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September 25, 2013

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, 2012 to December 31, 2012. 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, 2012 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**

FINANCIAL STATEMENTS
December 31, 2012 and 2011

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Chesterton, Indiana

ANNUAL REPORT
December 31, 2012 and 2011

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REPORT OF INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS

Board of Trustees
Northern Indiana Commuter
Transportation District
Chesterton, Indiana

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Northern Indiana Commuter Transportation District (the District) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of December 31, 2012 and 2011 and the changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


Crowe Horwath LLP

South Bend, Indiana
April 19, 2013

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012 and 2011
(In thousands of dollars)

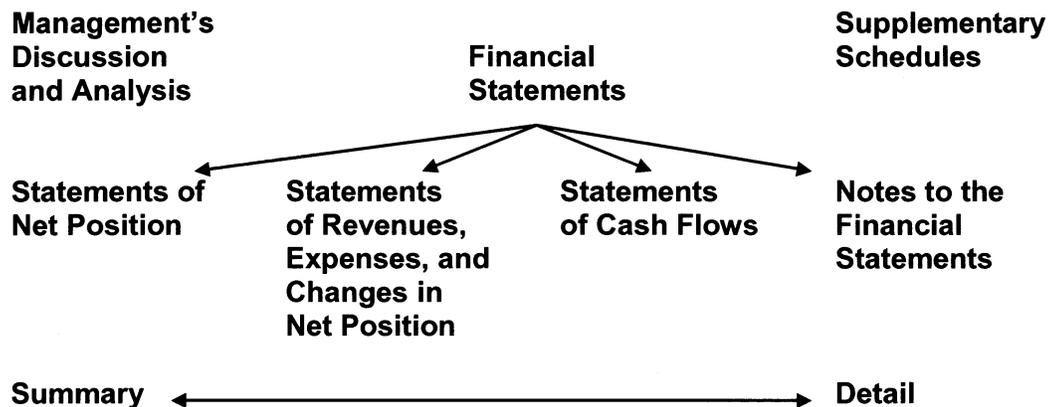
The following discussion and analysis of the Northern Indiana Commuter Transportation District's (the District's) financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2012 and 2011.

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 position. 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 Statements of Net Position include 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, 2012 and 2011
(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 Position, successor to the Income Statement. This statement measures the results of the District's operations over the past year and can be used to determine whether the District has recovered its costs through its fare rates and other charges.

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

Financial Highlights

- Total assets decreased by \$5,915 or 1.63%, from \$362,765 in 2011 to \$356,850 in 2012, primarily due to an increase in accumulated depreciation on assets capitalized in 2012. Total assets increased by \$966 or 0.27%, from \$361,799 in 2010 to \$362,765 in 2011, primarily due to an increase in state operating assistance.
- Operating revenues increased by \$1,370 or 7.52% in 2012, from \$18,230 to \$19,600. Operating revenues increased by \$511 or 2.88% in 2011, from \$17,719 to \$18,230.
- Operating expenses increased by \$3,357 or 5.82% in 2012, from \$57,716 to \$61,073 primarily due to an increase in depreciation expense. Operating expenses increased by \$91 or 0.16% in 2011, from \$57,625 to \$57,716, primarily due to an increase in depreciation expense.
- Loss before capital contributions decreased by \$3,792 or 20.62% in 2012, from \$18,393 to \$14,601 due to an increase in state operating assistance. 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.

Statements of Net Position

Total net position decreased by \$1,430 in 2012 and increased by \$8,068 in 2011, (see Figure A-2). The largest portion of net position is net investment in capital assets, which decreased \$6,669 in 2012 and increased by \$7,697 in 2011 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, 2012 and 2011
(In thousands of dollars)

Figure A-2a
Condensed Statements of Net Position

	<u>2012</u>	<u>2011</u>	<u>Difference</u>	<u>Percent Change</u>
Current assets	\$ 38,955	\$ 35,030	\$ 3,925	11.21%
Noncurrent assets	642	503	139	27.73
Restricted assets	34,168	33,980	188	0.55
Capital assets	<u>283,085</u>	<u>293,252</u>	<u>(10,167)</u>	<u>(3.47)</u>
Total assets	356,850	362,765	(5,915)	(1.63)
Current liabilities	13,363	13,740	(377)	(2.74)
Long-term liabilities	<u>41,643</u>	<u>45,751</u>	<u>(4,108)</u>	<u>(8.98)</u>
Total liabilities	55,006	59,491	(4,485)	(7.54)
Net investment in capital assets	239,260	245,929	(6,669)	(2.71)
Restricted for debt service	15,712	14,576	1,136	7.79
Restricted for capital projects	6,233	6,230	3	0.05
Unrestricted	<u>40,639</u>	<u>36,539</u>	<u>4,100</u>	<u>11.22</u>
Total net position	<u>\$ 301,844</u>	<u>\$ 303,274</u>	<u>\$ (1,430)</u>	<u>(0.47)%</u>

Figure A-2b
Condensed Statements of Net Position

	<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 investment in capital assets	245,929	238,232	7,697	3.23
Restricted for debt service	14,576	12,321	2,255	18.30
Restricted for capital projects	6,230	6,227	3	0.05
Unrestricted	<u>36,539</u>	<u>38,426</u>	<u>(1,887)</u>	<u>(4.91)</u>
Total net position	<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, 2012 and 2011
(In thousands of dollars)

Statements of Revenues, Expenses and Changes in Net Position

Operating revenues increased by \$1,370 in 2012 (see Figure A-3a). Operating revenues increased by \$511 in 2011 (see Figure A-3b).

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating revenue	\$ 19,600	\$ 18,230	\$ 17,719
Commuter ridership	2,202	2,241	2,176
Off-peak ridership	1,466	1,466	1,538
Total ridership	3,668	3,707	3,714

Operating expenses increased by \$3,357 in 2012. The key components of operating expenses are: transportation, maintenance, and depreciation. Depreciation expense increased by \$1,565 in 2012. Railroad operating expenses increased 5.82% over 2011. Total non-operating revenues/expenses increased by \$5,779, or 27.40% in 2012 due to an increase in Commuter Rail Service Fund Sales Tax collections.

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

	<u>2012</u>	<u>2011</u>	<u>Difference</u>	<u>Percent Change</u>
Operating revenue	\$ 19,600	\$ 18,230	\$ 1,370	7.52%
Operating expenses	<u>(61,073)</u>	<u>(57,716)</u>	<u>3,357</u>	<u>5.82</u>
Operating loss	(41,473)	(39,486)	1,987	5.03
Non-operating revenues/expenses	<u>26,872</u>	<u>21,093</u>	<u>5,779</u>	<u>27.40</u>
Loss before contributions	(14,601)	(18,393)	3,792	20.62
Contributions	<u>13,171</u>	<u>26,461</u>	<u>(13,290)</u>	<u>(50.22)</u>
Increase in net position	(1,430)	8,068	(9,498)	(117.72)
Net position, beginning of year	<u>303,274</u>	<u>295,206</u>	<u>8,068</u>	<u>2.73</u>
Net position, end of year	<u>\$ 301,844</u>	<u>\$ 303,274</u>	<u>\$ (1,430)</u>	<u>(0.47)%</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012 and 2011
(In thousands of dollars)

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 by 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-3b
Condensed Statements of Revenues, Expenses and Changes in Net Position

	<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/(decrease) in net position	8,068	10,712	(2,644)	(24.68)
Net position, beginning of year	<u>295,206</u>	<u>284,494</u>	<u>10,712</u>	<u>3.77</u>
Net position, end of year	<u>\$ 303,274</u>	<u>\$ 295,206</u>	<u>\$ 8,068</u>	<u>2.73%</u>

Statements of Cash Flows

Cash flow from operating activities in 2012 increased by \$2,155 (see Figure A-4a) due to a decrease in payments made for trade accounts payable. Cash receipts for capital and related financing activities decreased by \$1,109 due to a decrease in capital grants received. Cash from investing activities decreased by \$810 due to purchases of certificates of deposit. Cash flow from operating activities in 2011 decreased by \$7,949 (see Figure A-4b) 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.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012 and 2011
(In thousands of dollars)

Figure A-4a
Condensed Statements of Cash Flows

	<u>2012</u>	<u>2011</u>	<u>Difference</u>	<u>Percent Change</u>
Net cash flows used in operating activities	\$ (21,493)	\$ (23,648)	\$ 2,155	9.11%
Net cash flows provided by noncapital financing activities	28,432	22,734	5,698	25.06
Net cash flows used in capital and related financing activities	(1,695)	(586)	(1,109)	(189.25)
Net cash flows provided by investing activities	<u>(781)</u>	<u>29</u>	<u>(810)</u>	<u>(2,793.10)</u>
Net increase (decrease) in cash and cash equivalents	4,463	(1,471)	5,934	403.40
Cash and equivalents, beginning of year	<u>40,869</u>	<u>42,340</u>	<u>(1,471)</u>	<u>(3.47)</u>
Cash and equivalents, end of year	<u>\$ 45,332</u>	<u>\$ 40,869</u>	<u>\$ 4,463</u>	<u>10.92%</u>

Figure A-4b
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>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2012 and 2011
 (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 2013 through 2017. The District expects to invest \$105,519 in capital improvements during 2013 - 2017 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, 2012 and 2011, the District had \$25,270 and \$27,118 principal outstanding for the Series 2007 bonds and \$18,555 and \$20,205 principal outstanding for the Series 2004 Bonds.

**Figure A-5a
Debt Service Coverage**

	<u>2012</u>	<u>2011</u>	<u>Difference</u>	<u>Percent Change</u>
Situs tax restricted for debt service	\$ 15,712	\$ 14,576	\$ 1,136	7.79%
Aggregate net debt service principal - bonds	\$ 43,825	\$ 47,323	\$ (3,498)	(7.39)%

**Figure A-5b
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)%

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 2013. A 5% fare increase was implemented on February 15, 2012. As such, operating revenue increased by 7.51% in 2012. Operation and maintenance expenses in 2013 are estimated to remain at 2012 expense levels, with continued cost saving measures already in place. Management believes that the 2013 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, 2012 and 2011
(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 REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 Years ended December 31, 2012 and 2011
 (In thousands of dollars)

	<u>2012</u>	<u>2011</u>
Operating revenue		
Passenger fares (net of refunds)	\$ 19,556	\$ 18,184
Parking lot collections	<u>44</u>	<u>46</u>
	<u>19,600</u>	<u>18,230</u>
Operating expenses		
Transportation	16,229	13,130
Maintenance of way	5,633	7,524
Maintenance of equipment	9,755	9,709
Claims and insurance	1,682	1,691
General and administrative	<u>6,467</u>	<u>5,920</u>
	39,766	37,974
Depreciation	<u>21,307</u>	<u>19,742</u>
	<u>61,073</u>	<u>57,716</u>
Operating loss	<u>(41,473)</u>	<u>(39,486)</u>
Nonoperating revenues (expenses)		
Maintenance grant	4,586	4,293
State operating assistance	12,331	8,286
Other local funds (Note 8)	4,748	3,958
Other revenue (Note 8)	455	604
Interest expense	(1,969)	(2,130)
Indefinite Situs tax	<u>6,721</u>	<u>6,082</u>
	<u>26,872</u>	<u>21,093</u>
Loss before capital contributions	<u>(14,601)</u>	<u>(18,393)</u>
Capital contributions		
Federal	11,367	22,266
State	<u>1,804</u>	<u>4,195</u>
	<u>13,171</u>	<u>26,461</u>
Changes in net position	(1,430)	8,068
Net position at beginning of year	<u>303,274</u>	<u>295,206</u>
Net position at end of year	<u>\$ 301,844</u>	<u>\$ 303,274</u>

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF NET POSITION
 December 31, 2012 and 2011
 (In thousands of dollars)

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	\$ 19,847	\$ 15,508
Short-term investments (Note 2)	2,212	1,441
Receivables		
Federal capital and planning assistance	563	2,319
State assistance	10,057	8,963
Metra portion of operating costs	616	931
Other	<u>568</u>	<u>993</u>
Total receivables	11,804	13,206
Materials and supplies inventory	4,082	3,834
Prepaid expenses	<u>1,010</u>	<u>1,041</u>
Total current assets	<u>38,955</u>	<u>35,030</u>
Restricted assets		
Cash and cash equivalents (Note 2)	25,485	25,361
Short-term investments (Note 2)	8,683	8,618
Interest receivable	<u>-</u>	<u>1</u>
Total restricted assets	<u>34,168</u>	<u>33,980</u>
Capital assets		
Capital assets not being depreciated	12,036	67,639
Capital assets being depreciated	500,923	434,697
Less accumulated depreciation	<u>(229,874)</u>	<u>(209,084)</u>
Capital assets being depreciated, net	<u>271,049</u>	<u>225,613</u>
Total capital assets, net (Note 3)	<u>283,085</u>	<u>293,252</u>
Loan fees, net of amortization	<u>642</u>	<u>503</u>
Total assets	<u>\$ 356,850</u>	<u>\$ 362,765</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF NET POSITION
 December 31, 2012 and 2011
 (In thousands of dollars)

	<u>2012</u>	<u>2011</u>
LIABILITIES AND NET POSITION		
Current liabilities (payable from current assets)		
Accounts payable		
Trade	\$ 1,669	\$ 3,358
Capital projects	2,445	2,224
Payroll taxes and withholdings	613	559
Unredeemed fares	264	208
Accrued injuries and damages	1,500	1,230
Other accrued expenses	2,843	2,713
Current portion - bonds payable (Note 5)	<u>4,029</u>	<u>3,448</u>
Total current liabilities (payable from current assets)	<u>13,363</u>	<u>13,740</u>
Long-term debt - bonds payable (Note 5)	40,255	44,425
Accrued post retirement health costs (Note 5)	<u>1,388</u>	<u>1,326</u>
Total long-term liabilities	<u>41,643</u>	<u>45,751</u>
Total liabilities	<u>55,006</u>	<u>59,491</u>
Net position (Note 6)		
Net investment in capital assets	239,260	245,929
Restricted for debt service	15,712	14,576
Restricted for capital projects	6,233	6,230
Unrestricted	<u>40,639</u>	<u>36,539</u>
Total net position	<u>301,844</u>	<u>303,274</u>
Total liabilities and net position	<u>\$ 356,850</u>	<u>\$ 362,765</u>

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
STATEMENTS OF CASH FLOWS
Years ended December 31, 2012 and 2011
(In thousands of dollars)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Cash fares from customers	\$ 19,657	\$ 18,225
Cash payments for salaries and benefits	(26,131)	(24,733)
Cash payments for insurance	(1,339)	(2,070)
Cash paid for goods and services	<u>(13,680)</u>	<u>(15,070)</u>
Net cash flows used in operating activities	<u>(21,493)</u>	<u>(23,648)</u>
 Cash flows from noncapital financing activities		
State assistance grant contributions	11,238	7,462
Maintenance grant	4,586	4,293
Situs tax	6,721	6,082
Other local sources	825	436
Metra operating subsidy	4,014	3,426
State & local government contributions	-	121
Trackage rights subsidy	<u>1,048</u>	<u>914</u>
Net cash flows provided by noncapital financing	<u>28,432</u>	<u>22,734</u>
 Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(10,924)	(24,004)
Proceeds from disposition of assets	-	5
Capital grants received	14,926	28,896
Interest expenses	(2,010)	(2,181)
Bond repayment	(3,498)	(3,302)
Bond issuance costs	<u>(189)</u>	<u>-</u>
Net cash flows used in capital and related financing activities	<u>(1,695)</u>	<u>(586)</u>
 Cash flows from investing activities		
Purchases of investments	(2,212)	(1,441)
Sales of investments	1,376	1,288
Interest received on cash equivalents and investments	<u>55</u>	<u>182</u>
Net cash flows provided by (used in) investing activities	<u>(781)</u>	<u>29</u>
 Net increase (decrease) in cash and cash equivalents	4,463	(1,471)
 Cash and cash equivalents at beginning of year	<u>40,869</u>	<u>42,340</u>
 Cash and cash equivalents at end of year	<u>\$ 45,332</u>	<u>\$ 40,869</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF CASH FLOWS
 Years ended December 31, 2012 and 2011
 (In thousands of dollars)

	<u>2012</u>	<u>2011</u>
Reconciliation of operating loss to net cash flows used in operating activities		
Operating loss	\$ (41,473)	\$ (39,486)
Adjustments to reconcile operating loss to net cash flows used in operating activities:		
Depreciation expense	21,307	19,742
(Gain) loss on sale of fixed assets	5	(5)
Change in assets and liabilities		
Inventories	(248)	(88)
Prepaid expenses	31	24
Accounts payable - trade	(1,689)	(3,602)
Unredeemed fares	56	(6)
Accrued retirement	62	59
Accrued injuries and damages	270	(280)
Accrued and withheld items	<u>186</u>	<u>(6)</u>
Net cash flows used in operating activities	<u>\$ (21,493)</u>	<u>\$ (23,648)</u>
Noncash capital and related financing activities		
Capital assets included in accounts payable		
End of year	\$ 2,445	\$ 2,224
Beginning of year	2,224	2,091
Noncash noncapital financing activities		
Insurance premiums financed	964	965

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

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 statements of net position. 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.

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 revenues, expenses, and changes in net position.

Cash Equivalents: For purposes of the statements 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, 2012 and 2011 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.

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.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

During the year ended December 31, 2012 the District recognized the Ford City Bridge easement as an intangible asset.

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 position.

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, 2012 and 2011

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 2012 and 2011, 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 position or change in net position.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements: For the year ended December 31, 2012, the District implemented GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The financial statements and accompanying footnotes reflect this new pronouncement.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents at December 31, 2012 and 2011 are as follows in thousands of dollars:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2012 Amount</u>	<u>2011 Amount</u>
Cash				\$ 37,536	\$ 32,568
Certificate of deposit	11/13/12	02/11/13	0.100%	3,360	-
Certificate of deposit	11/13/12	02/11/13	0.100%	1,130	-
Certificate of deposit	11/13/12	02/11/13	0.100%	1,007	-
Certificate of deposit	11/12/12	02/10/13	0.100%	1,003	-
Certificate of deposit	11/02/12	02/01/13	0.200%	509	-
Certificate of deposit	10/23/12	01/22/13	0.200%	431	-
Certificate of deposit	10/23/12	01/22/13	0.200%	356	-
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
				<u>\$ 45,332</u>	<u>\$ 40,869</u>

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

	<u>2012</u>	<u>2011</u>
General fund	\$ 19,847	\$ 15,508
Restricted		
Accident claims reserve	5,039	5,033
Bond proceeds/local grants restricted for acquisition of capital assets	8,716	8,704
Westlake corridor contributions	1,677	1,674
Indefinite Situs tax restricted for debt repayment	<u>10,053</u>	<u>9,950</u>
Total restricted	<u>25,485</u>	<u>25,361</u>
	<u>\$ 45,332</u>	<u>\$ 40,869</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

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

Short-term investments at December 31, 2012 and 2011 are as follows in thousands of dollars:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2012 Amount</u>	<u>2011 Amount</u>
Government Securities				\$ 8,683	\$ 8,618
Certificate of deposit	10/22/12	01/22/13	0.200%	515	-
Certificate of deposit	10/12/12	01/12/13	0.150%	1,697	-
Certificate of deposit	10/12/11	01/12/12	0.195%	-	1,441
				<u>\$ 10,895</u>	<u>\$ 10,059</u>

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

	<u>2012</u>	<u>2011</u>
General fund	\$ 2,212	\$ 1,441
Restricted		
Bond proceeds/local grants restricted for acquisition of capital assets	2,873	2,873
Indefinite Situs tax restricted for debt repayment	<u>5,810</u>	<u>5,745</u>
Total restricted	<u>8,683</u>	<u>8,618</u>
	<u>\$ 10,895</u>	<u>\$ 10,059</u>

Cash and Investment Deposits: The District maintains deposits with nine area financial institutions. A summary of these deposits as of December 31, 2012 and 2011 is as follows in thousands of dollars:

	<u>2012</u>		<u>2011</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	1,811	1,806	1,633	1,629
Insured by IPDIF	45,732	46,214	40,676	40,843
Held by U.S. Treasury	<u>8,683</u>	<u>8,683</u>	<u>8,618</u>	<u>8,618</u>
	<u>\$ 56,227</u>	<u>\$ 56,703</u>	<u>\$ 50,928</u>	<u>\$ 51,090</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, 2012 and 2011

NOTE 3 - CAPITAL ASSETS

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

	Balance January 1, <u>2012</u>	<u>Changes During Year</u>		Balance December 31, <u>2012</u>
		<u>Additions</u>	<u>Reductions</u>	
Capital assets not being depreciated:				
Land	\$ 6,995	\$ -	\$ -	\$ 6,995
Construction in progress	<u>60,644</u>	<u>11,173</u>	<u>(66,776)</u>	<u>5,041</u>
Total capital assets not being depreciated	<u>67,639</u>	<u>11,173</u>	<u>(66,776)</u>	<u>12,036</u>
Capital assets being depreciated:				
Rolling stock (including capital spare parts)	204,073	-	-	204,073
Buildings and improvements	136,877	62,517	-	199,394
Track work and substations	43,363	-	-	43,363
Bridges and crossings	37,104	3,727	-	40,831
Machinery and equipment	9,163	182	-	9,345
Information system and office equipment	598	179	(177)	600
Autos and trucks	<u>3,519</u>	<u>143</u>	<u>(345)</u>	<u>3,317</u>
Total capital assets being depreciated	434,697	66,748	(522)	500,923
Less accumulated depreciation:				
Rolling stock (including capital spare parts)	107,078	9,942	-	117,020
Buildings and improvements	75,265	9,285	-	84,550
Track work and substations	294	83	-	377
Bridges and crossings	17,748	1,228	-	18,976
Machinery and equipment	5,950	402	(177)	6,175
Information system and office equipment	561	30	-	591
Autos and trucks	<u>2,188</u>	<u>337</u>	<u>(340)</u>	<u>2,185</u>
Total accumulated depreciation	<u>209,084</u>	<u>21,307</u>	<u>(517)</u>	<u>229,874</u>
Total capital assets being depreciated, net	<u>225,613</u>	<u>45,441</u>	<u>(5)</u>	<u>271,049</u>
Total capital assets, net	<u>\$ 293,252</u>	<u>\$ 56,614</u>	<u>\$ (66,781)</u>	<u>\$ 283,085</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance January 1, 2011	<u>Changes During Year</u>		Balance December 31, 2011
		<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:				
Rolling stock (including capital spare parts)	97,138	9,940	-	107,078
Buildings and improvements	67,533	7,732	-	75,265
Track work and substations	204	90	-	294
Bridges and crossings	16,592	1,156	-	17,748
Machinery and equipment	5,625	450	(125)	5,950
Information system and office equipment	816	30	(285)	561
Autos and trucks	<u>2,307</u>	<u>344</u>	<u>(463)</u>	<u>2,188</u>
Total 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>

Depreciation at December 31, 2012 and 2011 consists of the following in thousands of dollars:

	<u>2012</u>	<u>2011</u>
Depreciation on assets acquired with federal funds	\$ 13,753	\$ 12,483
Depreciation on assets acquired with state and local funds	<u>7,554</u>	<u>7,259</u>
	<u>\$ 21,307</u>	<u>\$ 19,742</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

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 \$1.86 million and \$1.50 million in MOW fees in 2012 and 2011, 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. \$1,046 thousand and \$854 thousand in ROI fees are recognized in 2012 and 2011, respectively, and reported as part of "other local funds" in the accompanying statement of revenue and expense and change in net position.

NOTE 5 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2012 and 2011 is as follows (in thousands of dollars):

	January 1, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	December 31, <u>2012</u>	Due Within <u>One Year</u>	Long-Term <u>Portion</u>
Bonds payable:						
Bonds payable - 2004	\$ 20,205	\$ -	\$ 1,650	\$ 18,555	\$ 1,735	\$ 16,820
Bonds payable - 2007	27,118	-	1,848	25,270	2,294	22,976
Premium on bonds payable	<u>550</u>	<u>-</u>	<u>91</u>	<u>459</u>	<u>-</u>	<u>459</u>
Total bonds payable	47,873	-	3,589	44,284	4,029	40,255
Accrued postretirement health costs (Note 7)	<u>1,326</u>	<u>62</u>	<u>-</u>	<u>1,388</u>	<u>-</u>	<u>1,388</u>
Total	<u>\$ 49,199</u>	<u>\$ 62</u>	<u>\$ 3,589</u>	<u>\$ 45,672</u>	<u>\$ 4,029</u>	<u>\$ 41,643</u>
	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>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2012 and 2011

NOTE 5 - LONG-TERM LIABILITIES (Continued)

On November 16, 2004, the District issued \$29.275 million 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 \$32.1 million 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 are set to be repaid annually on June 30 and December 30 for principal and interest starting June 30, 2009. On November 30, 2012, the District amended the interest rate of the 2007 Bond Issuance from 4.028% to 2.4706%. The Bond will continue to be repaid semi-annually on June 30 and December 30, with the final maturity date on December 30, 2022. The Bonds will be subject to optional redemption on December 30, 2014, December 30, 2016, or December 30, 2019 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.

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 \$2.6 million in escrow.

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

Year Ending December 31	2004 Bond			2007 Bond			Total
	Principal	Interest	Total	Principal	Interest	Total	
2013	\$ 1,735	\$ 863	\$ 2,598	\$ 2,294	\$ 610	\$ 2,904	\$ 5,502
2014	1,800	800	2,600	2,352	553	2,905	5,505
2015	1,865	732	2,597	2,411	495	2,906	5,503
2016	1,940	658	2,598	2,471	435	2,906	5,504
2017	2,035	560	2,595	2,532	373	2,905	5,500
2018-2022	9,180	1,173	10,353	13,210	891	14,101	24,454
	<u>\$ 18,555</u>	<u>\$ 4,786</u>	<u>\$ 23,341</u>	<u>\$ 25,270</u>	<u>\$ 3,357</u>	<u>\$ 28,627</u>	<u>\$ 51,968</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 6 - NET POSITION CLASSIFICATIONS

Net Investment in Capital Assets: 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 Position: This represents the balance of net position which use has not been restricted nor invested in capital assets.

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 \$1.5 million and \$1.4 million for 2012 and 2011, respectively. All District employees not covered by Public Employees' Retirement Fund are covered by the Federal Railroad Retirement Act. The District's total payroll was \$17.4 million for 2012 and \$16.7 million for 2011.

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 \$269 thousand and \$233 thousand for 2012 and 2011, respectively. These contributions represent 18% of covered payroll for 2012 and 16% of covered payroll for 2011. 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 2012 and 2011 by the District amounted to \$122 thousand and \$125 thousand (5% of covered payroll) for Class I employees and \$122 thousand and \$112 thousand (8% of covered payroll) for Class II employees.

Covered payroll for 2012 and 2011 amounted to \$2,443 thousand and \$2,492 thousand for Class I employees and \$1,531 thousand and \$1,426 thousand for Class II employees.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

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 2012 and 2011 by the District amounted to \$19 thousand and \$19 thousand for clerks, \$10 thousand and \$10 thousand for dispatchers and \$70 thousand and \$74 thousand for collectors/conductors and engineers. Qualifying hours for 2012 and 2011 were 38 thousand and 40 thousand for clerks, 11 thousand and 10 thousand for dispatchers and 145 thousand and 149 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 2012 and 2011. The District recognized a change of \$62 thousand and \$58 thousand in postretirement health plan obligations for 2012 and 2011, respectively. The accumulated postretirement health plan liability was \$1,388 thousand and \$1,326 thousand as of December 31, 2012 and 2011, 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, 2012 and 2011

NOTE 8 - OTHER NONOPERATING REVENUE

Other local funds and other revenue at December 31, 2012 and 2011 consist of the following in thousands of dollars:

	<u>2012</u>	<u>2011</u>
Other local funds		
Local subsidies	\$ 4,748	\$ 3,958
Total other local funds	<u>\$ 4,748</u>	<u>\$ 3,958</u>
Other revenue		
Interest – unreserved	\$ 48	\$ 65
Interest – reserved for accident claims	7	9
Rental income	199	109
Sale of maintenance services	4	-
Sale of scrap material	66	268
Advertising activities	129	145
Miscellaneous	<u>2</u>	<u>8</u>
Total other revenue	<u>\$ 455</u>	<u>\$ 604</u>

NOTE 9 - METRA TRANSACTIONS

During 2012, the District and Metra agreed to a new Purchase of Service Agreement, whereby Metra reimburses the District \$3.7 million annually for the provision of passenger service along a certain section of the former CSS line. This agreement changes the way in which the operating subsidy is calculated from a percentage of operating costs (21% of qualifying expenses in 2011) to a flat annual amount. The agreement was signed on July 23, 2012 and is retroactive to January 1, 2012 expiring on December 31, 2016. The operating subsidy for 2012 and 2011 amounted to \$3.7 million and \$2.9 million, respectively. For 2012, this amount is reported in “other local funds.” For 2011, a portion of the amount is reported in “other local funds” with the remaining amount as an offset to “transportation” operating expenses in the accompanying statements of revenues, expenses and changes in net position.

Additionally, during 2012, the District and Metra agreed to a new Trackage Rights Agreement whereby the District pays a flat annual amount to Metra for operating over their tracks and other services between Kensington and Millennium Station. The agreement was signed on July 23, 2012 and is retroactive to January 1, 2012 expiring on December 31, 2016. Prior to this agreement, the amount owed consisted of a Base Compensation amount which had two components: 1) Electrical Energy Expense and 2) General Operating Expenses. The District made monthly electrical energy expense payments 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 was calculated by Metra and billed to the District. The General Operating Expense (Base Payment) component was based upon the District’s allocated share of actual expenses incurred by Metra for the operation and maintenance of the corridor. The Base Payment was then 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 \$6.3 million and \$6.0 million in total Trackage Rights Expense for 2012 and 2011, respectively.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The following summarizes the significant commitments and contingencies at December 31, 2012 and 2011:

- (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 \$80 thousand (aggregate specific deductible) per individual per policy year and up to approximately \$1,150 thousand (attachment point/minimum aggregate deductible) per year for the group as a whole. A liability of \$131 thousand and \$104 thousand has been recorded by the District at December 31, 2012 and 2011 to estimate payment of claims pending on that date. Group insurance expense related to this plan totaled \$932 thousand and \$597 thousand for the years ended December 31, 2012 and 2011. Approximately 250 union employees are covered under a separate plan. Total health insurance expenses for the years ended December 31, 2012 and 2011 totaled \$5,691 thousand and \$5,693 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 (in thousands of dollars):

<u>Project</u>	<u>2012</u>	<u>2011</u>
Catenary Phase II	\$ -	\$ 1,616
Catenary Phase III	51	-
Signal Phase III	1,134	2,402
Kensington	1,079	627
Bridges	2,856	-
Others	<u>1,099</u>	<u>1,505</u>
 Total	 <u>\$ 6,218</u>	 <u>\$ 6,150</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 Northern Indiana Commuter Transportation District (the District) as of and for the years ended December 31, 2012 and 2011, and our report thereon dated April 19, 2013, which contained an unmodified opinion on those financial statements, appears on pages 1 - 2. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. 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 the schedules of budgeted, actual and questioned costs by grant for the periods ending December 31, 2012 on pages 34, 46, 47, 48 and 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 has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We have audited the financial statements of the District as of and for the years ended December 31, 2004 through December 31, 2010, and our reports thereon dated February 24, 2006, April 23, 2008, April 30, 2010, and April 18, 2011, which contained unmodified opinions on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules of budgeted, actual and questioned costs by grant for the periods ending December 31, 2012 on pages 35 – 45, 49, 50, 51 and 53 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 has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Crowe Horwath LLP

South Bend, Indiana
April 19, 2013

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULES OF EXPENSES
Years ended December 31, 2012 and 2011
(In thousands of dollars)

	<u>2012</u>	<u>2011</u>
TRANSPORTATION		
Salaries and wages	\$ 5,295	\$ 4,865
Fringe benefits and payroll taxes	4,048	3,994
Equipment expense	-	6
Repairs and maintenance materials	6	-
Operating costs	6,501	3,868
Utilities	175	175
Other services	97	135
Office supplies	18	11
Administration	86	73
Rents and leases	<u>3</u>	<u>3</u>
	16,229	13,130
MAINTENANCE OF WAY EXPENSES		
Salaries and wages	2,468	2,164
Fringe benefit and payroll taxes	2,154	2,257
Equipment expense	18	7
Repairs and maintenance materials	1,215	1,236
Traction power	1,942	3,083
Operating costs	(1,515)	(1,231)
Professional services	-	5
Utilities	197	207
Other services	257	312
Office supplies	8	14
Administration	(1,158)	(534)
Rents and leases	<u>45</u>	<u>4</u>
	5,633	7,524
MAINTENANCE OF EQUIPMENT EXPENSES		
Salaries and wages	4,439	4,243
Fringe benefit and payroll taxes	3,318	3,260
Equipment expense	17	10
Repairs and maintenance materials	1,419	1,565
Operating costs	21	38
Utilities	160	162
Other services	351	361
Office supplies	82	54
Administration	<u>(52)</u>	<u>16</u>
	9,755	9,709
CLAIMS AND INSURANCE	1,682	1,691

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULES OF EXPENSES
Years ended December 31, 2012 and 2011
(In thousands of dollars)

	<u>2012</u>	<u>2011</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and wages	\$ 2,239	\$ 2,113
Fringe benefit and payroll taxes	2,389	1,964
Equipment expense	13	1
Repairs and maintenance materials	28	3
Operating costs	54	59
Utilities	105	110
Professional services	661	616
Other services	221	233
Office supplies	96	72
Administration	630	729
Rents and leases	<u>31</u>	<u>20</u>
	6,467	5,920
 DEPRECIATION		
Depreciation on assets acquired with federal funds	13,753	12,483
Depreciation on assets acquired with state and local funds	<u>7,554</u>	<u>7,259</u>
	<u>21,307</u>	<u>19,742</u>
	<u>\$ 61,073</u>	<u>\$ 57,716</u>

**NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2012**

Federal Grantor/Grant No.	Federal CFDA Number	Qualifying Expenditures in Excess of (Less Than) Reimbursements, Beginning of 2012	Reimbursements		Total	Qualifying Expenditures		Total	Qualifying Expenditures in Excess of (Less Than) Reimbursements, End of 2012
			Federal Share	Local Share		Federal Share	Local Share		
U.S. Department of Transportation Federal Transit Administration	20.507	\$ -	\$ 4,585,954	\$ 10,801,727	\$ 15,387,681	\$ 4,585,954	\$ 10,801,727	\$ 15,387,681	\$ -
Capital/ Maintenance Assistance IN-90-X635 (Operating Maint.)									
Capital Assistance									
IN-03-0113	20.500		225,614	56,404	282,018	225,614	56,404	282,018	-
IN-03-0121	20.500	322,745	546,354	55,902	602,255	223,609	55,902	279,511	-
IN-03-0126	20.500	10,757	68,468	14,428	82,896	57,711	14,428	72,139	-
IN-03-0128	20.500	23,657	44,988	5,333	50,321	21,331	5,333	26,664	-
IN-05-0065	20.500	59,889	161,227	25,335	186,562	101,338	25,335	126,673	-
IN-05-0066	20.500	87,859	459,712	96,143	555,855	383,162	96,143	479,305	11,309
IN-05-0067	20.500	41,086	469,889	111,689	581,578	434,570	111,689	546,259	5,767
IN-05-0068	20.500		150,766	37,732	188,498	150,929	37,732	188,661	163
IN-05-0069	20.500	1,535,745	6,156,317	1,077,821	7,234,138	4,934,632	1,077,821	6,012,453	314,060
IN-05-0070	20.500		850,199	232,775	1,082,974	931,098	232,775	1,163,873	80,899
IN-90-X617	20.507		-	54	54	216	54	270	216
IN-95-X033	20.507		2,265,000	-	2,265,000	2,265,000	-	2,265,000	-
IN-96-X009 - ARRA	20.507		1,231,134	-	1,231,135	1,302,659	-	1,302,659	71,525
IN-90-X606	20.507		99,166	26,161	125,327	104,645	26,161	130,806	5,479
IN-90-X555	20.507	308	3,621	828	4,449	3,313	828	4,141	-
IN-79-1000 TIGER	20.933	172,426	326,408	62,898	389,306	227,170	62,898	290,068	73,188
FTA Subtotal		2,254,472	17,644,817	12,605,230	30,250,047	15,952,951	12,605,230	28,558,181	562,606
U.S. Department of Homeland Security Passed through State of Illinois IL-90-X104 (Homeland Security)	97.075	64,169	64,169	-	64,169	-	-	-	-
Summary by Federal CFDA Number		\$ 2,318,641	\$ 17,708,986	\$ 12,605,230	\$ 30,314,216	\$ 15,952,951	\$ 12,605,230	\$ 28,558,181	\$ 562,606
Subtotal - FTA Cluster*		\$ 2,081,738	\$ 9,133,534	\$ 1,713,562	\$ 10,847,096	\$ 7,463,994	\$ 1,713,562	\$ 9,177,556	\$ 412,198
	20.507	308	8,184,875	10,828,770	19,013,645	8,261,787	10,828,770	19,090,557	77,220
	20.933	2,082,046	17,318,409	12,542,332	29,860,741	15,725,781	12,542,332	28,268,113	489,418
	97.075	172,426	326,408	62,898	389,306	227,170	62,898	290,068	73,188
		64,169	64,169	-	64,169	-	-	-	-
* Major program		\$ 2,318,641	\$ 17,708,986	\$ 12,605,230	\$ 30,314,216	\$ 15,952,951	\$ 12,605,230	\$ 28,558,181	\$ 562,606

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, 2012

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.

Non-Cash and Federal Insurance: The District did not receive non-cash assistance or have Federal insurance in effect during the fiscal year.

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-X635
 CAPITAL/MAINTENANCE ASSISTANCE
 January 1, 2012 through December 31, 2012

Line Item Code	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	Actual (Over)Under <u>Budget</u>
12.7A.00	Preventive Maintenance (Rail)	\$ 5,732,443	\$ 15,387,681	\$ (9,655,238)
44.26.14	Rider Survey	<u>75,000</u>	<u>-</u>	<u>75,000</u>
	Net project costs	<u>\$ 5,807,443</u>	<u>\$ 15,387,681</u>	<u>\$ (9,580,238)</u>
	Federal share	\$ 4,645,954	\$ 4,585,954	\$ 60,000
	Local share	<u>1,161,489</u>	<u>10,801,727</u>	<u>(9,640,238)</u>
	Net project costs	<u>\$ 5,807,443</u>	<u>\$ 15,387,681</u>	<u>\$ (9,580,238)</u>
	Total grant payable (maximum \$4,645,954)		\$ 4,585,954	
	Grant receipts through December 31, 2012		<u>4,585,954</u>	
	Balance due from FTA at December 31, 2012		<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, 2012

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	2,337,146	(161,614) (1)
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>138,736</u>	<u>151,264</u>
	Net project costs	<u>\$ 11,925,532</u>	<u>\$ 11,925,532</u>	<u>\$ -</u>
	Federal share (80%)	\$ 9,540,426	\$ 9,540,426	\$ -
	Local share (20%)	<u>2,385,106</u>	<u>2,385,106</u>	<u>-</u>
	Net project costs	<u>\$ 11,925,532</u>	<u>\$ 11,925,532</u>	<u>\$ -</u>
Total grant payable (maximum \$9,540,426)			\$ 9,540,426	
Grant receipts through December 31, 2012			<u>9,540,426</u>	
Balance due from FTA at December 31, 2012			<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, 2012

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	2,423,045	(343,037) (1)
12.42.11	Kensington Junction	390,000	379,044	10,956
12.42.20	Purchase – miscellaneous equipment	390,000	15,421	374,579
12.54.01	Rehabilitation/Renovation – traction power equipment	220,000	146,054	73,946
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>24,412</u>	<u>190,588</u>
	Net project costs	<u>\$ 11,830,008</u>	<u>\$ 11,830,008</u>	<u>\$ -</u>
	Federal share (80%)	\$ 9,464,006	\$ 9,464,006	\$ -
	Local share (20%)	<u>2,366,002</u>	<u>2,366,002</u>	<u>-</u>
	Net project costs	<u>\$ 11,830,008</u>	<u>\$ 11,830,008</u>	<u>\$ -</u>
Total grant payable (maximum \$9,464,006)			\$ 9,464,006	
Grant receipts through December 31, 2012			<u>9,464,006</u>	
Balance due from FTA at December 31, 2012			<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-03-0126
CAPITAL ASSISTANCE
May 1, 2004 through December 31, 2012

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	2,243,332	(268,332) (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	3,815,443	(1,590,443) (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>57,395</u>	<u>312,605</u>
	Net project costs	<u>\$ 11,816,885</u>	<u>\$ 11,816,885</u>	<u>\$ -</u>
	Federal share (80%)	\$ 9,453,508	\$ 9,453,508	\$ -
	Local share (20%)	<u>2,363,377</u>	<u>2,363,377</u>	<u>-</u>
	Net project costs	<u>\$ 11,816,885</u>	<u>\$ 11,816,885</u>	<u>\$ -</u>
Total grant payable (maximum \$9,453,508)			\$ 9,453,508	
Grant receipts through December 31, 2012			<u>9,453,508</u>	
Balance due from FTA at December 31, 2012			<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-03-0128
 CAPITAL ASSISTANCE
 July 1, 2005 through December 31, 2012

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
13.71.11	West Lake study	\$ 1,875,000	\$ 1,222,137	\$ 652,863
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>\$ 2,447,137</u>	<u>\$ 652,863</u>
	Federal share (80%)	\$ 2,480,000	\$ 1,957,710	\$ 522,290
	Local share (20%)	<u>620,000</u>	<u>489,427</u>	<u>130,573</u>
	Net project costs	<u>\$ 3,100,000</u>	<u>\$ 2,447,137</u>	<u>\$ 652,863</u>
	Total grant payable (maximum \$2,480,000)		\$ 1,957,710	
	Grant receipts through December 31, 2012		<u>1,957,710</u>	
	Balance due from FTA at December 31, 2012		<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-03-0143
 CAPITAL ASSISTANCE
 October 1, 2010 through December 31, 2012

<u>Line Item Code</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)Under Budget</u>
12.54.01	Catenary	\$ <u>2,500,000</u>	\$ <u>1,863,785</u>	\$ <u>636,215</u>
	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, 2012		<u>1,491,028</u>	
	Balance due from FTA at December 31, 2012		<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, 2012

<u>Line Item Code</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)Under Budget</u>
11.31.03	Gary-Chicago Airport	\$ 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, 2012		<u>122,091</u>	
	Balance due from FTA at December 31, 2012		<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, 2012

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	5,425,122	(357,644) (1)
12.71.02	Final design – third party	1,325,000	63,557	1,261,443
12.72.08	Force account construction	1,450,000	873,465	576,535
12.79.00	Force account project administration	<u>415,000</u>	<u>266,048</u>	<u>148,952</u>
	Net project costs	<u>\$ 12,667,478</u>	<u>\$ 12,667,478</u>	<u>\$ -</u>
	Federal share (80%)	\$ 10,133,982	\$ 10,133,982	\$ -
	Local share (20%)	<u>2,533,496</u>	<u>2,533,496</u>	<u>-</u>
	Net project costs	<u>\$ 12,667,478</u>	<u>\$ 12,667,478</u>	<u>\$ -</u>
Total grant payable (maximum \$10,133,982)			\$ 10,133,982	
Grant receipts through December 31, 2012			<u>10,133,982</u>	
Balance due from FTA at December 31, 2012			<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-05-0066
CAPITAL ASSISTANCE
July 1, 2006 through December 31, 2012

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.15.22	Mid-life 1992 rail cars overhaul	\$ 375,000	\$ 1,216,240	\$ (841,240) (1)
12.23.05	Construct bridges	864,804	958,516	(93,712) (1)
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	844,346	(644,346) (1)
12.54.03	Substations	190,000	134,710	55,290
12.41.05	Engineering/Design- Yard & Shops	200,000	-	200,000
12.72.08	Force account construction	1,675,000	1,570,737	104,263
12.72.09	Force account vehicle rehabilitation	850,000	34,451	815,549
12.79.00	Force account project administration	<u>420,000</u>	<u>466,052</u>	<u>(46,052) (1)</u>
	Net project costs	<u>\$ 13,594,804</u>	<u>\$ 13,569,704</u>	<u>\$ 25,100</u>
	Federal share (80%)	\$ 10,867,842	\$ 10,847,777	\$ 20,065
	Local share (20%)	<u>2,726,962</u>	<u>2,721,927</u>	<u>5,035</u>
	Net project costs	<u>\$ 13,594,804</u>	<u>\$ 13,569,704</u>	<u>\$ 25,100</u>
Total grant payable (maximum \$10,867,842)			\$ 10,847,777	
Grant receipts through December 31, 2012			<u>10,836,468</u>	
Balance due from FTA at December 31, 2012			<u>\$ 11,309</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, 2012

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.23.05	Bridges	\$ 1,625,000	\$ 1,459,431	\$ 165,569
12.42.11	Purchase support vehicle	485,000	505,249	(20,249) (1)
12.42.20	Purchase track equipment	485,000	483,188	1,812
12.54.01	Catenary	2,000,000	2,500,000	(500,000) (1)
12.43.05	Yard trackage	650,000	368,559	281,441
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	357,759	592,241
12.79.00	Force account project administration	<u>327,500</u>	<u>25,110</u>	<u>302,390</u>
	Net project costs	<u>\$ 14,408,044</u>	<u>\$ 13,693,191</u>	<u>\$ 714,853</u>
	Federal share (80%)	\$ 11,462,147	\$ 10,893,454	\$ 568,693
	Local share (20%)	<u>2,945,897</u>	<u>2,799,737</u>	<u>146,160</u>
	Net project costs	<u>\$ 14,408,044</u>	<u>\$ 13,693,191</u>	<u>\$ 714,853</u>
Total grant payable (maximum \$11,462,147)			\$ 10,893,454	
Grant receipts through December 31, 2012			<u>10,887,687</u>	
Balance due from FTA at December 31, 2012			<u>\$ 5,767</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, 2012

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	597,175	253,219
12.43.04	Construct Storage Facility	112,500	105,756	6,744
12.54.01	Rehab Traction Power Equip	9,250,000	9,258,310	(8,310) (1)
12.72.08	Force Account Construction	100,000	-	100,000
12.79.00	Force Acct. Project Admin.	<u>50,000</u>	<u>1,722</u>	<u>48,278</u>
	Net project costs	<u>\$ 14,359,894</u>	<u>\$ 13,404,010</u>	<u>\$ 955,884</u>
	Federal share (100%)	\$ 2,872,000	\$ 2,872,186	\$ (186) (1)
	Federal share (80%)	9,190,315	8,425,459	764,856
	Local share (20%)	<u>2,297,579</u>	<u>2,106,365</u>	<u>191,214</u>
	Net project costs	<u>\$ 14,359,894</u>	<u>\$ 13,404,010</u>	<u>\$ 955,884</u>
Total grant payable (maximum \$12,062,315)			\$ 11,297,645	
Grant receipts through December 31, 2012			<u>11,297,482</u>	
Balance due from FTA at December 31, 2012			<u>\$ 163</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, 2012

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.13.22	Railcars (100% Federal)	\$ 5,744,000	\$ 3,495,005	\$ 2,248,995
12.23.05	Bridges	4,132,550	2,127,713	2,004,837
12.24.05	Dune Park Platform	1,250,000	133,914	1,116,086
12.42.20	Vehicles	800,000	194,489	605,511
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	161,172	88,828
12.54.01	Catenary Phase II	7,854,610	7,854,610	-
12.23.03	Kensington	6,750,000	7,039,920	(289,920) (1)
12.79.00	Track Material	<u>625,000</u>	<u>522,390</u>	<u>102,610</u>
	Net project costs	<u>\$ 28,656,160</u>	<u>\$ 22,297,962</u>	<u>\$ 6,358,198</u>
	Federal share (100%)	\$ 5,744,000	\$ 3,495,005	\$ 2,248,995
	Federal share (80%)	18,329,728	15,042,366	3,287,362
	Local share (20%)	<u>4,582,432</u>	<u>3,760,591</u>	<u>821,841</u>
	Net project costs	<u>\$ 28,656,160</u>	<u>\$ 22,297,962</u>	<u>\$ 6,358,198</u>
Total grant payable (maximum \$24,073,728)			\$ 18,537,371	
Grant receipts through December 31, 2012			<u>18,223,311</u>	
Balance due from FTA at December 31, 2012			<u>\$ 314,060</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-05-0070
CAPITAL ASSISTANCE
September 14, 2012 through December 31, 2012

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.13.22	Railcars (100% Federal)	\$ 2,872,000	\$ -	\$ 2,872,000
12.24.05	Bridges	3,750,000	-	3,750,000
12.34.02	Dune Park Platform	1,500,000	1,091	1,498,909
12.42.05	Shop Equipment	160,000	-	160,000
12.42.11	Vehicles	397,638	-	397,638
12.42.20	Track Equipment	500,000	-	500,000
12.54.01	Catenary Phase III	2,000,000	914,302	1,085,698
12.61.01	Positive Train Control	<u>500,000</u>	<u>248,480</u>	<u>251,520</u>
	Net project costs	<u>\$ 11,679,638</u>	<u>\$ 1,163,873</u>	<u>\$ 10,515,765</u>
	Federal share (100%)	\$ 2,872,000	\$ -	\$ 2,872,000
	Federal share (80%)	7,046,110	931,098	6,115,012
	Local share (20%)	<u>1,761,528</u>	<u>232,775</u>	<u>1,528,753</u>
	Net project costs	<u>\$ 11,679,638</u>	<u>\$ 1,163,873</u>	<u>\$ 10,515,765</u>
Total grant payable (maximum \$9,918,110)			\$ 931,098	
Grant receipts through December 31, 2012			<u>850,199</u>	
Balance due from FTA at December 31, 2012			<u>\$ 80,899</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. 20.507
 FTA GRANT NO. IN-90-X617
 CAPITAL/MAINTENANCE ASSISTANCE
 August 31, 2011 through December 31, 2012

<u>Line Item Code</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)Under Budget</u>
44.26.14	Ridership Survey	\$ <u>75,000</u>	\$ <u>270</u>	\$ <u>74,730</u>
	Net project costs	\$ <u>75,000</u>	\$ <u>270</u>	\$ <u>74,730</u>
	Federal share (80%)	\$ 60,000	\$ 216	\$ 59,784
	Local share (20%)	<u>15,000</u>	<u>54</u>	<u>14,946</u>
	Net project costs	\$ <u>75,000</u>	\$ <u>270</u>	\$ <u>74,730</u>
Total grant payable (maximum \$60,000)			\$ 216	
Grant receipts through December 31, 2012			<u>-</u>	
Balance due from FTA at December 31, 2012			\$ <u>216</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-95-X033
 CAPITAL ASSISTANCE
 September 29, 2011 through December 31, 2012

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.13.22	Railcars (100% Federal)	\$ 2,265,000	\$ 2,265,000	\$ -
	Net project costs	<u>\$ 2,265,000</u>	<u>\$ 2,265,000</u>	<u>\$ -</u>
	Federal share (100%)	\$ 2,265,000	\$ 2,265,000	\$ -
	Net project costs	<u>\$ 2,265,000</u>	<u>\$ 2,265,000</u>	<u>\$ -</u>
Total grant payable (maximum \$2,265,000)			\$ 2,265,000	
Grant receipts through December 31, 2012			<u>2,265,000</u>	
Balance due from FTA at December 31, 2012			<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, 2012

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	\$ 6,308,949	\$ 1,133,915
12.92.08	New Signage	<u>59,600</u>	<u>55,341</u>	<u>4,259</u>
	Net project costs	<u>\$ 7,502,464</u>	<u>\$ 6,364,290</u>	<u>\$ 1,138,174</u>
	Federal share (100%)	<u>\$ 7,502,464</u>	<u>\$ 6,364,290</u>	<u>\$ 1,138,174</u>
	Net project costs	<u>\$ 7,502,464</u>	<u>\$ 6,364,290</u>	<u>\$ 1,138,174</u>
Total grant payable (maximum \$7,502,464)			\$ 6,364,290	
Grant receipts through December 31, 2012			<u>6,292,765</u>	
Balance due from FTA at December 31, 2012			<u>\$ 71,525</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, 2012

<u>Line Item Code</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)Under Budget</u>
12.92.08	New Signage-Millennium Station	\$ 175,000	\$ 124,140	\$ 50,860
12.93.03	Landscaping	65,000	1,817	63,183
12.93.03	Walkways	10,000	285	9,715
12.93.03	Passenger Shelter-Carroll Avenue	<u>50,000</u>	<u>4,747</u>	<u>45,253</u>
	Net project costs	<u>\$ 300,000</u>	<u>\$ 130,989</u>	<u>\$ 169,011</u>
	Federal share (80%)	\$ 240,000	\$ 104,791	\$ 135,209
	Local share (20%)	<u>60,000</u>	<u>26,198</u>	<u>33,802</u>
	Net project costs	<u>\$ 300,000</u>	<u>\$ 130,989</u>	<u>\$ 169,011</u>
	Total grant payable (maximum \$240,000)		\$ 104,791	
	Grant receipts through December 31, 2012		<u>99,312</u>	
	Balance due from FTA at December 31, 2012		<u>\$ 5,479</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, 2012

<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	\$ 136,299	\$ -
	Net project costs	<u>\$ 136,299</u>	<u>\$ 136,299</u>	<u>\$ -</u>
	Federal share (80%)	\$ 109,039	\$ 109,039	\$ -
	Local share (20%)	<u>27,260</u>	<u>27,260</u>	<u>-</u>
	Net project costs	<u>\$ 136,299</u>	<u>\$ 136,299</u>	<u>\$ -</u>
	Total grant payable (maximum \$109,039)		\$ 109,039	
	Grant receipts through December 31, 2012		<u>109,039</u>	
	Balance due from FTA at December 31, 2012		<u>\$ -</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, 2012

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
44.24.00	Michigan City Realignment Study	\$ 1,021,500	\$ 804,197	\$ 217,303
	Net project costs	<u>\$ 1,021,500</u>	<u>\$ 804,197</u>	<u>\$ 217,303</u>
	Federal share (78%)	\$ 800,000	\$ 629,816	\$ 170,184
	Local share (22%)	<u>221,500</u>	<u>174,381</u>	<u>47,119</u>
	Net project costs	<u>\$ 1,021,500</u>	<u>\$ 804,197</u>	<u>\$ 217,303</u>
	Total grant payable (maximum \$800,000)		\$ 629,816	
	Grant receipts through December 31, 2012		<u>556,628</u>	
	Balance due from FTA at December 31, 2012		<u>\$ 73,188</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 #02-0104)
October 15, 2009 through December 31, 2012

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
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, 2012			<u>131,694</u>	
Balance due from FTA at December 31, 2012			<u>\$ -</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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Northern Indiana Commuter Transportation District as of and for the year ended December 31, 2012, and the related notes to the financial statements which collectively comprise Northern Indiana Commuter Transportation District's financial statements, and have issued our report thereon dated April 19, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northern Indiana Commuter Transportation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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. Accordingly, we do not express an opinion on the effectiveness of Northern Indiana Commuter Transportation District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Crowe Horwath LLP

South Bend, Indiana
April 19, 2013

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROLS OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
Northern Indiana Commuter
Transportation District
Chesterton, Indiana

Report on Compliance for Each Major Federal Program

We have audited Northern Indiana Commuter Transportation District's (the District) 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 District's major federal programs for the year ended December 31, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of 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, 2012.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Crowe Horwath LLP

South Bend, Indiana
April 19, 2013

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 December 31, 2012

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: \$ 478,589

Auditee qualified as low-risk auditee? Yes No

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2012

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, 2012

There were no prior year findings.