	1,127	-
Certificate of deposit	09/22/09	01/22/10	0.245%	3,860	-
Certificate of deposit	11/17/09	02/22/10	0.100%	3,350	-

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008

**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2009 Amount</u>	<u>2008 Amount</u>
Certificate of deposit	10/11/08	05/11/09	4.400%	\$ -	\$ 1,106
Certificate of deposit	09/03/08	01/03/09	2.646%	-	3,523
Certificate of deposit	10/01/08	05/01/09	4.014%	-	1,468
Certificate of deposit	10/15/08	05/15/09	4.400%	-	1,308
Certificate of deposit	11/30/08	06/30/09	2.903%	-	2,589
Certificate of deposit	08/12/08	01/12/09	2.740%	-	3,970
Certificate of deposit	12/15/08	03/16/09	1.080%	-	3,333
				<u>\$ 27,825</u>	<u>\$ 17,297</u>

Short-term investments are allocated as follows in thousands of dollars:

	<u>2009</u>	<u>2008</u>
General fund	\$ 13,710	\$ 12,858
Restricted		
Accident claims reserve	2,148	1,106
Bond proceeds/local grants restricted for acquisition of capital assets	6,223	3,333
Indefinite Situs tax restricted for debt repayment	5,744	-
Total Restricted	<u>14,115</u>	<u>4,439</u>
	<u>\$ 27,825</u>	<u>\$ 17,297</u>

Cash and Investment Deposits: The District maintains deposits with nine area financial institutions. A summary of these deposits as of December 31, 2009 and 2008 is as follows in thousands of dollars:

	<u>2009</u>		<u>2008</u>	
	<u>Carrying Amount</u>	<u>Balance Per Bank</u>	<u>Carrying Amount</u>	<u>Balance Per Bank</u>
On hand	\$ 1	\$ -	\$ 1	\$ -
On deposit				
Insured by FDIC	1,430	1,394	1,420	1,418
Insured by IPDIF	43,465	45,712	55,409	56,419
Held by U.S. Treasury	<u>8,617</u>	<u>8,617</u>	<u>8,618</u>	<u>8,618</u>
	<u>\$ 53,513</u>	<u>\$ 55,723</u>	<u>\$ 65,448</u>	<u>\$ 66,455</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2009 and 2008

**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

The investments which the District may purchase are limited by Indiana law. The District's cash deposits and its investment in certificates of deposit at year-end were entirely covered by Federal Deposit Insurance Corporation (FDIC) or by Indiana Public Deposits Insurance Fund (IPDIF). The IPDIF is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12.

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**NOTE 3 – CAPITAL ASSETS**

A summary of changes in capital assets is as follows in thousands of dollars:

	Balance January 1 <u>2009</u>	<u>Changes During Year</u>		Balance December 31, <u>2009</u>
		<u>Additions</u>	<u>Reductions</u>	
Capital assets not being depreciated				
Land	\$ 6,995	\$ -	\$ -	\$ 6,995
Construction in progress	92,587	29,136	(106,876)	14,847
Total capital assets not being depreciated	<u>99,582</u>	<u>29,136</u>	<u>(106,876)</u>	<u>21,842</u>
Capital assets being depreciated:				
Rolling stock (including capital spare parts)	148,911	52,570	-	201,481
Buildings and improvements	84,604	49,871	-	134,475
Track work and substations	43,177	-	-	43,177
Bridges and crossings	29,778	3,028	-	32,806
Machinery and equipment	7,769	560	(122)	8,207
Information system and office equipment	1,129	83	(381)	831
Autos and trucks	3,542	255	(412)	3,385
Total capital assets being depreciated	<u>318,910</u>	<u>106,367</u>	<u>(915)</u>	<u>424,362</u>
Less accumulated depreciation	<u>154,424</u>	<u>17,405</u>	<u>(915)</u>	<u>170,914</u>
Total capital assets being depreciated, net	<u>164,486</u>	<u>88,962</u>	<u>-</u>	<u>253,448</u>
Total capital assets, net	<u>\$ 264,068</u>	<u>\$ 118,098</u>	<u>\$ (106,876)</u>	<u>\$ 275,290</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008

**NOTE 3 – CAPITAL ASSETS (Continued)**

	Balance January 1 <u>2008</u>	<u>Changes During Year</u>		Balance December 31, <u>2008</u>
		<u>Additions</u>	<u>Reductions</u>	
Capital assets not being depreciated				
Land	\$ 6,995	\$ -	\$ -	\$ 6,995
Construction in progress	63,665	33,964	(5,042)	92,587
Total capital assets not being depreciated	<u>70,660</u>	<u>33,964</u>	<u>(5,042)</u>	<u>99,582</u>
Capital assets being depreciated:				
Rolling stock (including capital spare parts)	147,006	1,905	-	148,911
Buildings and improvements	84,237	367	-	84,604
Track work and substations	42,341	836	-	43,177
Bridges and crossings	29,666	112	-	29,778
Machinery and equipment	6,823	1,213	(267)	7,769
Information system and office equipment	1,052	77	-	1,129
Autos and trucks	3,605	413	(476)	3,542
Total capital assets being depreciated	<u>314,730</u>	<u>4,923</u>	<u>(743)</u>	<u>318,910</u>
Less accumulated depreciation	<u>140,080</u>	<u>15,087</u>	<u>(743)</u>	<u>154,424</u>
Total capital assets being depreciated, net	<u>174,650</u>	<u>(10,164)</u>	<u>-</u>	<u>164,486</u>
Total capital assets, net	<u>\$ 245,310</u>	<u>\$ 23,800</u>	<u>\$ (5,042)</u>	<u>\$ 264,068</u>

Depreciation at December 31, 2009 and 2008 consists of the following in thousands of dollars:

	<u>2009</u>	<u>2008</u>
Depreciation on assets acquired with federal funds	\$ 11,315	\$ 10,355
Depreciation on assets acquired with state and local funds	<u>6,090</u>	<u>4,732</u>
	<u>\$ 17,405</u>	<u>\$ 15,087</u>

**NOTE 4 – TRACKAGE RIGHTS**

Beginning in 1991, as a result of the District's acquisition of the "Joint Assets," including all track, ties, ballast, switches, real estate, and other similar items, the District is to receive an "annual fee" for the use of its track. This annual fee has two components: (1) a reimbursement of maintenance of way costs (the MOW fee) and (2) a payment for the right to use the track (the ROI fee). Both components of the annual fee are calculated in accordance with formulas incorporated in the purchase agreement between the District and the South Shore Acquisition Company (SSA). The District recognized \$1.52 million and \$1.60 million in MOW fees in

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008

**NOTE 4 – TRACKAGE RIGHTS (Continued)**

2009 and 2008, respectively. These amounts have been recorded as reductions to the related maintenance of way expense in the accompanying statements of revenue and expense and changes in fund equity. \$941 thousand and \$986 thousand in ROI fees are recognized in 2009 and 2008, respectively, and reported as part of “other local funds” in the accompanying statement of revenue and expense and change in net assets.

**NOTE 5 – LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2009 and 2008 is as follows (in thousands of dollars):

	January 1, 2009	<u>Additions</u>	<u>Reductions</u>	December 31, 2009	Due Within One Year	Long-Term Portion
Bonds payable:						
Bonds payable - 2004	\$ 24,790	\$ -	\$ 1,485	\$ 23,305	\$ 1,525	\$ 21,780
Bonds payable - 2007	32,100	-	1,595	30,505	1,660	28,845
Premium on bonds payable	858	-	107	751	-	751
Total bonds payable	<u>57,748</u>	-	<u>3,187</u>	<u>54,561</u>	<u>3,185</u>	<u>51,376</u>
Accrued postretirement health costs (Note 7)	1,276	-	101	1,175	-	1,175
Total	<u>\$ 59,024</u>	<u>\$ -</u>	<u>\$ 3,288</u>	<u>\$ 55,736</u>	<u>\$ 3,185</u>	<u>\$ 52,551</u>

	January 1, 2008	<u>Additions</u>	<u>Reductions</u>	December 31, 2008	Due Within One Year	Long-Term Portion
Bonds payable:						
Bonds payable - 2004	\$ 26,230	\$ -	\$ 1,440	\$ 24,790	\$ 1,485	\$ 23,305
Bonds payable - 2007	32,100	-	-	32,100	1,595	30,505
Premium on bonds payable	969	-	111	858	-	858
Total bonds payable	<u>59,299</u>	-	<u>1,551</u>	<u>57,748</u>	<u>3,080</u>	<u>54,668</u>
Accrued postretirement health costs (Note 7)	1,181	95	-	1,276	-	1,276
Total	<u>\$ 60,480</u>	<u>\$ 95</u>	<u>\$ 1,551</u>	<u>\$ 59,024</u>	<u>\$ 3,080</u>	<u>\$ 55,944</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008

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**NOTE 5 – LONG-TERM LIABILITIES (Continued)**

On November 16, 2004, the District issued \$29,275,000 worth of Limited Obligation Revenue Bonds, Series 2004 to the Indiana Bond Bank. The District is planning on using the funds generated to fund the cost of a railroad project, including a centralized traffic control system, upgraded signal, fiber optics and modernized catenaries with new conductors, poles or portal structures, mast arms and connectors and related financing costs. The Bonds maturing on February 1, 2021 and February 1, 2022, are subject to optional redemption prior to maturity on and after February 1, 2010 at par. The Bonds maturing on and after February 1, 2016, excluding the Bonds maturing on February 1, 2021 and February 1, 2022 are subject to optional redemption on and after February 1, 2015 at par. The Bonds are set to be repaid annually on December 30 for principal and interest over the course of the next twelve years with payments commencing on December 30, 2005. The bonds bear an interest rate ranging from 2.0% to 5.0%.

On April 4, 2007, the District issued \$32,100,000 worth of Limited Obligation Capital Grant Receipts Revenue Bonds, Series 2007 to Chase Equipment Leasing, Inc. The District is planning on using the funds generated to fund the purchase of commuter rail cars. The Bonds shall be subject to optional redemption on December 30, 2012, December 30, 2014, or December 30, 2016 at the redemption price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest, if any, to the date fixed for redemption. The Bonds are also subject to optional redemption on any payment date on or after June 30, 2008 in whole at a redemption price of 100% of the principle amount of the Bonds to be redeemed plus accrued interest to the redemption, plus premium. The Bonds are set to be repaid annually on June 30 and December 30 for principal and interest starting June 30, 2009 until December 30, 2023. Interest only will be paid every June 30 and December 30 until June 30, 2009. The bonds bear an interest rate of 4.028%.

To comply with covenants outlined in the 2004 and 2007 bonds agreements, the District has established several accounts which are required to hold all principal and interest payments on the bonds becoming due over the next 12 months. These accounts are classified as restricted cash. These reserve accounts may not in any event exceed an amount equal to two times the maximum amount of principal and interest coming due over the next 12 months. During 2009 FGIC, the District's 2004 Bond Insurer, fell below the required bond rating of "A." In accordance with the Trust Indenture, the District was required to set aside an additional \$2,600,000 in escrow.

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(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008

**NOTE 5 – LONG-TERM LIABILITIES (Continued)**

The bond debt service requirements to maturity for the 2007 and 2004 Bonds are as follows (in thousands of dollars):

Year Ending December 31	2004 Bond			2007 Bond			Total
	Principal	Interest	Total	Principal	Interest	Total	
2010	\$ 1,525	\$ 1,070	\$ 2,595	\$ 1,660	\$ 1,212	\$ 2,872	\$ 5,467
2011	1,575	1,024	2,599	1,727	1,145	2,872	5,471
2012	1,650	945	2,595	1,798	1,074	2,872	5,467
2013	1,735	863	2,598	1,871	1,001	2,872	5,470
2014	1,800	800	2,600	1,947	925	2,872	5,472
2015-2019	10,225	2,762	12,987	10,988	3,371	14,359	27,346
2020-2023	4,795	362	5,157	10,514	975	11,489	16,646
	<u>\$ 23,305</u>	<u>\$ 7,826</u>	<u>\$ 31,131</u>	<u>\$ 30,505</u>	<u>\$ 9,703</u>	<u>\$ 40,208</u>	<u>\$ 71,339</u>

**NOTE 6 – NET ASSET CLASSIFICATIONS**

Invested in Capital Assets, Net of Related Debt: This represents the net book value of property and equipment, less the amount of debt outstanding used for the acquisition of fixed assets.

Restricted for Debt Service: This represents amounts of Situs Tax, which is restricted for debt service, less accumulated bond principal and interest payments.

Restricted for Capital Projects: This represents unspent grant and bond proceeds net of debt.

Unrestricted Net Assets: This represents the balance of net assets which use has not been restricted for debt service nor invested in capital assets, net of debt.

**NOTE 7 – EMPLOYEES' RETIREMENT AND POSTRETIREMENT HEALTH PLANS**

To provide retirement benefits for its full-time employees, the District participates in the Public Employees' Retirement Fund of Indiana (Fund), a cost-sharing, multiple-employer public employees' retirement system. The payroll for employees covered by the Fund was \$1.4 and \$1.3 million for 2009 and 2008 respectively. All District employees not covered by Public Employees' Retirement Fund are covered by the Federal Railroad Retirement Act. The District's total payroll was \$17.7 million for 2009 and \$17.3 million for 2008.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008

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**NOTE 7 – EMPLOYEES’ RETIREMENT AND POSTRETIREMENT HEALTH PLANS**  
(Continued)

PERF covered employees are required to contribute 3% of their compensation to the Fund and the District is required to contribute amounts, which are actuarially determined, sufficient to fund the retirement benefits. The contribution requirement, which was made by the District, was \$216 thousand and \$192 thousand for 2009 and 2008. These contributions represent 15% of covered payroll for 2009 and 2008. The District contributes the 3% employee’s portion. To obtain more information please visit the Public Employees’ Retirement Fund at [www.in.gov/perf/](http://www.in.gov/perf/).

GASB Statements 27 and 50 require certain additional pension disclosures, including trend information. Not all of the required information has been disclosed herein. Some of the required information is not available from the Public Employees’ Retirement Fund of Indiana. Further, because only 18 employees of the District are participants in the Fund, these items are not considered to be material disclosures to the District’s financial statements.

In addition, effective January 1, 1994, the District established the NICTD Supplemental Pension Plan and Trust (the Plan) for its non-contract employees. The Plan is a non-contributory defined contribution plan. All employees (other than union employees, or part-time or temporary employees) having attained age 21, with one year of service are eligible to participate. Participants are covered under two categories: Class I and Class II. Class I participants are also current participants in Federal Railroad Retirement Act Tier I and II coverage. Class II participants are also current participants in the Public Employees’ Retirement Fund of Indiana. All participants’ total balances are 100% vested.

The Plan requires contributions by the District to be made at the rate of 5% of Class I employees’ compensation and 8% of Class II employees’ compensation. Contributions for 2009 and 2008 by the District amounted to \$133 thousand and \$127 thousand (5% of covered payroll) for Class I employees and \$105 thousand and \$95 thousand (8% of covered payroll) for Class II employees.

Covered payroll for 2009 and 2008 amounted to \$2,652 thousand and \$2,534 thousand for Class I employees and \$1,307 thousand and \$1,184 thousand for Class II employees.

In addition, certain contract employees, including clerks, dispatchers, collectors/conductors, and engineers were enrolled in a separate union supplemental pension plan. Full-time employees covered by the applicable collective bargain agreements are eligible to participate in the plan. All participants are 100% vested.

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(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008

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**NOTE 7 – EMPLOYEES’ RETIREMENT AND POSTRETIREMENT HEALTH PLANS**  
(Continued)

Contributions are made by the District as follows: \$0.50 per qualifying hour for clerks, \$1.00 per qualifying hour worked for dispatchers and \$0.50 per qualifying hour for collectors/ conductors and engineers. Contributions for 2009 and 2008 by the District amounted to \$20 thousand and \$19 thousand for clerks, \$11 thousand and \$12 thousand for dispatchers and \$72 thousand and \$70 thousand for collectors/ conductors and engineers. Qualifying hours for 2009 and 2008 were 40 thousand and 38 thousand for clerks, 11 thousand and 12 thousand for dispatchers and 144 thousand and 139 thousand for collectors/ conductors and engineers.

There were no securities of or loans to the District or related parties in the Plan assets.

On December 30, 2003, the District adopted the postretirement health plan. On June 1, 2009, this plan was amended to change entry level age to 62 for eligible retirees with coverage ceasing at age 65. The plan covers all management employees over the age of 62 with 12 years of service. Employees contribute 60% of the Cobra rate while under the age of 65 and 50% of the premiums for Option I Medicare Supplement coverage. The District makes contributions for retired employees on a pay as you go basis. This plan is not funded, however, approximately \$600 thousand of the District’s cash and cash equivalents is designated for this health plan. Approximately 58 retired and active employees are covered under this plan. Actuarial assumptions used to determine net periodic postretirement healthcare benefits costs include a discount rate of 4.00% for 2009 and 7.00% for 2008. The District recognized \$101 thousand and \$95 thousand of postretirement health plan obligations for 2009 and 2008, respectively. The accumulated postretirement health plan liability was \$1,175 thousand and \$1,276 thousand as of December 31, 2009 and 2008, respectively.

GASB Statement 45 requires certain additional postretirement health plan disclosures, including trend information. These items are not considered to be material disclosures to the District’s financial statements.

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(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008

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**NOTE 8 – OTHER NONOPERATING REVENUE**

Other local funds and other revenue at December 31, 2009 and 2008 consist of the following in thousands of dollars:

	<u>2009</u>	<u>2008</u>
Other local funds		
Local subsidies	\$ 3,780	\$ 4,058
Total other local funds	<u>\$ 3,780</u>	<u>\$ 4,058</u>
Other revenue		
Interest – unreserved	\$ 355	\$ 1,374
Interest – reserved for accident claims	35	118
Rental income	92	81
Sale of maintenance services	1	2
Sale of scrap material	67	118
Advertising activities	57	76
Lawsuit settlement	420	-
Miscellaneous	<u>4</u>	<u>39</u>
Total other revenue	<u>\$ 1,031</u>	<u>\$ 1,808</u>

**NOTE 9 – METRA TRANSACTIONS**

The District and Metra have agreed to a purchase of service agreement, whereby Metra reimburses the District for a portion (21% for 2009) of certain qualifying expenses resulting from the provision of passenger service along the former CSS line. In the event that the passenger operations generate a surplus, Metra would participate in that same proportion as it does for losses. The operating subsidy for 2009 and 2008 amounted to \$2.8 million and \$3 million, respectively. A portion of this subsidy is included in “other local funds” with the remaining amount as an offset to “transportation” operating expenses in the accompanying statement of revenue, expenses and changes in net assets.

During 2008, the District renegotiated the agreement, the terms and conditions of the agreements are substantially the same. The agreement is for five (5) years made retroactive to January 1, 2007 and is to expire on December 31, 2011.

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(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008

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**NOTE 9 – METRA TRANSACTIONS (Continued)**

Additionally, the District and Metra have a Trackage Right Agreement whereby the District pays an amount to Metra for operating over their tracks and other services between Kensington and Millennium Station. This consists of the Base Compensation amount which has two components: 1) Electrical Energy Expense and 2) General Operating Expenses. The District shall make current year electrical energy expense payments on a monthly basis to Metra using one-twelfth (1/12) of the prior year's actual energy bill. At the end of each year, a reconciliation bill to the current year power charges will be calculated by Metra and billed to the District. The General Operating Expense (Base Payment) component is based upon the District's allocation share of actual expenses incurred by Metra for the operation and maintenance of the corridor between Kensington and Millennium Station. The Base Payment shall be adjusted each January 1 by the change (if any) from the prior calendar year in the Association of American Railroad's (AAR) Railroad Cost Index: Table A West-material prices, wage rates and supplements combined (excluding fuel). The District recognized \$4.4 million and \$4.9 million in total Trackage Rights Expense for 2009 and 2008, respectively.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

The following summarizes the significant commitments and contingencies at December 31, 2009 and 2008:

- (a) During the course of its operations, the District is involved in incidents which could result in claims for personal injury. Estimated losses as a result of such incidents have been provided for in the accompanying financial statements.
- (b) The District has a self-funded insurance plan for its management employees. Benefits Administrative Systems, LLC provides certain administrative services for the plan. An insurance company provides specific and aggregate stop loss coverage. The District is responsible for the funding of all claims up to \$70,000 (aggregate specific deductible) per individual per policy year and up to approximately \$1,092,500 (attachment point/minimum aggregate deductible) per year for the group as a whole. A liability of \$209,400 and \$191,000 has been recorded by the District at December 31, 2009 and 2008 to estimate payment of claims pending on that date. Group insurance expense related to this plan totaled \$709,000 and \$335,200 for the years ended December 31, 2009 and 2008. Approximately 260 union employees are covered under a separate plan. Total health insurance expenses for the years ended December 31, 2009 and 2008 totaled \$5,117,200 and \$4,483,200.

**SUPPLEMENTARY SCHEDULES**

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
SCHEDULES OF EXPENSES

Years ended December 31, 2009 and 2008

(In thousands of dollars)

	<u>2009</u>	<u>2008</u>
<b>TRANSPORTATION</b>		
Salaries and wages	\$ 4,800	\$ 4,824
Fringe benefits and payroll taxes	3,616	3,715
Equipment expense	2	13
Repairs and maintenance materials	4	1
Operating costs	3,673	4,521
Utilities	169	188
Other services	123	123
Office supplies	24	12
Administration	104	104
Rents and leases	12	13
	12,527	13,514
 <b>MAINTENANCE OF WAY EXPENSES</b>		
Salaries and wages	2,786	2,653
Fringe benefit and payroll taxes	2,289	2,308
Equipment expense	16	43
Repairs and maintenance materials	1,265	1,584
Traction power	2,892	1,978
Operating costs	(1,261)	(1,212)
Professional services	(19)	29
Utilities	194	204
Other services	818	593
Office supplies	9	22
Administration	(1,091)	(1,043)
Rents and leases	16	11
	7,914	7,170
 <b>MAINTENANCE OF EQUIPMENT EXPENSES</b>		
Salaries and wages	4,424	4,154
Fringe benefit and payroll taxes	3,408	3,288
Equipment expense	42	32
Repairs and maintenance materials	1,727	2,268
Operating costs	74	67
Utilities	179	182
Other services	484	388
Office supplies	94	99
Administration	(449)	(858)
Rents and leases	19	16
	10,002	9,636
 <b>CLAIMS AND INSURANCE</b>	 2,004	 1,700
 <b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Salaries and wages	2,180	2,110
Fringe benefit and payroll taxes	1,867	1,616
Equipment expense	1	12
Repairs and maintenance materials	56	40
Operating costs	50	65
Utilities	116	131

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
SCHEDULES OF EXPENSES

Years ended December 31, 2009 and 2008

(In thousands of dollars)

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	<u>2009</u>	<u>2008</u>
Professional services	\$ 915	\$ 789
Other services	234	214
Office supplies	110	120
Administration	153	415
Rents and leases	<u>41</u>	<u>58</u>
	5,723	5,570
 DEPRECIATION		
Depreciation on assets acquired with federal funds	11,315	10,355
Depreciation on assets acquired with state and local funds	<u>6,090</u>	<u>4,732</u>
	17,405	15,087
	<u>\$ 55,575</u>	<u>\$ 52,677</u>

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**NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended December 31, 2009**

Federal Grantor/Grant No.	Federal CFDA Number	Qualifying Expenditures in Excess of (Less Than) Reimbursements, Beginning of 2009	Reimbursements		Qualifying Expenditures		Total	Qualifying Expenditures in Excess of (Less Than) Reimbursements, End of 2009
			Federal Share	Local Share	Federal Share	Local Share		
U.S. Department of Transportation Federal Transit Administration								
Capital/ Maintenance Assistance IN-90-X593 (Operating Maint.)	20.507	\$ -	\$ 4,494,740	\$ 13,420,893	\$ 17,915,633	\$ 4,494,740	\$ 13,420,893	\$ 17,915,633
Capital Assistance								
IN-03-0113	20.500	3,440	29,427	6,497	35,924	25,987	6,497	32,484
IN-03-0121	20.500	-	218,375	60,029	278,404	240,117	60,029	300,146
IN-03-0126	20.500	90,363	1,497,212	436,790	1,934,002	1,747,160	436,790	2,183,950
IN-03-0128	20.500	33,333	90,727	14,844	105,571	59,377	14,844	74,221
IN-03-0142	20.500	-	4,803,922	1,237,500	6,041,422	4,950,000	1,237,500	6,187,500
IN-04-0014	20.500	-	-	16,113	16,113	64,453	16,113	80,566
IN-05-065	20.500	341,584	682,245	90,344	772,589	361,377	90,344	451,721
IN-05-066	20.500	573,360	1,725,320	296,518	2,021,838	1,181,722	296,518	1,478,240
IN-05-067	20.500	58,552	1,721,349	482,900	2,204,249	1,878,909	482,900	2,361,809
IN-05-068	20.500	-	370,018	201,337	571,355	805,349	201,337	1,006,686
IN-56-001 - ARRA	20.500	-	179,993	-	179,993	554,655	-	554,655
IN-95-X001	20.507	-	390,720	97,680	488,400	390,720	97,680	488,400
IN-96-X009 - ARRA	20.507	-	17,159	-	17,159	17,159	-	17,159
IN-90-X545	20.507	-	25,370	6,343	31,713	25,370	6,343	31,713
IN-90-X555	20.507	-	602	150	752	602	150	752
FTA Subtotal		<u>1,100,632</u>	<u>16,247,179</u>	<u>16,367,938</u>	<u>32,615,117</u>	<u>16,797,697</u>	<u>16,367,938</u>	<u>33,165,635</u>
U.S. Department of Homeland Security Passed through State of Illinois								
IL-90-X103 (Homeland Security)	97.008	731,839	731,839	-	731,839	132,256	-	132,256
IL-90-X104 (Homeland Security)	97.008	-	-	-	-	54,500	-	54,500
PA-05-IN-1795 (Homeland Sec.)	97.036	-	149,435	137,326	286,761	290,435	137,326	427,761
		<u>1,832,471</u>	<u>17,128,453</u>	<u>16,505,264</u>	<u>33,633,717</u>	<u>17,274,888</u>	<u>16,505,264</u>	<u>33,780,152</u>
Summary by Federal CFDA Number								
20.500	\$ 1,100,632	\$ 11,318,588	\$ 2,842,872	\$ 14,161,460	\$ 11,869,106	\$ 2,842,872	\$ 14,711,978	\$ 1,651,150
20.507	-	4,928,591	13,525,066	18,453,657	4,928,591	13,525,066	18,453,657	186,756
97.008	731,839	731,839	-	731,839	186,756	-	186,756	186,756
97.036	-	149,435	137,326	286,761	290,435	137,326	137,326	427,761
	<u>\$ 1,832,471</u>	<u>\$ 17,128,453</u>	<u>\$ 16,505,264</u>	<u>\$ 33,633,717</u>	<u>\$ 17,274,888</u>	<u>\$ 16,505,264</u>	<u>\$ 33,780,152</u>	<u>\$ 1,978,906</u>

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
December 31, 2009

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General: The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the District. The District's reporting entity is defined in Note 1 to the District's financial statements.

Basis of Accounting: The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the District's financial statements.

Subrecipients: Of the Federal expenditures presented in the schedule, the District did not provide any Federal awards to subrecipients.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.507  
 FTA GRANT NO. IN-90-X593  
 CAPITAL/MAINTENANCE ASSISTANCE  
 January 1, 2009 through December 31, 2009

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.7A.00	Preventive Maintenance (Rail)	\$ 5,618,425	\$ 17,915,633	\$ (12,297,208)
	Net project costs	<u>\$ 5,618,425</u>	<u>\$ 17,915,633</u>	<u>\$ (12,297,208)</u>
	Federal share	\$ 4,494,740	\$ 4,494,740	\$ -
	Local share	<u>1,123,685</u>	<u>13,420,893</u>	<u>(12,297,208)</u>
	Net project costs	<u>\$ 5,618,425</u>	<u>\$ 17,915,633</u>	<u>\$ (12,297,208)</u>
	Total grant payable (maximum \$4,494,740)		\$ 4,494,740	
	Grant receipts through December 31, 2009		<u>4,494,740</u>	
	Balance due from FTA at December 31, 2009		<u>\$ -</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500  
FTA GRANT NO. IN-03-0113  
CAPITAL ASSISTANCE  
May 1, 2004 through December 31, 2009

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.15.22	Mid-life rail car overhaul	\$ 1,100,000	\$ 1,309,166	\$ (209,166)(1)
12.21.05	Engineering/design – Bridge MP 63.37	140,000	494,855	(354,855)(1)
12.23.05	Construct bridges	2,500,000	2,492,568	7,432
12.23.03	Rebuild trackage – Kensington Junction	2,175,532	13,810	2,161,722
12.42.11	Rail support vehicles	390,000	415,818	(25,818)(1)
12.42.20	Purchase – miscellaneous equipment	390,000	469,056	(79,056)(1)
12.51.01	Engineering/design – traction power	100,000	-	100,000
12.54.01	Rehabilitation/Renovation – traction power equipment	120,000	54,076	65,924
12.72.08	Force account – construction	520,000	614,542	(94,542)(1)
12.72.09	Force account vehicle rehabilitation	4,200,000	3,599,570	600,430
12.79.00	Force account project administration	<u>290,000</u>	<u>138,735</u>	<u>151,265</u>
	Net project costs	<u>\$ 11,925,532</u>	<u>\$ 9,602,196</u>	<u>\$ 2,323,336</u>
	Federal share (80%)	\$ 9,540,426	\$ 7,681,757	\$ 1,858,669
	Local share (20%)	<u>2,385,106</u>	<u>1,920,439</u>	<u>464,667</u>
	Net project costs	<u>\$ 11,925,532</u>	<u>\$ 9,602,196</u>	<u>\$ 2,323,336</u>
	Total grant payable (maximum \$9,540,426)		\$ 7,681,757	
	Grant receipts through December 31, 2009		<u>7,681,757</u>	
	Balance due from FTA at December 31, 2009		<u>\$ -</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500  
FTA GRANT NO. IN-03-0121  
CAPITAL ASSISTANCE  
May 1, 2004 through December 31, 2009

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
13.63.20	Mid-life rail car overhaul	\$ 600,000	\$ 1,910,135	\$ (1,310,135)(1)
12.23.05	Construct bridges	2,350,000	52,826	2,297,174
12.23.03	Construct line equip/structure	2,080,008	-	2,080,008
12.42.11	Rail support vehicles	390,000	707,147	(317,147)(1)
12.42.20	Purchase – miscellaneous equipment	390,000	15,420	374,580
12.54.01	Rehabilitation/Renovation – traction power equipment	220,000	146,055	73,945
12.72.08	Force account – construction	885,000	423,085	461,915
12.72.09	Force account vehicle rehabilitation	4,700,000	3,338,063	1,361,937
12.79.00	Force account project administration	<u>215,000</u>	<u>24,413</u>	<u>190,587</u>
	Net project costs	<u>\$ 11,830,008</u>	<u>\$ 6,617,144</u>	<u>\$ 5,212,864</u>
	Federal share (80%)	\$ 9,464,006	\$ 5,293,716	\$ 4,170,290
	Local share (20%)	<u>2,366,002</u>	<u>1,323,428</u>	<u>1,042,574</u>
	Net project costs	<u>\$ 11,830,008</u>	<u>\$ 6,617,144</u>	<u>\$ 5,212,864</u>
	Total grant payable (maximum \$9,464,006)		\$ 5,293,716	
	Grant receipts through December 31, 2009		<u>5,271,974</u>	
	Balance due from FTA at December 31, 2009		<u>\$ 21,742</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500  
 FTA GRANT NO. IN-03-0126  
 CAPITAL ASSISTANCE  
 May 1, 2004 through December 31, 2009

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.15.22	Mid-life rail car overhaul	\$ 940,000	\$ 1,247,036	\$ (307,036)(1)
12.23.05	Construct bridges	1,975,000	1,967,340	7,660
12.31.02	Engineering/design rail station	160,000	348,687	(188,687)(1)
12.33.02	Construct rail station	1,000,000	1,297,154	(297,154)(1)
12.42.11	Rail support vehicle	365,000	468,877	(103,877)(1)
12.42.20	Purchase – miscellaneous equipment	415,000	235,506	179,494
12.54.01	Rehabilitation/Renovation – traction power equipment	1,766,885	1,930,938	(164,053)(1)
12.72.08	Force account construction	2,225,000	3,756,222	(1,531,222)(1)
12.72.09	Force account vehicle rehabilitation	2,600,000	-	2,600,000
12.79.00	Force account project administration	<u>370,000</u>	<u>53,983</u>	<u>316,017</u>
	Net project costs	<u>\$ 11,816,885</u>	<u>\$ 11,305,743</u>	<u>\$ 511,142</u>
	Federal share (80%)	\$ 9,453,507	\$ 9,044,594	\$ 408,913
	Local share (20%)	<u>2,363,378</u>	<u>2,261,149</u>	<u>102,229</u>
	Net project costs	<u>\$ 11,816,885</u>	<u>\$ 11,305,743</u>	<u>\$ 511,142</u>
	Total grant payable (maximum \$9,453,507)		\$ 9,044,594	
	Grant receipts through December 31, 2009		<u>8,704,283</u>	
	Balance due from FTA at December 31, 2009		<u>\$ 340,311</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500  
FTA GRANT NO. IN-03-0128  
CAPITAL ASSISTANCE  
July 1, 2005 through December 31, 2009

Line Item Code	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	Actual (Over)Under <u>Budget</u>
13.71.11	West Lake study	\$ 1,875,000	\$ 1,064,256	\$ 810,744
13.63.20	Signals/ communication – signal modernization	<u>1,225,000</u>	<u>1,225,000</u>	-
	Net project costs	<u>\$ 3,100,000</u>	<u>\$ 2,289,256</u>	<u>\$ 810,744</u>
	Federal share (80%)	\$ 2,480,000	\$ 1,831,405	\$ 648,595
	Local share (20%)	<u>620,000</u>	<u>457,851</u>	<u>162,149</u>
	Net project costs	<u>\$ 3,100,000</u>	<u>\$ 2,289,256</u>	<u>\$ 810,744</u>
	Total grant payable (maximum \$2,480,000)		\$ 1,831,405	
	Grant receipts through December 31, 2009		<u>1,829,422</u>	
	Balance due from FTA at December 31, 2009		<u>\$ 1,983</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500  
 FTA GRANT NO. IN-03-0142  
 CAPITAL ASSISTANCE  
 July 1, 2008 through December 31, 2009

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<u>Line Item Code</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)Under Budget</u>
12.54.01	Signals/Catenary	\$ 6,187,500	\$ 6,187,500	\$ -
	Net project costs	<u>\$ 6,187,500</u>	<u>\$ 6,187,500</u>	<u>\$ -</u>
	Federal share (80%)	\$ 4,950,000	\$ 4,950,000	\$ -
	Local share (20%)	<u>1,237,500</u>	<u>1,237,500</u>	<u>-</u>
	Net project costs	<u>\$ 6,187,500</u>	<u>\$ 6,187,500</u>	<u>\$ -</u>
Total grant payable (maximum \$4,950,000)			\$ 4,950,000	
Grant receipts through December 31, 2009			<u>4,803,922</u>	
Balance due from FTA at December 31, 2009			<u>\$ 146,078</u>	

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NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500  
 FTA GRANT NO. IN-04-0014  
 CAPITAL ASSISTANCE  
 July 1, 2008 through December 31, 2009

<u>Line Item Code</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)Under Budget</u>
11.31.03	Gary-Chicago Airport	\$ 433,125	\$ 80,566	\$ 352,559
	Net project costs	<u>\$ 433,125</u>	<u>\$ 80,566</u>	<u>\$ 352,559</u>
	Federal share (80%)	\$ 346,500	\$ 64,453	\$ 282,047
	Local share (20%)	<u>86,625</u>	<u>16,113</u>	<u>70,512</u>
	Net project costs	<u>\$ 433,125</u>	<u>\$ 80,566</u>	<u>\$ 352,559</u>
	Total grant payable (maximum \$346,500)		\$ 64,453	
	Grant receipts through December 31, 2009		<u>-</u>	
	Balance due from FTA at December 31, 2009		<u>\$ 64,453</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500  
FTA GRANT NO. IN-05-065  
CAPITAL ASSISTANCE  
July 1, 2006 through December 31, 2009

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.23.05	Construct bridges	\$ 1,400,000	\$ 1,035,598	\$ 364,402
12.33.02	Construct rail station	1,950,000	3,954,006	(2,004,006)(1)
12.42.06	Purchase – shop equipment	240,000	214,743	25,257
12.42.11	Rail support vehicle	385,000	283,913	101,087
12.42.20	Purchase – miscellaneous equipment	435,000	268,682	166,318
12.54.01	Rehabilitation/Renovation – traction power equipment	5,067,478	5,223,589	(156,111)(1)
12.71.02	Final design – third party	1,325,000	63,556	1,261,444
12.72.08	Force account construction	1,450,000	873,464	576,536
12.79.00	Force account project administration	<u>415,000</u>	<u>266,048</u>	<u>148,952</u>
	Net project costs	<u>\$ 12,667,478</u>	<u>\$ 12,183,599</u>	<u>\$ 483,879</u>
	Federal share (80%)	\$ 10,133,981	\$ 9,746,879	\$ 387,102
	Local share (20%)	<u>2,533,497</u>	<u>2,436,720</u>	<u>96,777</u>
	Net project costs	<u>\$ 12,667,478</u>	<u>\$ 12,183,599</u>	<u>\$ 483,879</u>
Total grant payable (maximum \$10,133,981)			\$ 9,746,879	
Grant receipts through December 31, 2009			<u>9,726,163</u>	
Balance due from FTA at December 31, 2009			<u>\$ 20,716</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500  
FTA GRANT NO. IN-05-066  
CAPITAL ASSISTANCE  
July 1, 2006 through December 31, 2009

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.15.22	Mid-life 1992 rail cars overhaul	\$ 375,000	\$ 195,598	\$ 179,402
12.23.05	Construct bridges	864,804	763,504	101,300
12.42.11	Rail support vehicle	485,000	322,490	162,510
12.42.20	Purchase track equipment	485,000	500,000	(15,000)(1)
12.54.01	Catenary	7,850,000	7,327,470	522,530
12.43.05	Yard trackage	200,000	841,992	(641,992)(1)
12.54.03	Substations	190,000	134,709	55,291
12.41.05	Engineering/Design – Yard & Shops	200,000	-	200,000
12.72.08	Force account construction	1,675,000	1,500,845	174,155
12.72.09	Force account vehicle rehabilitation	850,000	28,195	821,805
12.79.00	Force account project administration	420,000	447,352	(27,352)(1)
	Net project costs	<u>\$ 13,594,804</u>	<u>\$ 12,062,155</u>	<u>\$ 1,532,649</u>
	Federal share (80%)	\$ 10,867,842	\$ 9,642,626	\$ 1,225,216
	Local share (20%)	<u>2,726,962</u>	<u>2,419,529</u>	<u>307,433</u>
	Net project costs	<u>\$ 13,594,804</u>	<u>\$ 12,062,155</u>	<u>\$ 1,532,649</u>
	Total grant payable (maximum \$10,867,842)		\$ 9,642,626	
	Grant receipts through December 31, 2009		<u>9,612,864</u>	
	Balance due from FTA at December 31, 2009		<u>\$ 29,762</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500  
FTA GRANT NO. IN-05-067  
CAPITAL ASSISTANCE  
June 1, 2008 through December 31, 2009

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.23.05	Bridges	\$ 1,625,000	\$ 1,434,018	\$ 190,982
12.42.11	Purchase support vehicle	485,000	51,976	433,024
12.42.20	Purchase track equipment	485,000	194,057	290,943
12.54.01	Catenary	2,000,000	2,500,000	(500,000)(1)
12.43.05	Yard trackage	650,000	599	649,401
12.54.03	Substations	73,044	-	73,044
12.23.03	Kensington engineering	7,500,000	547,427	6,952,573
12.11.22	New railcars	312,500	312,500	-
12.72.08	Force account construction	950,000	97,355	852,645
12.79.00	Force account project administration	<u>327,500</u>	<u>-</u>	<u>327,500</u>
	Net project costs	<u>\$ 14,408,044</u>	<u>\$ 5,137,932</u>	<u>\$ 9,270,112</u>
	Federal share (80%)	\$ 11,517,955	\$ 4,087,420	\$ 7,430,535
	Local share (20%)	<u>2,890,089</u>	<u>1,050,512</u>	<u>1,839,577</u>
	Net project costs	<u>\$ 14,408,044</u>	<u>\$ 5,137,932</u>	<u>\$ 9,270,112</u>
Total grant payable (maximum \$11,517,955)			\$ 4,087,420	
Grant receipts through December 31, 2009			<u>3,871,308</u>	
Balance due from FTA at December 31, 2009			<u>\$ 216,112</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500  
FTA GRANT NO. IN-05-068  
CAPITAL ASSISTANCE  
June 1, 2009 through December 31, 2009

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.13.22	Railcars	\$ 3,590,000	\$ -	\$ 3,590,000
12.23.05	Bridges	1,125,000	-	1,125,000
12.42.20	Misc Equipment	850,394	461,528	388,866
12.43.04	Construct Storage Facility	112,500	-	112,500
12.54.01	Rehab Traction Power Equip	9,250,000	544,322	8,705,678
12.72.08	Force Account Construction	100,000	-	100,000
12.79.00	Force Acct. Project Admin.	<u>50,000</u>	<u>836</u>	<u>49,164</u>
	Net project costs	<u>\$ 15,077,894</u>	<u>\$ 1,006,686</u>	<u>\$ 14,071,208</u>
	Federal share (80%)	\$ 12,062,315	\$ 805,349	\$ 11,256,966
	Local share (20%)	<u>3,015,579</u>	<u>201,337</u>	<u>2,814,242</u>
	Net project costs	<u>\$ 15,077,894</u>	<u>\$ 1,006,686</u>	<u>\$ 14,071,208</u>
	Total grant payable (maximum \$12,509,915)		\$ 805,349	
	Grant receipts through December 31, 2009		<u>370,018</u>	
	Balance due from FTA at December 31, 2009		<u>\$ 435,331</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500  
 AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)  
 FTA GRANT NO. IN-56-001  
 CAPITAL/MAINTENANCE ASSISTANCE  
 June 1, 2009 through December 31, 2009

<u>Line Item Code</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)Under Budget</u>
12.63.01	Signal	\$ 6,412,487	\$ 554,655	\$ 5,857,832
	Net project costs	<u>\$ 6,412,487</u>	<u>\$ 554,655</u>	<u>\$ 5,857,832</u>
	Federal share (100%)	<u>\$ 6,412,487</u>	<u>\$ 554,655</u>	<u>\$ 5,857,832</u>
	Net project costs	<u>\$ 6,412,487</u>	<u>\$ 554,655</u>	<u>\$ 5,857,832</u>
	Total grant payable (maximum \$6,412,487)		\$ 554,655	
	Grant receipts through December 31, 2009		<u>179,993</u>	
	Balance due from FTA at December 31, 2009		<u>\$ 374,662</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.507  
 FTA GRANT NO. IN-95-X001  
 CAPITAL/MAINTENANCE ASSISTANCE  
 July 13, 2007 through December 31, 2009

<u>Line Item Code</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)Under Budget</u>
12.13.22	New railcars	\$ 10,000,000	\$ 10,000,000	\$ -
	Net project costs	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ -</u>
	Federal share (80%)	\$ 8,000,000	\$ 8,000,000	\$ -
	Local share (20%)	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>
	Net project costs	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ -</u>
	Total grant payable (maximum \$8,000,000)		\$ 8,000,000	
	Grant receipts through December 31, 2009		<u>8,000,000</u>	
	Balance due from FTA at December 31, 2009		<u>\$ -</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.507  
 AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)  
 FTA GRANT NO. IN-96-X009  
 CAPITAL/MAINTENANCE ASSISTANCE  
 August 1, 2009 through December 31, 2009

<u>Line Item Code</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)Under Budget</u>
12.63.01	Signal	\$ 7,442,864	\$ 6,736	\$ 7,436,128
12.92.08	New signage	59,600	10,423	49,177
	Net project cost	<u>\$ 7,502,464</u>	<u>\$ 17,159</u>	<u>\$ 7,485,305</u>
	Federal share (100%)	<u>\$ 7,502,464</u>	<u>\$ 17,159</u>	<u>\$ 7,485,305</u>
	Net project cost	<u>\$ 7,502,464</u>	<u>\$ 17,159</u>	<u>\$ 7,485,305</u>
Total grant payable (maximum \$7,502,464)			\$ 17,159	
Grant receipts through December 31, 2009			<u>17,159</u>	
Balance due from FTA at December 31, 2009			<u>\$ -</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.507  
 FTA GRANT NO. IN-90-X545  
 CAPITAL/MAINTENANCE ASSISTANCE  
 August 22, 2007 through December 31, 2009

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.42.11	Police vehicle	\$ 42,995	\$ 31,713	\$ 11,282
12.13.11	Construct landscaping/scenic beautification	<u>42,995</u>	<u>42,995</u>	<u>-</u>
	Net project costs	<u>\$ 85,990</u>	<u>\$ 74,708</u>	<u>\$ 11,282</u>
	Federal share (80%)	\$ 68,792	\$ 59,766	\$ 9,026
	Local share (20%)	<u>17,198</u>	<u>14,942</u>	<u>2,256</u>
	Net project costs	<u>\$ 85,990</u>	<u>\$ 74,708</u>	<u>\$ 11,282</u>
	Total grant payable (maximum \$68,792)		\$ 59,766	
	Grant receipts through December 31, 2009		<u>59,766</u>	
	Balance due from FTA at December 31, 2009		<u>\$ -</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.507  
 FTA GRANT NO. IN-90-X555  
 CAPITAL/MAINTENANCE ASSISTANCE  
 July 1, 2008 through December 31, 2009

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<u>Line Item Code</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)Under Budget</u>
12.93.03	Construct landscaping/scenic beautification	\$ 136,299	\$ 50,473	\$ 85,826
	Net project costs	<u>\$ 136,299</u>	<u>\$ 50,473</u>	<u>\$ 85,826</u>
	Federal share (80%)	\$ 109,039	\$ 40,378	\$ 68,661
	Local share (20%)	<u>27,260</u>	<u>10,095</u>	<u>17,165</u>
	Net project costs	<u>\$ 136,299</u>	<u>\$ 50,473</u>	<u>\$ 85,826</u>
Total grant payable (maximum \$109,039)			\$ 40,378	
Grant receipts through December 31, 2009			<u>40,378</u>	
Balance due from FTA at December 31, 2009			<u>\$ -</u>	

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NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 97.008  
HOMELAND SECURITY GRANT NO. (CFDA #97.008 – NICTD #02-0103)  
December 14, 2007 through December 31, 2009

<u>Line Item Code</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)Under Budget</u>
97.008	Homeland Security – camera	\$ 800,000	\$ 687,443	\$ 112,557
97.008	Homeland Security – police equipment	41,000	35,169	5,831
97.008	Homeland Security – fiber optic	120,000	185,700	(65,700)
97.008	Homeland Security – PA system	<u>23,000</u>	<u>21,483</u>	<u>1,517</u>
	Net project costs	<u>\$ 984,000</u>	<u>\$ 929,795</u>	<u>\$ 54,205</u>
	Federal share (100%)	\$ 984,000	\$ 929,795	\$ 54,205
	Local share (0%)	<u>-</u>	<u>-</u>	<u>-</u>
	Net project costs	<u>\$ 984,000</u>	<u>\$ 929,795</u>	<u>\$ 54,205</u>
Total grant payable (maximum \$984,000)			\$ 929,795	
Less: non reimbursable overbudget line items			(65,700)	
Grant receipts through December 31, 2009			<u>731,839</u>	
Balance due December 31, 2009			<u>\$ 132,256</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 97.008  
HOMELAND SECURITY GRANT NO. (CFDA #97.008 – NICTD #02-0104)  
October 15, 2009 through December 31, 2009

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
97.008	Homeland Security – Training	\$ 120,000	\$ 44,500	\$ 75,500
97.008	Homeland Security – SEMEX Program	8,458	-	8,458
97.008	Homeland Security – NIMS Training	10,000	15,135	(5,135)
97.008	Homeland Security – Public Awareness	<u>30,880</u>	<u>-</u>	<u>30,880</u>
	Net project costs	<u>\$ 169,338</u>	<u>\$ 59,635</u>	<u>\$ 109,703</u>
	Federal share (100%)	\$ 169,338	\$ 59,635	\$ 109,703
	Local share (0%)	<u>-</u>	<u>-</u>	<u>-</u>
	Net project costs	<u>\$ 169,338</u>	<u>\$ 59,635</u>	<u>\$ 109,703</u>
Total grant payable (maximum \$169,338)			\$ 59,635	
Less: non reimbursable overbudget line items			(5,135)	
Grant receipts through December 31, 2009			<u>-</u>	
Balance due at December 31, 2009			<u>\$ 54,500</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT  
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 97.036  
 HOMELAND SECURITY GRANT NO. (CFDA #97.036 – NICTD #PA-05-IN-1795)  
 CAPITAL ASSISTANCE

February 3, 2009 through December 31, 2009

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.24.05	Bridge-Retainage Wall	\$ 382,151	\$ 423,939	\$ (41,788)
	Admin Fees	<u>3,822</u>	<u>3,822</u>	<u>-</u>
	Net project costs	<u>\$ 385,973</u>	<u>\$ 427,761</u>	<u>\$ (41,788)</u>
	Federal share (75%)	\$ 286,613	\$ 286,613	\$ -
	Federal Admin Fees (100%)	<u>3,822</u>	<u>3,822</u>	<u>-</u>
	Total Federal Share	290,435	290,435	-
	Local share (25%)	<u>95,538</u>	<u>137,326</u>	<u>(41,788)</u>
	Net project costs	<u>\$ 385,973</u>	<u>\$ 427,761</u>	<u>\$ (41,788)</u>
	Total grant payable (maximum \$290,435)		\$ 290,435	
	Grant receipts through December 31, 2009		<u>149,435</u>	
	Balance due at December 31, 2009		<u>\$ 141,000</u>	



Crowe Horwath LLP  
Independent Member Crowe Horwath International

REPORT OF INTERNAL AUDITORS 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*

Board of Trustees  
Northern Indiana Commuter  
Transportation District  
Chesterton, Indiana

We have audited the financial statements of Northern Indiana Commuter Transportation District as of and for the year ended December 31, 2009, and have issued our report thereon dated the same date as this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northern Indiana Commuter Transportation District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Northern Indiana Commuter Transportation District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Northern Indiana Commuter Transportation District's internal control over financial reporting.

*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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Indiana Commuter Transportation District's financial statements are free of 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*.

We noted certain matters that we reported to management of Northern Indiana Commuter Transportation District in a separate letter dated April 30, 2010.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Crowe Horwath LLP

South Bend, Indiana  
April 30, 2010



Crowe Horwath LLP  
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees  
Northern Indiana Commuter  
Transportation District  
Chesterton, Indiana

Compliance

We have audited the compliance of the Northern Indiana Commuter Transportation District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. Northern Indiana Commuter Transportation District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Northern Indiana Commuter Transportation District's management. Our responsibility is to express an opinion on Northern Indiana Commuter Transportation District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northern Indiana Commuter Transportation District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Northern Indiana Commuter Transportation District's compliance with those requirements.

In our opinion, Northern Indiana Commuter Transportation District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

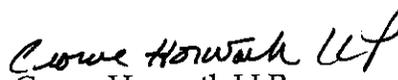
## Internal Control Over Compliance

The management of Northern Indiana Commuter Transportation District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Northern Indiana Commuter Transportation District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Northern Indiana Commuter Transportation District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Crowe Horwath LLP

South Bend, Indiana  
April 30, 2010

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 December 31, 2009

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements:

The type of report issued on the financial statements: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified? not considered to be material weaknesses?  Yes  None Reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?  Yes  No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Department of Transportation Cluster:
20.500	Federal Transit Capital Investment Grants
20.500 – ARRA	Federal Transit Capital Investment Grants – ARRA
20.507	Federal Transit Formula Grants
20.507 – ARRA	Federal Transit Formula Grants – ARRA

Dollar threshold used to distinguish between type A and type B programs: \$518,247

Auditee qualified as low-risk auditee?  Yes  No

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2009

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

None

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS  
December 31, 2009

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There were no prior year findings.