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June 4, 2012

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, 2011 to December 31, 2011. 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, 2011 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

**NORTHERN INDIANA COMMUTER
TRANSPORTATION DISTRICT**

ANNUAL REPORT

December 31, 2011 and 2010

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Chesterton, Indiana

ANNUAL REPORT
December 31, 2011 and 2010

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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 the Northern Indiana Commuter Transportation District (the District) as of December 31, 2011 and 2010, 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, 2011 and 2010, 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 23, 2012 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 audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Crowe Horwath LLP

South Bend, Indiana
April 23, 2012

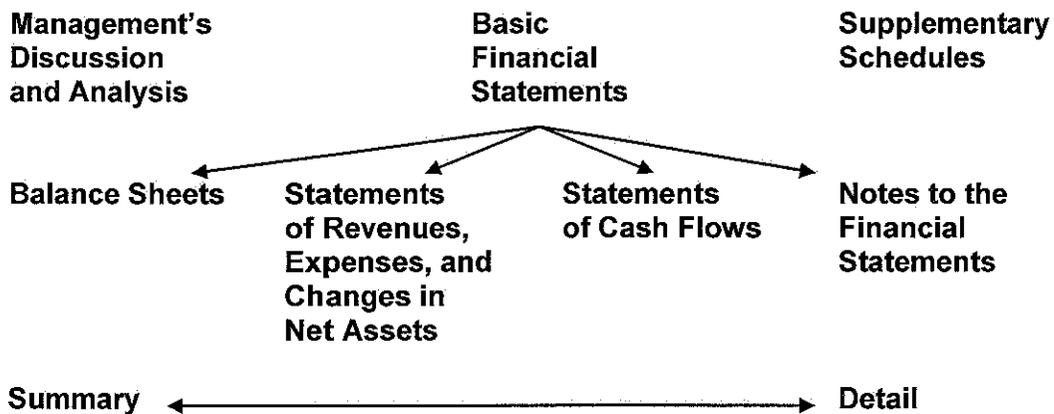
NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2011 and 2010
 (In thousands of dollars)

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, 2011 and 2010.

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, 2011 and 2010
(In thousands of dollars)

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 increased by \$966 or .27%, from \$361,799 in 2010 to \$362,765 in 2011, primarily due to an increase in state operating assistance. Total assets increased by \$13,507 or 3.88%, from \$348,292 in 2009 to \$361,799 in 2010, primarily due to increases in cash and cash equivalents.
- Operating revenues increased by \$511 or 2.88% in 2011, from \$17,719 to \$18,230. Operating revenues decreased by \$40 or 0.23% in 2010, from \$17,759 to \$17,719.
- Operating expenses increased by \$91 or 0.16% in 2011, from \$57,625 to \$57,716 primarily due to an increase in depreciation expense. Operating expenses increased by \$2,050 or 3.69% in 2010, from \$55,575 to \$57,625, primarily due to increases in depreciation expense.
- Loss before capital contributions decreased by \$3,418 or 15.67% in 2011, from \$21,811 to \$18,393 due to an increase in state operating assistance. Loss before capital contributions increased by \$6,278 or 40.42% in 2010, from \$15,533 to \$21,811 due to a decrease in state operating assistance.

Balance Sheet

Total net assets increased by \$8,068 and \$10,712 in 2011 and 2010, respectively (see Figure A-2). The largest portion of net assets is invested in capital assets, net of related debt, which increased \$7,697 in 2011 and \$16,179 in 2010 through capital improvements, which were funded by contributions from federal and state governmental agencies.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011 and 2010
(In thousands of dollars)

**Figure A-2a
Condensed Balance Sheet**

	<u>2011</u>	<u>2010</u>	<u>Difference</u>	<u>Percent Change</u>
Current assets	\$ 35,030	\$ 37,133	\$ (2,103)	(5.66)%
Noncurrent assets	503	550	(47)	(8.55)
Restricted assets	33,980	35,259	(1,279)	(3.63)
Capital assets	<u>293,252</u>	<u>288,857</u>	<u>4,395</u>	<u>1.52</u>
Total assets	362,765	361,799	966	0.27
Current liabilities	13,740	17,354	(3,614)	(20.83)
Long-term liabilities	<u>45,751</u>	<u>49,239</u>	<u>(3,488)</u>	<u>(7.08)</u>
Total liabilities	59,491	66,593	(7,102)	(10.66)
Net assets invested in capital assets, net of related debt	245,929	238,232	7,697	3.23
Net assets restricted for debt service	14,576	12,321	2,255	18.30
Net assets restricted for capital projects	6,230	6,227	3	0.05
Unrestricted net assets	<u>36,539</u>	<u>38,426</u>	<u>(1,887)</u>	<u>(4.91)</u>
Total net assets	<u>\$ 303,274</u>	<u>\$ 295,206</u>	<u>\$ 8,068</u>	<u>2.73%</u>

**Figure A-2b
Condensed Balance Sheet**

	<u>2010</u>	<u>2009</u>	<u>Difference</u>	<u>Percent Change</u>
Current assets	\$ 37,133	\$ 40,242	\$ (3,109)	(7.73)%
Noncurrent assets	550	598	(48)	(8.03)
Restricted assets	35,259	32,162	3,097	9.63
Capital assets	<u>288,857</u>	<u>275,290</u>	<u>13,567</u>	<u>4.93</u>
Total assets	361,799	348,292	13,507	3.88
Current liabilities	17,354	11,247	6,107	54.30
Long-term liabilities	<u>49,239</u>	<u>52,551</u>	<u>(3,312)</u>	<u>(6.30)</u>
Total liabilities	66,593	63,798	2,795	4.38
Net assets invested in capital assets, net of related debt	238,232	222,053	16,179	7.29
Net assets restricted for debt service	12,321	15,183	(2,862)	(18.85)
Net assets restricted for capital projects	6,227	6,223	4	0.06
Unrestricted net assets	<u>38,426</u>	<u>41,035</u>	<u>(2,609)</u>	<u>(6.36)</u>
Total net assets	<u>\$ 295,206</u>	<u>\$ 284,494</u>	<u>\$ 10,712</u>	<u>3.77%</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011 and 2010
(In thousands of dollars)

Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues increased by \$511 in 2011 (see Figure A-3a). Operating revenues decreased by \$40 in 2010 (see Figure A-3a).

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenue	\$ 18,230	\$ 17,719	\$ 17,759
Commuter ridership	2,241	2,176	2,242
Off-peak ridership	1,466	1,538	1,643
Total ridership	3,707	3,714	3,885

Operating expenses increased by \$91 in 2011. The key components of operating expenses are: transportation, maintenance, and depreciation. Depreciation expense increased by \$167 in 2011. Railroad operating expenses increased 0.16% over 2010. Total non-operating revenues/expenses increased by \$2,998, or 16.57% in 2011 due to an increase in Indefinite Situs Tax collections.

Figure A-3a
Condensed Statements of Revenues, Expenses and Changes in Net Assets

	<u>2011</u>	<u>2010</u>	<u>Difference</u>	<u>Percent Change</u>
Operating revenue	\$ 18,230	\$ 17,719	\$ 511	2.88%
Operating expenses	<u>(57,716)</u>	<u>(57,625)</u>	<u>91</u>	<u>0.16</u>
Operating loss	(39,486)	(39,906)	(420)	(1.05)
Non-operating revenues/expenses	<u>21,093</u>	<u>18,095</u>	<u>2,998</u>	<u>16.57</u>
Loss before contributions	(18,393)	(21,811)	3,418	15.67
Contributions	<u>26,461</u>	<u>32,523</u>	<u>(6,062)</u>	<u>(18.64)</u>
Increase in net assets	8,068	10,712	(2,644)	(24.68)
Net assets, beginning of year	<u>295,206</u>	<u>284,494</u>	<u>10,712</u>	<u>3.77</u>
Net assets, end of year	<u>\$ 303,274</u>	<u>\$ 295,206</u>	<u>\$ 8,068</u>	<u>2.73%</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011 and 2010
(In thousands of dollars)

Operating expenses increased by \$2,050 in 2010. The key components of operating expenses are: transportation, maintenance and depreciation. Depreciation expense increased by \$2,170 due to capitalizing of signal, catenary, and railcar projects; while maintenance expenses decreased by \$843. Railroad operating expenses increased by 3.69% over 2009. Labor costs decreased by 5.47% due to completion of the Midlife Program and additional staff cuts. The cost of fringe benefits increased by 1.67%. Traction power increased by 11.00% in 2010 due to adjustments by Metra based on actual electricity consumed. Total non-operating revenues/expenses decreased by \$4,188 or 18.80% in 2010 due to a decrease in Indefinite Situs Tax collections.

Figure A-3b
Condensed Statements of Revenues, Expenses and Changes in Net Assets

	<u>2010</u>	<u>2009</u>	<u>Difference</u>	<u>Percent Change</u>
Operating revenue	\$ 17,719	\$ 17,759	\$ (40)	(0.23)%
Operating expenses	<u>(57,625)</u>	<u>(55,575)</u>	<u>2,050</u>	<u>3.69</u>
Operating loss	(39,906)	(37,816)	2,090	5.53
Non-operating revenues/expenses	<u>18,095</u>	<u>22,283</u>	<u>(4,188)</u>	<u>(18.79)</u>
Loss before contributions	(21,811)	(15,533)	(6,278)	(40.42)
Contributions	<u>32,523</u>	<u>15,437</u>	<u>17,086</u>	<u>110.68</u>
Increase/(decrease) in net assets	10,712	(96)	10,808	11,258.33
Net assets, beginning of year	<u>284,494</u>	<u>284,590</u>	<u>(96)</u>	<u>(0.03)</u>
Net assets, end of year	<u>\$ 295,206</u>	<u>\$ 284,494</u>	<u>\$ 10,712</u>	<u>3.77%</u>

Statement of Cash Flows

Cash flow from operating activities in 2011 decreased by \$7,949 (see Figure A-4a) due to an increase in payments made for trade accounts payable. Cash receipts for capital and related financing activities increased by \$6,450 due to a reduction in funds spent on capital assets. Cash from investing activities decreased by \$18,011 due to purchases of certificates of deposit. Cash flow from operating activities in 2010 increased by \$3,979 (see Figure A-4b) due to a reduction in operating expenses. Cash receipts for capital and related financing activities increased by \$11,637 due to an increase in capital grants received. Cash from investing activities increased by \$28,162 due to sales of investments.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011 and 2010
(In thousands of dollars)

Figure A-4a
Condensed Statements of Cash Flows

	<u>2011</u>	<u>2010</u>	<u>Difference</u>	<u>Percent Change</u>
Net cash flows used in operating activities	\$ (23,648)	\$ (15,699)	\$ (7,949)	(50.63)%
Net cash flows provided by noncapital financing activities	22,734	21,346	1,388	6.50
Net cash flows used in capital and related financing activities	(586)	(7,036)	6,450	91.67
Net cash flows provided by investing activities	<u>29</u>	<u>18,041</u>	<u>(18,012)</u>	<u>(99.84)</u>
Net increase (decrease) in cash and cash equivalents	(1,471)	16,652	(18,123)	(108.83)
Cash and equivalents, beginning of year	<u>42,340</u>	<u>25,688</u>	<u>16,652</u>	<u>64.82</u>
Cash and equivalents, end of year	<u>\$ 40,869</u>	<u>\$ 42,340</u>	<u>\$ (1,471)</u>	<u>(3.47)%</u>

Figure A-4b
Condensed Statements of Cash Flows

	<u>2010</u>	<u>2009</u>	<u>Difference</u>	<u>Percent Change</u>
Net cash flows used in operating activities	\$ (15,699)	\$ (19,678)	\$ 3,979	20.22%
Net cash flows provided by noncapital financing activities	21,346	26,010	(4,664)	(17.93)
Net cash flows used in capital and related financing activities	(7,036)	(18,673)	11,637	62.32
Net cash flows provided by (used in) investing activities	<u>18,041</u>	<u>(10,122)</u>	<u>28,163</u>	<u>278.24</u>
Net increase (decrease) in cash and cash equivalents	16,652	(22,463)	39,115	174.13
Cash and equivalents, beginning of year	<u>25,688</u>	<u>48,151</u>	<u>(22,463)</u>	<u>(46.65)</u>
Cash and equivalents, end of year	<u>\$ 42,340</u>	<u>\$ 25,688</u>	<u>\$ 16,652</u>	<u>64.82%</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2011 and 2010
 (In thousands of dollars)

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 2011 through 2015. The District expects to invest \$82,500 in capital improvements during 2011 - 2015 in a major upgrade of the right of way. For more detailed information related to capital assets, see Note 3 to the financial statements.

Debt Administration

At December 31, 2011 and 2010, the District had \$27,118 and \$28,845 principal outstanding for the Series 2007 bonds and \$20,205 and \$21,780 principal outstanding for the Series 2004 Bonds.

**Figure A-5
Debt Service Coverage**

	<u>2011</u>	<u>2010</u>	<u>Difference</u>	<u>Percent Change</u>
Situs Tax Restricted for Debt Service	\$ 14,576	\$ 12,321	\$ 2,255	18.30%
Aggregate Net Debt Service Principal - Bonds	\$ 47,323	\$ 50,625	\$ (3,302)	(6.52)%

**Figure A-5
Debt Service Coverage**

	<u>2010</u>	<u>2009</u>	<u>Difference</u>	<u>Percent Change</u>
Situs Tax Restricted for Debt Service	\$ 12,321	\$ 15,183	\$ (2,862)	(18.85)%
Aggregate Net Debt Service Principal - Bonds	\$ 50,625	\$ 53,810	\$ (3,185)	(5.92)%

For more detailed information related to long-term debt, see Note 5 to the financial statements.

Economic Factors and Next Year's Business Plans and Fares

Ridership is expected to remain flat in 2012. A 2% fare increase was implemented on June 1, 2011. As such, operating revenue increased slightly by 2.88% in 2011. Operation and maintenance expenses in 2012 are estimated to increase by \$1,456 or approximately 4% over 2011 expense levels. Management believes that the 2012 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, 2011 and 2010
(In thousands of dollars)

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, 2011 and 2010
 (In thousands of dollars)

	<u>2011</u>	<u>2010</u>
Operating revenue		
Passenger fares (net of refunds)	\$ 18,184	\$ 17,677
Parking lot collections	<u>46</u>	<u>42</u>
	<u>18,230</u>	<u>17,719</u>
 Operating expenses		
Transportation	13,130	12,883
Maintenance of way	7,524	7,793
Maintenance of equipment	9,709	9,280
Claims and insurance	1,691	2,205
General and administrative	<u>5,920</u>	<u>5,889</u>
	37,974	38,050
Depreciation	<u>19,742</u>	<u>19,575</u>
	<u>57,716</u>	<u>57,625</u>
 Operating loss	 <u>(39,486)</u>	 <u>(39,906)</u>
 Nonoperating revenues (expenses)		
Maintenance grant	4,293	4,520
State operating assistance	8,286	8,089
Other local funds (Note 8)	3,958	3,723
Other revenue (Note 8)	604	418
Interest expense	(2,130)	(2,235)
Indefinite Situs tax	<u>6,082</u>	<u>3,580</u>
	<u>21,093</u>	<u>18,095</u>
 Loss before capital contributions	 <u>(18,393)</u>	 <u>(21,811)</u>
 Capital contributions		
Federal	22,266	28,199
State	<u>4,195</u>	<u>4,324</u>
	<u>26,461</u>	<u>32,523</u>
 Increase in net assets	 8,068	 10,712
 Net assets at beginning of year	 <u>295,206</u>	 <u>284,494</u>
 Net assets at end of year	 <u>\$ 303,274</u>	 <u>\$ 295,206</u>

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
BALANCE SHEETS
December 31, 2011 and 2010
(In thousands of dollars)

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	\$ 15,508	\$ 15,698
Short-term investments (Note 2)	1,441	1,288
Receivables		
Federal capital and planning assistance	2,319	4,754
State assistance	8,963	8,139
Metra portion of operating costs	931	1,434
Other	<u>993</u>	<u>1,008</u>
Total receivables	13,206	15,335
Materials and supplies inventory	3,834	3,746
Prepaid expenses	<u>1,041</u>	<u>1,066</u>
Total current assets	<u>35,030</u>	<u>37,133</u>
Restricted assets		
Cash and cash equivalents (Note 2)	25,361	26,642
Short-term investments (Note 2)	8,618	8,617
Interest receivable	<u>1</u>	<u>-</u>
Total restricted assets	<u>33,980</u>	<u>35,259</u>
Capital assets		
Capital assets not being depreciated	67,639	48,811
Capital assets being depreciated	434,697	430,261
Less accumulated depreciation	<u>(209,084)</u>	<u>(190,215)</u>
Capital assets being depreciated, net	<u>225,613</u>	<u>240,046</u>
Total capital assets, net (Note 3)	<u>293,252</u>	<u>288,857</u>
Loan fees, net of amortization	<u>503</u>	<u>550</u>
Total assets	<u>\$ 362,765</u>	<u>\$ 361,799</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 BALANCE SHEETS
 December 31, 2011 and 2010
 (In thousands of dollars)

	<u>2011</u>	<u>2010</u>
LIABILITIES AND NET ASSETS		
Current liabilities (payable from current assets)		
Accounts payable		
Trade	\$ 3,358	\$ 6,960
Capital projects	2,224	2,091
Payroll taxes and withholdings	559	548
Unredeemed fares	208	213
Accrued injuries and damages	1,230	1,510
Other accrued expenses	2,713	2,730
Current portion - bonds payable (Note 5)	<u>3,448</u>	<u>3,302</u>
Total current liabilities (payable from current assets)	<u>13,740</u>	<u>17,354</u>
Long-term debt - bonds payable (Note 5)	44,425	47,971
Accrued post retirement health costs (Note 5)	<u>1,326</u>	<u>1,268</u>
Total long-term liabilities	<u>45,751</u>	<u>49,239</u>
Total liabilities	<u>59,491</u>	<u>66,593</u>
Net assets (Note 6)		
Invested in capital assets, net of related debt	245,929	238,232
Restricted for debt service	14,576	12,321
Restricted for capital projects	6,230	6,227
Unrestricted	<u>36,539</u>	<u>38,426</u>
Total net assets	<u>303,274</u>	<u>295,206</u>
Total liabilities and net assets	<u>\$ 362,765</u>	<u>\$ 361,799</u>

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF CASH FLOWS
 Years ended December 31, 2011 and 2010
 (In thousands of dollars)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Cash fares from customers	\$ 18,225	\$ 17,769
Cash payments for salaries and benefits	(24,733)	(24,661)
Cash payments for insurance	(2,070)	(2,007)
Cash paid for goods and services	<u>(15,070)</u>	<u>(6,800)</u>
Net cash flows used in operating activities	<u>(23,648)</u>	<u>(15,699)</u>
Cash flows from noncapital financing activities		
State assistance grant contributions	7,462	9,056
Maintenance grant	4,293	4,520
Situs tax	6,082	3,580
Other local sources	436	786
Metra operating subsidy	3,426	2,623
State & local government contributions	121	31
Trackage rights subsidy	<u>914</u>	<u>750</u>
Net cash flows provided by noncapital financing	<u>22,734</u>	<u>21,346</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(24,004)	(31,324)
Proceeds from disposition of assets	5	15
Capital grants received	28,896	29,748
Interest expenses	(2,181)	(2,290)
Bond repayment	<u>(3,302)</u>	<u>(3,185)</u>
Net cash flows used in capital and related financing activities	<u>(586)</u>	<u>(7,036)</u>
Cash flows from investing activities		
Purchases of investments	(1,441)	(1,288)
Sales of investments	1,288	19,208
Interest received on cash equivalents and investments	<u>182</u>	<u>121</u>
Net cash flows provided by investing activities	<u>29</u>	<u>18,041</u>
 Net increase (decrease) in cash and cash equivalents	 (1,471)	 16,652
Cash and cash equivalents at beginning of year	<u>42,340</u>	<u>25,688</u>
Cash and cash equivalents at end of year	<u>\$ 40,869</u>	<u>\$ 42,340</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF CASH FLOWS
 Years ended December 31, 2011 and 2010
 (In thousands of dollars)

	<u>2011</u>	<u>2010</u>
Reconciliation of operating loss to net cash flows used in operating activities		
Operating loss	\$ (39,486)	\$ (39,906)
Adjustments to reconcile operating loss to net cash flows used in operating activities:		
Depreciation expense	19,742	19,575
Gain on sale of fixed assets	(5)	(15)
Change in assets and liabilities		
Inventories	(88)	373
Prepaid expenses	24	8
Accounts payable - trade	(3,602)	3,918
Unredeemed fares	(6)	50
Accrued retirement	59	93
Accrued injuries and damages	(280)	210
Accrued and withheld items	<u>(6)</u>	<u>(5)</u>
Net cash flows used in operating activities	<u>\$ (23,648)</u>	<u>\$ (15,699)</u>
Noncash capital and related financing activities		
Capital assets included in accounts payable		
End of year	\$ 2,224	\$ 2,091
Beginning of year	2,091	274
Noncash noncapital financing activities		
Insurance premiums financed	965	1,020

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

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.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District applies Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails, and all of the GASB pronouncements issued subsequently.

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.

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, 2011 and 2010 cash equivalents stated at cost, which approximates fair value, consisted of certificates of deposit.

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.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 fair value.

Capital Assets: Capital assets include major items of property, plant, and equipment acquired with federal, state and local funds and are capitalized at cost. Capital assets include real and personal property with a cost of \$5 thousand or more and a useful life of one year or more. Capital assets also include individual expenditures of \$5 thousand or more which: extends the useful life of an existing asset or; changes or expands the use(s) of the asset or; represents cost of a major component of an asset, such that the asset could not continue in service until the end of its useful life or; is required by law. Expenditures for maintenance and repairs are charged to operations as incurred. The District recognizes depreciation on capital assets 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

For the year ended December 31, 2010, the District implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. It defines an intangible asset's required characteristics, and generally requires that they be treated as capital assets. Implementation of this statement did not have a material affect on the District therefore prior periods were not required to be restated. Included with the District's machinery and equipment capital assets, the District has capitalized an intangible asset, computer software. The District follows the same capitalization policy and estimated useful life for its intangible asset as it does for its machinery and equipment capital assets. The District also amortizes the intangible asset utilizing the straight-line method.

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 of average cost or market.

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

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2011 and 2010, 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 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.

Reclassifications: Certain amounts from the prior year have been reclassified to conform to the current year presentation. The reclassifications had no effect on net assets or change in net assets.

New Accounting Pronouncements: For the year ended December 31, 2011, the District did not implement any new pronouncements.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents at December 31, 2011 and 2010 are as follows in thousands of dollars:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2011 Amount</u>	<u>2010 Amount</u>
Cash				\$ 32,568	\$ 34,052
Certificate of deposit	11/19/11	02/17/12	0.100%	3,357	-
Certificate of deposit	11/19/11	02/17/12	0.100%	1,006	-
Certificate of deposit	11/19/11	02/17/12	0.100%	1,129	-
Certificate of deposit	11/18/11	02/16/12	0.100%	1,002	-
Certificate of deposit	11/04/11	02/03/12	0.350%	508	-
Certificate of deposit	10/25/11	01/24/12	0.350%	430	-
Certificate of deposit	10/25/11	01/24/12	0.350%	355	-
Certificate of deposit	10/24/11	01/23/12	0.350%	514	-
Certificate of deposit	11/24/10	02/22/11	0.100%	-	3,354
Certificate of deposit	11/23/10	02/21/11	0.100%	-	1,001
Certificate of deposit	11/24/10	02/22/11	0.100%	-	1,005
Certificate of deposit	10/25/10	01/24/11	0.350%	-	512
Certificate of deposit	10/26/10	01/25/11	0.350%	-	428
Certificate of deposit	10/26/10	01/25/11	0.350%	-	354
Certificate of deposit	11/05/10	02/04/11	0.350%	-	506
Certificate of deposit	11/24/10	02/22/11	0.100%	-	1,128
				<u>\$ 40,869</u>	<u>\$ 42,340</u>

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

	<u>2011</u>	<u>2010</u>
General fund	\$ 15,508	\$ 15,698
Restricted		
Accident claims reserve	5,033	5,024
Bond proceeds/local grants restricted for acquisition of capital assets	8,704	10,387
Westlake corridor contributions	1,674	1,671
Indefinite Situs tax restricted for debt repayment	<u>9,950</u>	<u>9,560</u>
Total restricted	<u>25,361</u>	<u>26,642</u>
	<u>\$ 40,869</u>	<u>\$ 42,340</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2011 and 2010

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Short-term investments at December 31, 2011 and 2010 are as follows in thousands of dollars:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2011 Amount</u>	<u>2010 Amount</u>
Government Securities				\$ 8,618	\$ 8,617
Certificate of deposit	10/12/10	01/15/11	0.145%	-	1,288
Certificate of deposit	10/12/11	01/12/12	0.195%	<u>1,441</u>	<u>-</u>
				<u>\$ 10,059</u>	<u>\$ 9,905</u>

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

	<u>2011</u>	<u>2010</u>
General fund	\$ 1,441	\$ 1,288
Restricted		
Bond proceeds/local grants restricted for acquisition of capital assets	2,873	2,873
Indefinite Situs tax restricted for debt repayment	<u>5,745</u>	<u>5,744</u>
Total restricted	<u>8,618</u>	<u>8,617</u>
	<u>\$ 10,059</u>	<u>\$ 9,905</u>

Cash and Investment Deposits: The District maintains deposits with nine area financial institutions. A summary of these deposits as of December 31, 2011 and 2010 is as follows in thousands of dollars:

	<u>2011</u>		<u>2010</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	1,633	1,629	1,550	1,352
Insured by IPDIF	40,676	40,843	42,077	40,315
Held by U.S. Treasury	<u>8,618</u>	<u>8,618</u>	<u>8,617</u>	<u>8,617</u>
	<u>\$ 50,928</u>	<u>\$ 51,090</u>	<u>\$ 52,245</u>	<u>\$ 50,284</u>

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.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 3 - CAPITAL ASSETS

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

	Balance January 1, <u>2011</u>	<u>Changes During Year</u>		Balance December 31, <u>2011</u>
		<u>Additions</u>	<u>Reductions</u>	
Capital assets not being depreciated:				
Land	\$ 6,995	\$ -	\$ -	\$ 6,995
Construction in progress	<u>41,816</u>	<u>24,380</u>	<u>(5,552)</u>	<u>60,644</u>
Total capital assets not being depreciated	<u>48,811</u>	<u>24,380</u>	<u>(5,552)</u>	<u>67,639</u>
Capital assets being depreciated:				
Rolling stock (including capital spare parts)	203,946	127	-	204,073
Buildings and improvements	135,828	1,049	-	136,877
Track work and substations	43,363	-	-	43,363
Bridges and crossings	33,516	3,588	-	37,104
Machinery and equipment	9,076	212	(125)	9,163
Information system and office equipment	883	-	(285)	598
Autos and trucks	<u>3,649</u>	<u>333</u>	<u>(463)</u>	<u>3,519</u>
Total capital assets being depreciated	430,261	5,309	(873)	434,697
Less accumulated depreciation	<u>190,215</u>	<u>19,742</u>	<u>(873)</u>	<u>209,084</u>
Total capital assets being depreciated, net	<u>240,046</u>	<u>(14,433)</u>	<u>-</u>	<u>225,613</u>
Total capital assets, net	<u>\$ 288,857</u>	<u>\$ 9,947</u>	<u>\$ (5,552)</u>	<u>\$ 293,252</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance January 1, <u>2010</u>	<u>Changes During Year</u>		Balance December 31, <u>2010</u>
		<u>Additions</u>	<u>Reductions</u>	
Capital assets not being depreciated:				
Land	\$ 6,995	\$ -	\$ -	\$ 6,995
Construction in progress	<u>14,862</u>	<u>33,196</u>	<u>(6,242)</u>	<u>41,816</u>
Total capital assets not being depreciated	<u>21,857</u>	<u>33,196</u>	<u>(6,242)</u>	<u>48,811</u>
Capital assets being depreciated:				
Rolling stock (including capital spare parts)	201,481	2,465	-	203,946
Buildings and improvements	134,460	1,368	-	135,828
Track work and substations	43,177	186	-	43,363
Bridges and crossings	32,806	710	-	33,516
Machinery and equipment	8,207	881	(12)	9,076
Information system and office equipment	831	52	-	883
Autos and trucks	<u>3,385</u>	<u>526</u>	<u>(262)</u>	<u>3,649</u>
Total capital assets being depreciated	424,347	6,188	(274)	430,261
Less accumulated depreciation	<u>170,914</u>	<u>19,575</u>	<u>(274)</u>	<u>190,215</u>
Total capital assets being depreciated, net	<u>253,433</u>	<u>(13,387)</u>	<u>-</u>	<u>240,046</u>
Total capital assets, net	<u>\$ 275,290</u>	<u>\$ 19,809</u>	<u>\$ (6,242)</u>	<u>\$ 288,857</u>

Depreciation at December 31, 2011 and 2010 consists of the following in thousands of dollars:

	<u>2011</u>	<u>2010</u>
Depreciation on assets acquired with federal funds	\$ 12,483	\$ 12,337
Depreciation on assets acquired with state and local funds	<u>7,259</u>	<u>7,238</u>
	<u>\$ 19,742</u>	<u>\$ 19,575</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

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 \$1.50 million and \$1.29 million in MOW fees in 2011 and 2010, 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. \$854 thousand and \$763 thousand in ROI fees are recognized in 2011 and 2010, 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, 2011 and 2010 is as follows (in thousands of dollars):

	January 1, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	December 31, <u>2011</u>	Due Within <u>One Year</u>	Long-Term <u>Portion</u>
Bonds payable:						
Bonds payable - 2004	\$ 21,780	\$ -	\$ 1,575	\$ 20,205	\$ 1,650	\$ 18,555
Bonds payable - 2007	28,845	-	1,727	27,118	1,798	25,320
Premium on bonds payable	<u>648</u>	<u>-</u>	<u>98</u>	<u>550</u>	<u>-</u>	<u>550</u>
Total bonds payable	51,273	-	3,400	47,873	3,448	44,425
Accrued postretirement health costs (Note 7)						
	<u>1,268</u>	<u>58</u>	<u>-</u>	<u>1,326</u>	<u>-</u>	<u>1,326</u>
Total	<u>\$ 52,541</u>	<u>\$ 58</u>	<u>\$ 3,400</u>	<u>\$ 49,199</u>	<u>\$ 3,448</u>	<u>\$ 45,751</u>

	January 1, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	December 31, <u>2010</u>	Due Within <u>One Year</u>	Long-Term <u>Portion</u>
Bonds payable:						
Bonds payable - 2004	\$ 23,305	\$ -	\$ 1,525	\$ 21,780	\$ 1,575	\$ 20,205
Bonds payable - 2007	30,505	-	1,660	28,845	1,727	27,118
Premium on bonds payable	<u>751</u>	<u>-</u>	<u>103</u>	<u>648</u>	<u>-</u>	<u>648</u>
Total bonds payable	54,561	-	3,288	51,273	3,302	47,971
Accrued postretirement health costs (Note 7)						
	<u>1,175</u>	<u>93</u>	<u>-</u>	<u>1,268</u>	<u>-</u>	<u>1,268</u>
Total	<u>\$ 55,736</u>	<u>\$ 93</u>	<u>\$ 3,288</u>	<u>\$ 52,541</u>	<u>\$ 3,302</u>	<u>\$ 49,239</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

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 purpose of issuing the bonds was 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 until December 30, 2021, 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 funds generated were used to purchase 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 principal 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. 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.

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	
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	1,865	732	2,597	2,026	846	2,872	5,469
2016	1,940	658	2,598	2,109	763	2,872	5,470
2017-2021	11,215	1,733	12,948	11,900	2,459	14,359	27,307
2022-2023	-	-	-	5,467	278	5,745	5,745
	<u>\$ 20,205</u>	<u>\$ 5,731</u>	<u>\$ 25,936</u>	<u>\$ 27,118</u>	<u>\$ 7,346</u>	<u>\$ 34,464</u>	<u>\$ 60,400</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

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 million and \$1.3 million for 2011 and 2010 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 \$16.7 million for 2011 and \$16.6 million for 2010.

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 \$233 and 216 thousand for 2011 and 2010, respectively. These contributions represent 16% of covered payroll for 2011 and 16% of covered payroll for 2010. The District contributes the 3% employee's portion. To obtain more information please visit the Public Employees' Retirement Fund at 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 19 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 (excluding some non-participating union employees and 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 2011 and 2010 by the District amounted to \$125 thousand and \$128 thousand (5% of covered payroll) for Class I employees and \$112 thousand and \$98 thousand (8% of covered payroll) for Class II employees.

Covered payroll for 2011 and 2010 amounted to \$2,492 thousand and \$2,554 thousand for Class I employees and \$1,426 thousand and \$1,283 thousand for Class II employees.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 7 - EMPLOYEES' RETIREMENT AND POSTRETIREMENT HEALTH PLANS (Continued)

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.

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 2011 and 2010 by the District amounted to \$19 thousand and \$20 thousand for clerks, \$10 thousand and \$10 thousand for dispatchers and \$74 thousand and \$75 thousand for collectors/conductors and engineers. Qualifying hours for 2011 and 2010 were 40 thousand and 41 thousand for clerks, 10 thousand and 10 thousand for dispatchers and 149 thousand and 153 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 53 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 2011 and 2010. The District recognized a change of \$58 thousand and \$93 thousand in postretirement health plan obligations for 2011 and 2010, respectively. The accumulated postretirement health plan liability was \$1,326 thousand and \$1,268 thousand as of December 31, 2011 and 2010, 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.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 8 - OTHER NONOPERATING REVENUE

Other local funds and other revenue at December 31, 2011 and 2010 consist of the following in thousands of dollars:

	<u>2011</u>	<u>2010</u>
Other local funds		
Local subsidies	\$ 3,958	\$ 3,723
Total other local funds	\$ 3,958	\$ 3,723
Other revenue		
Interest – unreserved	\$ 65	\$ 106
Interest – reserved for accident claims	9	14
Rental income	109	109
Sale of maintenance services	-	2
Sale of scrap material	268	95
Advertising activities	145	85
Miscellaneous	<u>8</u>	<u>7</u>
Total other revenue	\$ 604	\$ 418

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 2011 and 2010) 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 2011 and 2010 amounted to \$2.9 million and \$2.9 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. The Purchase of Service agreement has currently been extended until April 30, 2012 while NICTD negotiates with Metra to finalize a long-term POS agreement.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2011 and 2010

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 \$6.0 million and \$5.0 million in total Trackage Rights Expense for 2011 and 2010, respectively.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The following summarizes the significant commitments and contingencies at December 31, 2011 and 2010:

- (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 thousand (aggregate specific deductible) per individual per policy year and up to approximately \$1,092 thousand (attachment point/minimum aggregate deductible) per year for the group as a whole. A liability of \$104 thousand and \$178 thousand has been recorded by the District at December 31, 2011 and 2010 to estimate payment of claims pending on that date. Group insurance expense related to this plan totaled \$597 thousand and \$748 thousand for the years ended December 31, 2011 and 2010. Approximately 250 union employees are covered under a separate plan. Total health insurance expenses for the years ended December 31, 2011 and 2010 totaled \$5,693 thousand and \$5,643 thousand.
- (c) The District has received Federal and State financial assistance in the form of grants that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agency for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of District management, such disallowances, if any, will not be significant.
- (d) The District had the following contractual commitments as of December 31:

<u>Project</u>	<u>2011</u>	<u>2010</u>
Catenary Phase II	\$ 1,616,449	\$ 4,304,685
Signal Phase III	2,401,505	5,229,277
Kensington	627,461	1,167,187
Others	<u>1,504,510</u>	<u>1,931,863</u>
Total	<u>\$ 6,149,925</u>	<u>\$ 12,633,012</u>

SUPPLEMENTARY SCHEDULES

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

Board of Trustees
Northern Indiana Commuter
Transportation District
Chesterton, Indiana

We have audited the financial statements of the Northern Indiana Commuter Transportation District (the District) as of and for the years ended December 31, 2011 and 2010, and our report thereon dated April 23, 2012, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The accompanying 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* for the year ended December 31, 2011, and the schedules of budgeted, actual and questioned costs by grant for the periods ending December 31, 2011 on pages 34, 39, 45, 48, and 50 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audits of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

We have audited the financial statements of District as of and for the years ended December 31, 2004 through December 31, 2011, and our reports thereon dated February 24, 2006, April 23, 2008, April 30, 2010, and April 23, 2012 expressed unqualified opinions on those financial statements. Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The accompanying supplementary schedules of budgeted, actual and questioned costs by grant for the periods ending December 31, 2011 on pages 35 – 38, 40 – 44, 46 – 47, 49, and 51 – 52 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audits of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.


Crowe Horwath LLP

South Bend, Indiana
April 23, 2012

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULES OF EXPENSES
Years ended December 31, 2011 and 2010
(In thousands of dollars)

	<u>2011</u>	<u>2010</u>
TRANSPORTATION		
Salaries and wages	\$ 4,865	\$ 4,782
Fringe benefits and payroll taxes	3,994	3,868
Equipment expense	6	-
Repairs and maintenance materials	-	(6)
Operating costs	3,868	3,842
Utilities	175	172
Other services	135	133
Office supplies	11	10
Administration	73	72
Rents and leases	<u>3</u>	<u>10</u>
	13,130	12,883
MAINTENANCE OF WAY EXPENSES		
Salaries and wages	2,164	2,305
Fringe benefit and payroll taxes	2,257	2,262
Equipment expense	7	9
Repairs and maintenance materials	1,236	247
Traction power	3,083	3,210
Operating costs	(1,231)	(1,031)
Professional services	5	37
Utilities	207	211
Other services	312	1,459
Office supplies	14	13
Administration	(534)	(948)
Rents and leases	<u>4</u>	<u>19</u>
	7,524	7,793
MAINTENANCE OF EQUIPMENT EXPENSES		
Salaries and wages	4,243	4,235
Fringe benefit and payroll taxes	3,260	3,168
Equipment expense	10	13
Repairs and maintenance materials	1,565	1,491
Operating costs	38	43
Utilities	162	146
Other services	361	320
Office supplies	54	53
Administration	16	(196)
Rents and leases	<u>-</u>	<u>7</u>
	9,709	9,280
CLAIMS AND INSURANCE	1,691	2,205

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULES OF EXPENSES
Years ended December 31, 2011 and 2010
(In thousands of dollars)

	<u>2011</u>	<u>2010</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and wages	\$ 2,113	\$ 2,092
Fringe benefit and payroll taxes	1,964	2,068
Equipment expense	1	3
Repairs and maintenance materials	3	26
Operating costs	59	53
Utilities	110	101
Professional services	616	697
Other services	233	340
Office supplies	72	65
Administration	729	412
Rents and leases	<u>20</u>	<u>32</u>
	5,920	5,889
 DEPRECIATION		
Depreciation on assets acquired with federal funds	12,483	12,337
Depreciation on assets acquired with state and local funds	<u>7,259</u>	<u>7,238</u>
	<u>19,742</u>	<u>19,575</u>
	<u>\$ 57,716</u>	<u>\$ 57,625</u>

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended December 31, 2011

Federal Grantor/Grant No.	Federal CFDA Number	Qualifying Expenditures in Excess of (Less Than) Reimbursements Beginning of 2011	Reimbursements		Total	Qualifying Expenditures		Total	Qualifying Expenditures In Excess of (Less Than) Reimbursements, End of 2011
			Federal Share	Local Share		Federal Share	Local Share		
U.S. Department of Transportation Federal Transit Administration	20.507	\$ -	\$ 4,292,598	\$ 12,940,659	\$ 17,233,257	\$ 4,292,598	\$ 12,940,659	\$ 17,233,257	\$ -
Capital/ Maintenance Assistance IN-90-X617 (Operating Maint.)									
Capital Assistance									
IN-03-0113	20.500	919	122,407	30,372	152,779	121,488	30,372	151,860	-
IN-03-0121	20.500	53,768	3,074,770	835,937	3,910,707	3,343,747	835,937	4,179,684	322,745
IN-03-0126	20.500	2,295	51,529	14,998	66,527	59,991	14,998	74,989	10,757
IN-03-0128	20.500	24,158	74,176	18,419	92,595	73,675	18,419	92,094	23,657
IN-05-0065	20.500	29,500	105,635	34,006	139,641	136,024	34,006	170,030	59,889
IN-05-0066	20.500	3,903	300,860	96,558	397,418	384,816	96,558	481,374	87,859
IN-05-0067	20.500	337,619	3,705,776	876,213	4,581,989	3,409,243	876,213	4,285,456	41,086
IN-05-0068	20.500	2,758	899,392	224,158	1,123,550	896,634	224,158	1,120,792	-
IN-05-0069	20.500	562,265	9,576,770	1,919,648	11,496,418	10,550,250	1,919,648	12,469,898	1,535,745
IN-56-0001 - ARRA	20.500	1,479,698	1,479,698	-	1,479,698	-	-	2,828,993	-
IN-96-X009 - ARRA	20.507	2,200,115	5,029,108	36	5,029,182	146	36	182	-
IN-90-X606	20.507	-	146	36	182	146	36	182	-
IN-90-X555	20.507	16,076	37,624	5,464	43,088	21,856	5,464	27,320	308
IN-79-1000	20.933	-	230,220	111,483	341,703	402,646	111,483	514,129	172,426
FTA Subtotal		4,713,074	28,980,709	17,107,951	46,088,660	26,522,107	17,107,951	43,630,058	2,254,472
U.S. Department of Homeland Security Passed through State of Illinois	97.075	3,477	-	3,477	3,477	(3,477)	3,477	-	-
IL-90-X103 (Homeland Security)	97.075	37,251	13,025	24,226	37,251	39,943	24,226	64,169	64,169
IL-90-X104 (Homeland Security)									
Summary by Federal CFDA Number		\$ 4,753,802	\$ 28,993,734	\$ 17,135,654	\$ 46,129,388	\$ 26,558,573	\$ 17,135,654	\$ 43,694,227	\$ 2,318,641
Subtotal - FTA Cluster		\$ 2,496,883	\$ 19,391,013	\$ 4,050,309	\$ 23,441,322	\$ 18,975,868	\$ 4,050,309	\$ 23,026,177	\$ 2,081,738
	20.507	2,216,191	9,359,476	12,946,159	22,305,635	7,143,593	12,946,159	20,089,752	308
	20.933	4,713,074	28,750,489	16,996,468	45,746,957	26,119,461	16,996,468	43,115,929	2,082,046
	97.075	-	230,220	111,483	341,703	402,646	111,483	514,129	172,426
		40,728	13,025	27,703	40,728	36,466	27,703	64,169	64,169
		\$ 4,753,802	\$ 28,993,734	\$ 17,135,654	\$ 46,129,388	\$ 26,558,573	\$ 17,135,654	\$ 43,694,227	\$ 2,318,641

See accompanying note to schedule of expenditures of federal awards.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2011

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-X617
 CAPITAL/MAINTENANCE ASSISTANCE
 January 1, 2011 through December 31, 2011

Line Item Code	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	Actual (Over)Under <u>Budget</u>
12.7A.00	Preventive Maintenance (Rail)	\$ 5,365,748	\$ 17,233,257	\$ (11,867,510)
	Net project costs	<u>\$ 5,365,748</u>	<u>\$ 17,233,257</u>	<u>\$ (11,867,510)</u>
	Federal share	\$ 4,292,598	\$ 4,292,598	\$ -
	Local share	<u>1,073,150</u>	<u>12,940,659</u>	<u>(11,867,510)</u>
	Net project costs	<u>\$ 5,365,748</u>	<u>\$ 17,233,257</u>	<u>\$ (11,867,510)</u>
	Total grant payable (maximum \$4,292,598)		\$ 4,292,598	
	Grant receipts through December 31, 2011		<u>4,292,598</u>	
	Balance due from FTA at December 31, 2011		<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, 2011

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	2,055,128	120,404
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	614,541	(94,541) (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>\$ 11,643,514</u>	<u>\$ 282,018</u>
	Federal share (80%)	\$ 9,540,426	\$ 9,314,811	\$ 225,615
	Local share (20%)	<u>2,385,106</u>	<u>2,328,703</u>	<u>56,403</u>
	Net project costs	<u>\$ 11,925,532</u>	<u>\$ 11,643,514</u>	<u>\$ 282,018</u>
Total grant payable (maximum \$9,540,426)			\$ 9,314,811	
Grant receipts through December 31, 2011			<u>9,314,811</u>	
Balance due from FTA at December 31, 2011			<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, 2011

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
13.63.20	Mid-life rail car overhaul	\$ 600,000	\$ 2,028,056	\$ (1,428,056) (1)
12.23.05	Construct bridges	2,350,000	3,052,827	(702,827) (1)
12.23.03	Construct line equip/structure	2,080,008	-	2,080,008
12.42.11	Kensington Junction	390,000	2,522,579	(2,132,579) (1)
12.42.20	Purchase – miscellaneous equipment	390,000	15,421	374,579
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>\$ 11,550,499</u>	<u>\$ 279,509</u>
	Federal share (80%)	\$ 9,464,006	\$ 9,240,399	\$ 223,607
	Local share (20%)	<u>2,366,002</u>	<u>2,310,100</u>	<u>55,902</u>
	Net project costs	<u>\$ 11,830,008</u>	<u>\$ 11,550,499</u>	<u>\$ 279,509</u>
Total grant payable (maximum \$9,464,006)			\$ 9,240,399	
Grant receipts through December 31, 2011			<u>8,917,654</u>	
Balance due from FTA at December 31, 2011			<u>\$ 322,745</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, 2011

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.15.22	Mid-life rail car overhaul	\$ 940,000	\$ 1,419,553	\$ (479,553) (1)
12.23.05	Construct bridges	1,975,000	2,233,824	(258,824) (1)
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>53,984</u>	<u>316,016</u>
	Net project costs	<u>\$ 11,816,885</u>	<u>\$ 11,744,745</u>	<u>\$ 72,140</u>
	Federal share (80%)	\$ 9,453,508	\$ 9,395,796	\$ 57,712
	Local share (20%)	<u>2,363,377</u>	<u>2,348,949</u>	<u>14,428</u>
	Net project costs	<u>\$ 11,816,885</u>	<u>\$ 11,744,745</u>	<u>\$ 72,140</u>
Total grant payable (maximum \$9,453,508)			\$ 9,395,796	
Grant receipts through December 31, 2011			<u>9,385,039</u>	
Balance due from FTA at December 31, 2011			<u>\$ 10,757</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, 2011

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
13.71.11	West Lake study	\$ 1,875,000	\$ 1,195,474	\$ 679,526
13.63.20	Signals/ communication - signal modernization	<u>1,225,000</u>	<u>1,225,000</u>	<u>-</u>
	Net project costs	<u>\$ 3,100,000</u>	<u>\$ 2,420,474</u>	<u>\$ 679,526</u>
	Federal share (80%)	\$ 2,480,000	\$ 1,936,379	\$ 543,621
	Local share (20%)	<u>620,000</u>	<u>484,095</u>	<u>135,905</u>
	Net project costs	<u>\$ 3,100,000</u>	<u>\$ 2,420,474</u>	<u>\$ 679,526</u>
Total grant payable (maximum \$2,480,000)			\$ 1,936,379	
Grant receipts through December 31, 2011			<u>1,912,722</u>	
Balance due from FTA at December 31, 2011			<u>\$ 23,657</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-03-0143
 CAPITAL ASSISTANCE
 October 1, 2010 through December 31, 2011

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.54.01	Catenary	\$ 2,500,000	\$ 1,863,785	\$ 636,215
	Net project costs	<u>\$ 2,500,000</u>	<u>\$ 1,863,785</u>	<u>\$ 636,215</u>
	Federal share (80%)	\$ 2,000,000	\$ 1,491,028	\$ 508,972
	Local share (20%)	<u>500,000</u>	<u>372,757</u>	<u>127,243</u>
	Net project costs	<u>\$ 2,500,000</u>	<u>\$ 1,863,785</u>	<u>\$ 636,215</u>
	Total grant payable (maximum \$2,000,000)		\$ 1,491,028	
	Grant receipts through December 31, 2011		<u>1,491,028</u>	
	Balance due from FTA at December 31, 2011		<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-04-0014
 CAPITAL ASSISTANCE
 July 1, 2008 through December 31, 2011

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
11.31.03	Gary-Chicago Airport	\$ 2,120,625	\$ 152,614	\$ 1,968,011
	Net project costs	<u>\$ 2,120,625</u>	<u>\$ 152,614</u>	<u>\$ 1,968,011</u>
	Federal share (80%)	\$ 1,696,500	\$ 122,091	\$ 1,574,409
	Local share (20%)	<u>424,125</u>	<u>30,523</u>	<u>393,602</u>
	Net project costs	<u>\$ 2,120,625</u>	<u>\$ 152,614</u>	<u>\$ 1,968,011</u>
	Total grant payable (maximum \$1,696,500)		\$ 122,091	
	Grant receipts through December 31, 2011		<u>122,091</u>	
	Balance due from FTA at December 31, 2011		<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-05-0065
CAPITAL ASSISTANCE
July 1, 2006 through December 31, 2011

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.23.05	Construct bridges	\$ 1,400,000	\$ 1,245,279	\$ 154,721
12.33.02	Construct rail station	1,950,000	3,954,006	(2,004,006) (1)
12.42.06	Purchase – shop equipment	240,000	244,166	(4,166) (1)
12.42.11	Rail support vehicle	385,000	326,080	58,920
12.42.20	Kensington Engineering	435,000	269,755	165,245
12.54.01	Rehabilitation/Renovation - traction power equipment	5,067,478	5,298,448	(230,970) (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>266,051</u>	<u>148,949</u>
	Net project costs	<u>\$ 12,667,478</u>	<u>\$ 12,540,805</u>	<u>\$ 126,673</u>
	Federal share (80%)	\$ 10,133,982	\$ 10,032,644	\$ 101,338
	Local share (20%)	<u>2,533,496</u>	<u>2,508,161</u>	<u>25,335</u>
	Net project costs	<u>\$ 12,667,478</u>	<u>\$ 12,540,805</u>	<u>\$ 126,673</u>
Total grant payable (maximum \$10,133,982)			\$ 10,032,644	
Grant receipts through December 31, 2011			<u>9,972,755</u>	
Balance due from FTA at December 31, 2011			<u>\$ 59,889</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-05-0066
CAPITAL ASSISTANCE
July 1, 2006 through December 31, 2011

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.15.22	Mid-life 1992 rail cars overhaul	\$ 375,000	\$ 1,029,149	\$ (654,149) (1)
12.23.05	Construct bridges	864,804	763,504	101,300
12.42.11	Rail support vehicle	485,000	517,182	(32,182) (1)
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	<u>420,000</u>	<u>447,352</u>	<u>(27,352) (1)</u>
	Net project costs	<u>\$ 13,594,804</u>	<u>\$ 13,090,398</u>	<u>\$ 504,406</u>
	Federal share (80%)	\$ 10,867,842	\$ 10,464,615	\$ 403,227
	Local share (20%)	<u>2,726,962</u>	<u>2,625,783</u>	<u>101,179</u>
	Net project costs	<u>\$ 13,594,804</u>	<u>\$ 13,090,398</u>	<u>\$ 504,406</u>
Total grant payable (maximum \$10,867,842)			\$ 10,464,615	
Grant receipts through December 31, 2011			<u>10,376,756</u>	
Balance due from FTA at December 31, 2011			<u>\$ 87,859</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-05-0067
 CAPITAL ASSISTANCE
 June 1, 2008 through December 31, 2011

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.23.05	Bridges	\$ 1,625,000	\$ 1,437,296	\$ 187,704
12.42.11	Purchase support vehicle	485,000	496,008	(11,008) (1)
12.42.20	Purchase track equipment	485,000	447,095	37,905
12.54.01	Catenary	2,000,000	2,500,000	(500,000) (1)
12.43.05	Yard trackage	650,000	175,282	474,718
12.54.03	Substations	73,044	142,281	(69,237) (1)
12.23.03	Kensington engineering	7,500,000	7,539,114	(39,114) (1)
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>\$ 13,146,931</u>	<u>\$ 1,261,113</u>
	Federal share (80%)	\$ 11,462,147	\$ 10,458,884	\$ 1,003,263
	Local share (20%)	<u>2,945,897</u>	<u>2,688,047</u>	<u>257,850</u>
	Net project costs	<u>\$ 14,408,044</u>	<u>\$ 13,146,931</u>	<u>\$ 1,261,113</u>
Total grant payable (maximum \$11,462,147)			\$ 10,458,884	
Grant receipts through December 31, 2011			<u>10,417,798</u>	
Balance due from FTA at December 31, 2011			<u>\$ 41,086</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-05-0068
 CAPITAL ASSISTANCE
 June 1, 2009 through December 31, 2011

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.13.22	Railcars (100% Federal)	\$ 2,872,000	\$ 2,872,186	\$ (186) (1)
12.23.05	Bridges	1,125,000	568,861	556,139
12.42.20	Misc Equipment	850,394	462,024	388,370
12.43.04	Construct Storage Facility	112,500	105,756	6,744
12.54.01	Rehab Traction Power Equip	9,250,000	9,205,685	44,315
12.72.08	Force Account Construction	100,000	-	100,000
12.79.00	Force Acct. Project Admin.	<u>50,000</u>	<u>837</u>	<u>49,163</u>
	Net project costs	<u>\$ 14,359,894</u>	<u>\$ 13,215,349</u>	<u>\$ 1,144,545</u>
	Federal share (100%)	\$ 2,872,000	\$ 2,872,186	\$ (186)
	Federal share (80%)	9,190,315	8,274,530	915,785
	Local share (20%)	<u>2,297,579</u>	<u>2,068,633</u>	<u>228,946</u>
	Net project costs	<u>\$ 14,359,894</u>	<u>\$ 13,215,349</u>	<u>\$ 1,144,545</u>
	Total grant payable (maximum \$12,062,315)		\$ 11,146,716	
	Grant receipts through December 31, 2011		<u>11,146,716</u>	
	Balance due from FTA at December 31, 2011		<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-05-0069
CAPITAL ASSISTANCE
January 1, 2010 through December 31, 2011

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.13.22	Railcars	\$ 5,744,000	\$ 2,871,658	\$ 2,872,342
12.23.05	Bridges	4,132,550	1,815,908	2,316,642
12.24.05	Dune Park Platform	1,250,000	-	1,250,000
12.42.20	Vehicles	800,000	61,024	738,976
12.43.04	Track Equipment	500,000	-	500,000
12.54.01	Gary Metro Center	750,000	768,749	(18,749) (1)
12.42.06	Shop Equipment	250,000	157,034	92,966
12.54.01	Catenary Phase II	7,854,610	6,453,863	1,400,747
12.23.03	Kensington	6,750,000	4,157,274	2,592,726
12.79.00	Track Material	<u>625,000</u>	<u>-</u>	<u>625,000</u>
	Net project costs	<u>\$ 28,656,160</u>	<u>\$ 16,285,510</u>	<u>\$ 12,370,650</u>
	Federal share (100%)	5,744,000	2,871,658	2,872,342
	Federal share (80%)	18,329,728	10,731,082	7,598,646
	Local share (20%)	<u>4,582,432</u>	<u>2,682,770</u>	<u>1,899,662</u>
	Net project costs	<u>\$ 28,656,160</u>	<u>\$ 16,285,510</u>	<u>\$ 12,370,650</u>
Total grant payable (maximum \$24,073,728)			\$ 13,602,740	
Grant receipts through December 31, 2011			<u>12,066,995</u>	
Balance due from FTA at December 31, 2011			<u>\$ 1,535,745</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
 AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
 FTA GRANT NO. IN-56-0001
 CAPITAL/MAINTENANCE ASSISTANCE
 June 1, 2009 through December 31, 2011

<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	\$ 6,412,487	\$ -
	Net project costs	<u>\$ 6,412,487</u>	<u>\$ 6,412,487</u>	<u>\$ -</u>
	Federal share (100%)	<u>\$ 6,412,487</u>	<u>\$ 6,412,487</u>	<u>\$ -</u>
	Net project costs	<u>\$ 6,412,487</u>	<u>\$ 6,412,487</u>	<u>\$ -</u>
Total grant payable (maximum \$6,412,487)			\$ 6,412,487	
Grant receipts through December 31, 2011			<u>6,412,487</u>	
Balance due from FTA at December 31, 2011			<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, 2011

Line Item Code	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	Actual (Over)Under <u>Budget</u>
12.63.01	Signal	\$ 7,442,864	\$ 5,034,623	\$ 2,408,241
12.92.08	New Signage	<u>59,600</u>	<u>27,008</u>	<u>32,592</u>
	Net project costs	<u>\$ 7,502,464</u>	<u>\$ 5,061,631</u>	<u>\$ 2,440,833</u>
	Federal share (100%)	<u>\$ 7,502,464</u>	<u>\$ 5,061,631</u>	<u>\$ 2,440,833</u>
	Net project costs	<u>\$ 7,502,464</u>	<u>\$ 5,061,631</u>	<u>\$ 2,440,833</u>
Total grant payable (maximum \$7,502,464)			\$ 5,061,631	
Grant receipts through December 31, 2011			<u>5,061,631</u>	
Balance due from FTA at December 31, 2011			<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-X606
 CAPITAL/MAINTENANCE ASSISTANCE
 January 1, 2010 through December 31, 2011

Line Item Code	Description	Budget	Actual	(Over)Under Budget
12.92.08	New Signage Millenium Station	\$ 300,000	\$ 182	\$ 299,818
	Net project costs	<u>\$ 300,000</u>	<u>\$ 182</u>	<u>\$ 299,818</u>
	Federal share (80%)	\$ 240,000	\$ 146	\$ 239,854
	Local share (20%)	<u>60,000</u>	<u>36</u>	<u>59,964</u>
	Net project costs	<u>\$ 300,000</u>	<u>\$ 182</u>	<u>\$ 299,818</u>
Total grant payable (maximum \$240,000)			\$ 146	
Grant receipts through December 31, 2011			<u>146</u>	
Balance due from FTA at December 31, 2011			<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, 2011

<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	\$ 132,157	\$ 4,142
	Net project costs	<u>\$ 136,299</u>	<u>\$ 132,157</u>	<u>\$ 4,142</u>
	Federal share (80%)	109,039	105,726	3,313
	Local share (20%)	<u>27,260</u>	<u>26,431</u>	<u>829</u>
	Net project costs	<u>\$ 136,299</u>	<u>\$ 132,157</u>	<u>\$ 4,142</u>
Total grant payable (maximum \$109,039)			\$ 105,726	
Grant receipts through December 31, 2011			<u>105,418</u>	
Balance due from FTA at December 31, 2011			<u>\$ 308</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.933
 FTA GRANT NO. IN-79-1000
 CAPITAL ASSISTANCE
 March 10, 2011 through December 31, 2011

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
44.24.00	Michigan City Realignment Study	\$ 1,021,500	\$ 514,129	\$ 507,371
	Net project costs	<u>\$ 1,021,500</u>	<u>\$ 514,129</u>	<u>\$ 507,371</u>
	Federal share (78%)	\$ 800,000	\$ 402,646	\$ 397,354
	Local share (22%)	<u>221,500</u>	<u>111,483</u>	<u>110,017</u>
	Net project costs	<u>\$ 1,021,500</u>	<u>\$ 514,129</u>	<u>\$ 507,371</u>
Total grant payable (maximum \$800,000)			\$ 402,646	
Grant receipts through December 31, 2011			<u>230,220</u>	
Balance due from FTA at December 31, 2011			<u>\$ 172,426</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 97.075
 HOMELAND SECURITY GRANT NO. (CFDA #97.075 - NICTD #02-0103)
 December 14, 2007 through December 31, 2011

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
97.008	Homeland Security - camera	\$ 800,000	\$ 687,443	\$ 112,557
97.008	Homeland Security - police equipment	41,000	38,646	2,354
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>\$ 933,272</u>	<u>\$ 50,728</u>
	Federal share (100%)	<u>984,000</u>	<u>933,272</u>	<u>50,728</u>
	Net project costs	<u>\$ 984,000</u>	<u>\$ 933,272</u>	<u>\$ 50,728</u>
Total grant payable (maximum \$984,000)			\$ 933,272	
Less: non reimbursable and overbudget line items			(69,177)	
Grant receipts through December 31, 2011			<u>864,095</u>	
Balance due from FTA at December 31, 2011			<u>\$ -</u>	

NOTE: Homeland Security Grants prohibit exceeding budgeted amounts. Non-reimbursable amounts have been adjusted and recorded.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 97.075
 HOMELAND SECURITY GRANT NO. (CFDA #97.075 - NICTD #02-0104)
 October 15, 2009 through December 31, 2011

Line Item Code	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	Actual (Over)Under <u>Budget</u>
97.008	Homeland Security - Training	\$ 120,000	\$ 115,920	\$ 4,080
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>30,000</u>	<u>880</u>
	Net project costs	<u>\$ 169,338</u>	<u>\$ 161,055</u>	<u>\$ 8,283</u>
	Federal share (100%)	<u>169,338</u>	<u>161,055</u>	<u>8,283</u>
	Net project costs	<u>\$ 169,338</u>	<u>\$ 161,055</u>	<u>\$ 8,283</u>
Total grant payable (maximum \$169,338)			\$ 161,055	
Less: non reimbursable and overbudget line items			(29,361)	
Grant receipts through December 31, 2011			<u>67,525</u>	
Balance due from FTA at December 31, 2011			<u>\$ 64,169</u>	

NOTE: Homeland Security Grants prohibit exceeding budgeted amounts. Non-reimbursable amounts have been adjusted and recorded.



REPORT OF INDEPENDENT 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 the Northern Indiana Commuter Transportation District as of and for the year ended December 31, 2011, 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, 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.

Internal Control Over Financial Reporting

Management of Northern Indiana Commuter Transportation District is responsible for establishing and maintaining effective 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 Northern Indiana Commuter Transportation District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of 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.

(Continued)

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's in a separate letter dated the same date as this report.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, the Indiana State Board of Accounts, 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 23, 2012



REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON 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 Northern Indiana Commuter Transportation District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Northern Indiana Commuter Transportation District's major federal programs for the year ended December 31, 2011. 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. 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, the Northern Indiana Commuter Transportation District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

(Continued)

Internal Control Over Compliance

Management of the 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 to determine the 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, the Indiana State Board of Accounts, 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 23, 2012

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 December 31, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

The type of auditors' report issued: *Unqualified*

Internal control over financial reporting:

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

Type of auditors' 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
20.507	Federal Transit Formula Grants
20.507 – ARRA	Federal Transit Formula Grants – ARRA

Dollar threshold used to distinguish between type A and type B programs: \$ 796,757

Auditee qualified as low-risk auditee? Yes No

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2011

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, 2011

There were no prior year findings.