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August 22, 2016

Board of Directors
Northern Indiana Commuter Transportation District
33 East Highway 12
Chesterton, IN 46304

We have reviewed the audit report prepared by Crowe Horwath LLP, Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the Northern Indiana Commuter Transportation District, as of December 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner



Comprehensive Annual Financial Report

For the years ended December 31, 2015 and 2014



Northern Indiana Commuter Transportation District

33 East US Highway 12
Chesterton, Indiana 46304



Northern Indiana Commuter Transportation District

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Years Ended December 31, 2015 and 2014

Prepared by the Accounting and Administration Departments



Life is hard. The train is easy.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

December 31, 2015 and 2014

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal.....	i
Certificate of Achievement for Excellence in Financial Reporting.....	viii
Organization Chart.....	ix
Board of Trustees and Administration	x

FINANCIAL SECTION

Independent Auditor's Report.....	1
Management's Discussion and Analysis	3
Financial Statements	
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Net Position	13
Statements of Cash Flows	15
Notes to Financial Statements	17
Required Supplementary Information	
Schedule of the District's Proportionate Share of the Net Pension Liability -PERF	41
Schedule of the District's Contributions -PERF	42
Supplementary Schedules	
Independent Auditor's Report on Supplementary Information.....	43
Schedules of Operating Expenses.....	44
Schedule of Expenditures of Federal Awards.....	46
Notes to Schedule of Expenditures of Federal Awards	47
Schedules of Budgeted, Actual, and Questioned Costs by Grant	48
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	56
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Controls Over Compliance	58
Schedule of Findings and Questioned Costs	60
Schedule of Prior Year Findings.....	62

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

December 31, 2015 and 2014

TABLE OF CONTENTS

STATISTICAL SECTION (Unaudited)

Net Position	63
Changes in Net Position	64
Revenues by Source	65
Revenues by Source (Graph Presentation)	66
Revenues and Operating Assistance – Comparison to Industry Trend Data	67
System Recovery Ratio	68
Farebox Revenues vs. Operating Expenses (Graph Presentation)	69
Operating Expenses by Object Class	70
Operating Expenses by Function Class – Comparison to Industry Trend Data	71
Operating Expenses per Electric Multiple-Unit Hour (Graph Presentation)	72
Pledged Revenue Coverage	73
Ratio of Outstanding Debt by Type	75
Demographic and Economic Indicators	76
Principal Employers in Chicago	77
Fare Rate Structure	78
Operating Statistics	80
Employees by Labor Classification	81
Percentage of Employees by Department (Graph Presentation)	82

INTRODUCTORY SECTION





NORTHERN INDIANA

COMMUTER TRANSPORTATION DISTRICT

503 NORTH CARROLL AVENUE • MICHIGAN CITY, IN 46360-5026

PHONE: 219.874.4221 • FAX: 219.879.4522

April 1, 2016

Board of Trustees
Northern Indiana Commuter
Transportation District
Chesterton, Indiana

The Comprehensive Annual Financial Report of the Northern Indiana Commuter Transportation District ("District" or "NICTD") for the years ended December 31, 2015 and 2014 is hereby respectfully submitted. This report has been prepared according to the guidelines recommended by the Government Finance Officers Association (GFOA).

The financial statements, supplemental schedules, statistical information, and all data contained herein are the representations of the District's management. Responsibility for the accuracy, completeness and fairness of this report rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. Disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Generally Accepted Accounting Principles (GAAP) requires management to provide a narrative introduction, overview, and analysis with the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it.

History

This rail system began in 1903 as the Chicago and Indiana Air Line Railway, a streetcar service between Indiana Harbor and East Chicago. By 1908, the rail line stretched across northwest Indiana, extending 68.9 miles from Hammond to South Bend. By 1909, the line operated trains to Pullman, Illinois, where passengers changed trains to continue their journey to downtown Chicago. The system later worked out an agreement with the Illinois Central Railroad in which "Lake Shore" cars were coupled to a steam locomotive at Kensington, Illinois and hauled into downtown Chicago. In June 1925, the system was renamed the Chicago South Shore and South Bend Railroad (CSS). During World War II, annual ridership on the CSS, which provided freight as well as passenger service, rose to over 6 million. After that war, the CSS passenger service began a long period of ridership decline.

LETTER OF TRANSMITTAL

In 1976, faced with increasing losses and deteriorating railcars, stations and electrical systems, the CSS asked the Interstate Commerce Commission to allow it to discontinue its passenger service. In 1977, the Indiana General Assembly passed legislation (under the provisions of Indiana Code, Section 19-5-2.6-3 which was recodified and is now Section 8-5-15-2) enabling the four counties served by the CSS to form a municipal corporation - the Northern Indiana Commuter Transportation District (NICTD) to maintain the passenger service. (The CSS continued as a freight operation). Indiana's actions and funds from the State of Illinois and the Federal Government allowed the commuter operation to continue as NICTD. On December 29, 1989, the District began direct operation of the passenger service.

The District is supervised and managed by a Board of Trustees (Board) currently consisting of nine members. Board membership is apportioned as follows: two members from each of the four Indiana counties in the District, and one member who is an employee of the District, appointed by the Governor of Indiana. Each member serves for a three year term and until a successor has qualified for the office. Each member is eligible for reappointment for successive terms.

The administration of the District, subject to the policies and supervision of its Board of Trustees, is directed by the General Manager. The General Manager is under contract to the Board. An organizational chart, which depicts the key functional responsibilities, is shown on page ix of this Introductory Section.

Reporting Entity

The District has defined its reporting entity in conformance with Governmental Accounting Standards Board (GASB) Statement 20. Accordingly, the financial statements contained within this comprehensive annual report include only the accounts and transactions of the District. A discussion of the District's reporting entity is included in Note 1 to the financial statements.

The District is an entity which uses the accrual method of accounting. Under the accrual method of accounting, revenues are recorded when earned and expenses are recorded when incurred. The activities are accounted for in a single enterprise (proprietary-type) fund.

The District is required by Indiana Code 8-5-15-19 to have an annual audit performed by independent certified public accountants. Crowe Horwath, LLP, a firm of licensed certified public accountants, has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance the District's financial statements for the fiscal years ending December 31, 2015 and 2014 are free of material misstatement. The independent auditors rendered an unmodified auditor's report on the District's financial statements for the years ended December 31, 2015 and 2014.

As a recipient of federal and state financial assistance, the District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to the Single Audit, including the schedule of expenditures of federal awards, findings and questioned costs and auditor's reports on the internal control structure and compliance with applicable laws and regulations are set forth in a separate Single Audit report. The report for the year ended December 31, 2015 is now available and may be obtained by contacting the CFO's office.

LETTER OF TRANSMITTAL

Management is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss/theft or misuse and to ensure that adequate accounting data are compiled to allow the preparation of financial statements in conformity with generally accepted accounting principles. The internal control system is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived; and that the evaluation of cost and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls are reasonable under the existing budgetary constraints and adequately safeguard assets and provide reasonable assurance of proper recordings of all financial transactions.

Service Provided by the District

The District's mission statement is to provide safe, reliable and high quality passenger service which is responsive to the needs of the people of northern Indiana and southeast Chicagoland. Mindful of the access its service provides to economic, social and cultural opportunities, NICTD will work to preserve and strengthen that access for the greater community development and well-being. In view of its role as steward of a major public resource, NICTD will strive to achieve a balance between fares and public support that is fairest to all.

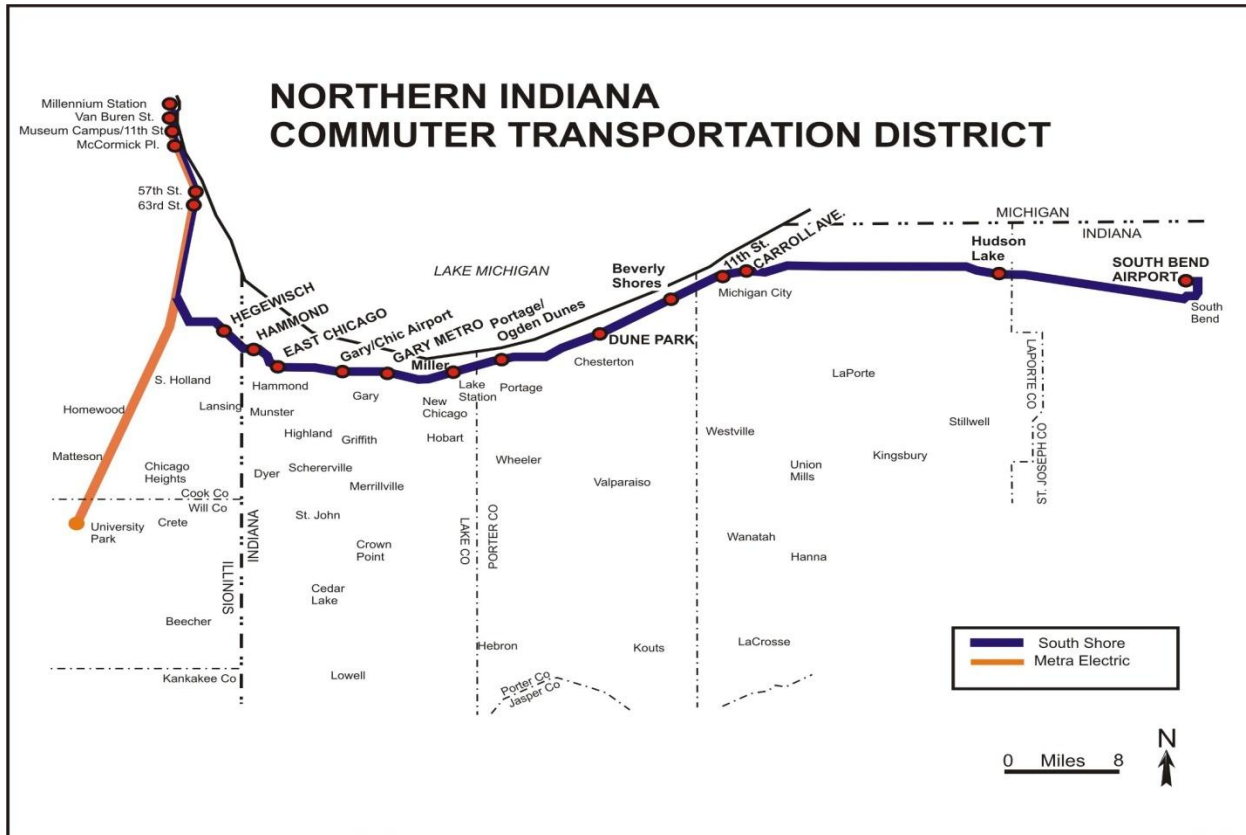
The Northern Indiana Commuter Transportation District (NICTD) is an electric railroad providing daily commuter rail passenger service along a 90-mile route between South Bend, Indiana and Chicago. Known to locals as the South Shore, NICTD's commuter service is a major contributor to the economic engine of northern Indiana and southeast Chicago, operating over 13,000 trains annually carrying over 3.6 million passengers to high paying Chicago jobs. Since the mid-70's ridership grew from 1.5 million to a record 4.2 million passengers in 2007 (see graph on page v). While ridership has not met those record levels since the Great Recession, the District continues to see steady ridership levels.

The South Shore is uniquely positioned in the heart of Chicago's Loop within easy access to approximately 558,000 jobs, more than doubling the job base of Lake and Porter counties, Indiana (247,000 jobs). On average these jobs pay 39.9% more than similar positions in northwest Indiana.

Since its creation in 1977, the District has invested federal, state and local funds to initially stabilize the passenger service and then address its aging infrastructure including new rolling stock, electrical substations, maintenance facilities, bridges, passenger stations and most recently modern signal and power distribution systems.

LETTER OF TRANSMITTAL

The District owns 69.2 route miles in Indiana and leases 6.1 miles in perpetuity between the Illinois/Indiana state line to 115th St/Kensington where NICTD merges with the Metra Electric District for the final 14 miles to Chicago. The District has a mixed fleet of 82 electric multiple-unit (EMUs) with an average fleet age of 24.6 years. The District's goal is to be the mode of choice for accessing Chicago. To accomplish this, the District must enhance safety, improve reliability and reduce travel time.



Revenue and Funding

The District generates operating income through a formal fare structure that is based on the rail service it provides. The District also recognizes as operating revenue parking lot collections. Additional revenue is earned from advertising, rental income and investment income.

The Metra subsidy for Hegewisch service has been formalized in a new Purchase of Service Agreement. This is a flat annual reimbursement to the District payable in monthly installments.

SouthShore Freight pays maintenance and annual rental fees for freight carried over the District's property.

LETTER OF TRANSMITTAL

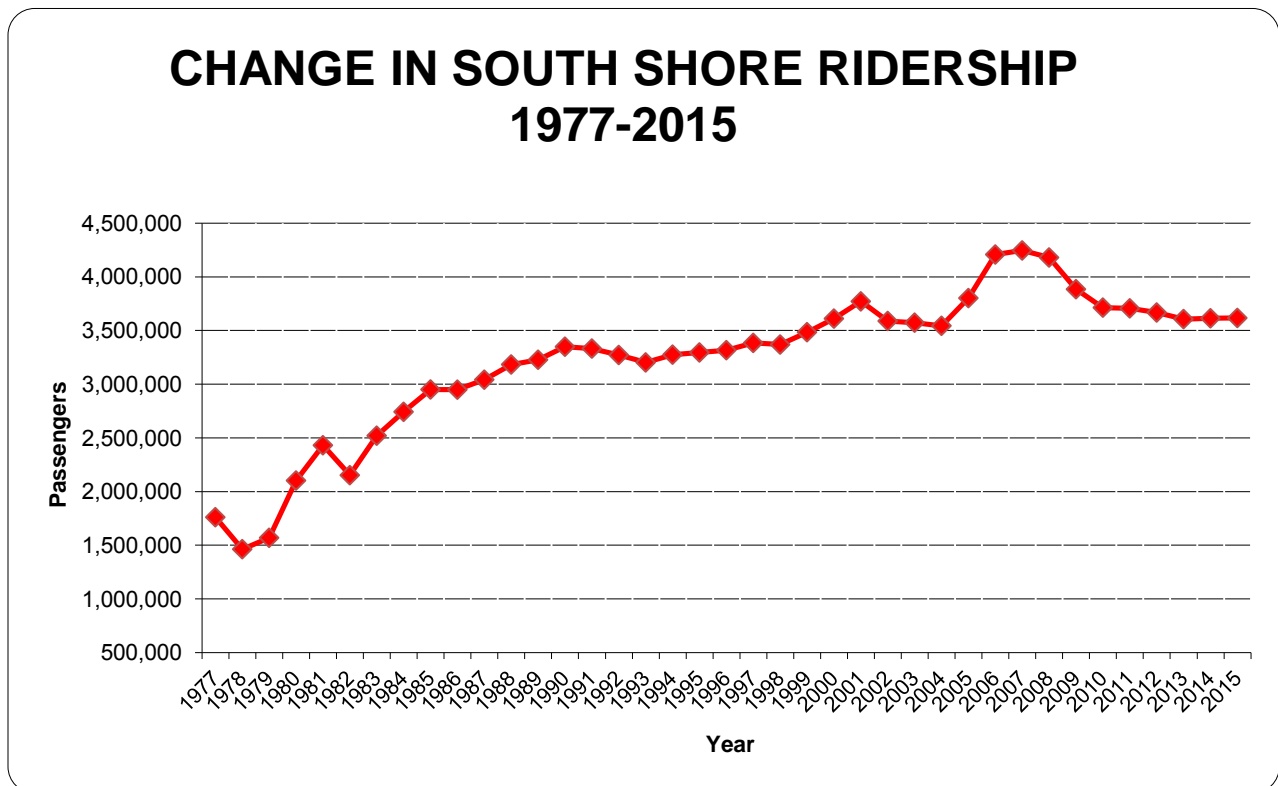
The District's primary source of non-operating assistance comes from Federal Grants through the Federal Transit Administration (FTA) for operations and capital improvement programs. Additional funding is provided through the public mass transportation fund, electric rail service fund and commuter rail service fund in the State of Indiana.

The District practices financial planning and cost controls, however it is not legally required to report on a budgetary basis. No comparison of actual and budget data is included.

Local Economy

The South Shore is an integral part of the Chicago commuter rail hub and spoke network providing connectivity for northwest Indiana's regional community and direct access to Chicago's Loop, with links to Midway and O'Hare and NE Illinois suburban communities; and Amtrak's national rail network through Chicago's Union Station. It also serves daily commuters and occasional riders from southwest Michigan and north central Indiana.

Ridership and operating revenue have been affected by the economic downturn and the slow rate of returning jobs to the Loop. We carried over 3.6 million passengers in 2015, approximately 14.8% fewer passengers than our modern day record of 4.2 million passengers in 2007.



LETTER OF TRANSMITTAL

Major Initiatives

The District uses a four-year Transportation Improvement Plan (TIP) that is updated biannually. This plan was developed to provide the District with a strategy for implementing capital improvement projects.

The District has concentrated its capital resources in a four-year effort to improve assets that affect service reliability. Signals, catenary, bridges, and the implementation of Positive Train Control (PTC) have been the focus of the program. While we are making substantial progress, additional investment (realignments, substation rehabilitations, high level platforms, and double track) is required to modernize the entire railroad in order to achieve reduced travel time and effectively compete with auto commuting. This remains a very important objective in order to grow business on our fixed rail corridor.

The District plans to reduce scheduled run time through a combination of route realignment and high level boarding (vs. low level). The District believes the strategic application of these initiatives will increase the average speed of our service from 36 mph to 46 mph. In an effort to reduce travel time, in March of 2015 the District implemented an express train in the morning and evening with limited stops to cut travel times from South Bend to Chicago to less than two hours. This is a 30 minute reduction from normal travel times. On average, an extra 100 riders per day have been utilizing this service. We have plans to realign our connection to the South Bend Airport that will save 10 minutes and eliminate embedded street running in Michigan City saving 10 minutes for our passengers.

Also in 2015, we replaced stairs in East Chicago, replaced six miles of catenary between Michigan City and South Bend, and installed foundations for the balance weight assemblies for the remainder of the project. We installed major upgrades to Wickliffe Substation and constructed a new passenger waiting facility at Carroll Ave. We also completed the engineering plans for the rehabilitation of five bridges and the phasing plans for the installation of three higher speed crossovers. In addition we reconstructed 2,450 feet of track on 11th St. in Michigan City between Tennessee and Franklin and also designed and constructed state of the art training facilities in the engineering and operations control center buildings.

The projects planned for 2016 include a continuation of Phase III of the Catenary renewal project between South Bend and Michigan City using our Line and Signal Department. We plan on installing most, if not all, of the catenary structures with a possible completion in 2017/2018. All of this work will be able to be performed under service eliminating rider disruptions.

The District will also be installing three high speed crossovers on the line: between Clark Road and East Chicago, Clark Rd. and Gary Metro Center, and between west end of Wilson and Portage/Ogden Dunes. These crossovers are critical safety enhancements and lay the foundation for improving operating speeds as we make investments in double track.

The District will continue working toward implementation of Positive Train Control (PTC) in accordance with the Railway Safety Improvement Act of 2008 and regulation 49CFR Part 236. PTC uses GPS technology to monitor and even control train movement in the event of human error or a natural disaster. In conjunction, a new two car facility will be constructed in Michigan City to allow installation of PTC on our railcars.

LETTER OF TRANSMITTAL

In addition, the District has prepared in cooperation with the Regional Development Authority, a 20-year Strategic Business Plan. The plan focuses on a four-part investment strategy: Baseline investments to maintain service standards and reliability on the existing South Shore Line; A West Lake Extension linking downtown Chicago and the rapidly growing areas of central Lake County; Major improvements to the existing South Shore Line to provide faster, more reliable trips; and Ongoing, regular system maintenance to maintain the South Shore Line in a state of good repair. To see the full Strategic Business Plan, visit <http://www.nictd.com/wp-content/uploads/2014/12/Strategic-Business-Plan-20141212-WEB.pdf>.

Award

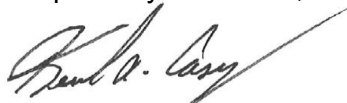
The Government of Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Northern Indiana Commuter Transportation District for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2014. The District has achieved this prestigious award for three consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgement

The preparation of this report would not have been possible without the hard work and high standards of the Accounting and Administrative departments. The District wishes to thank all who contributed to this project.

Respectfully submitted,



Keith A. Casey, CPA
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

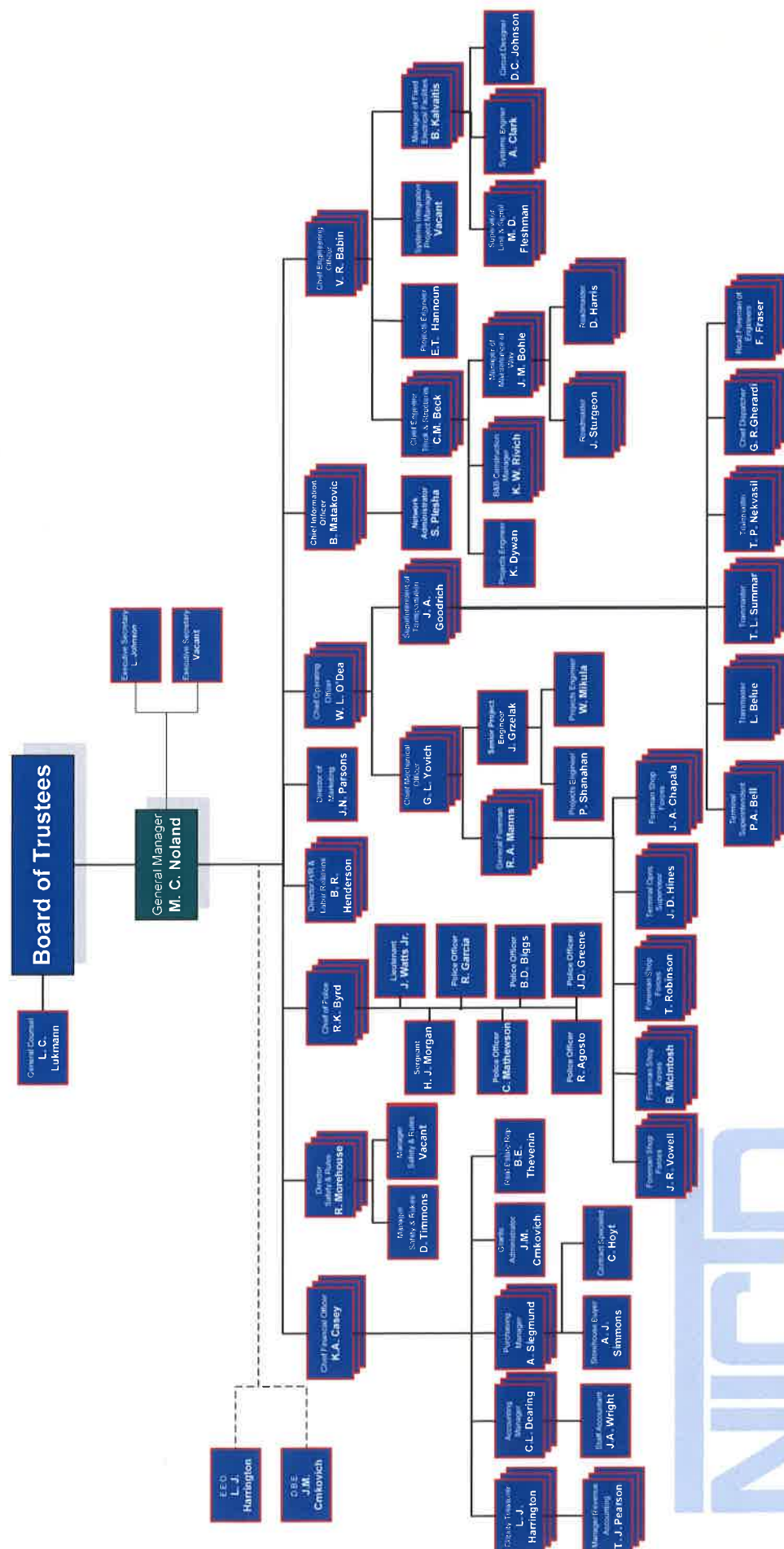
**Northern Indiana Commuter
Transportation District**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

Northern Indiana Commuter Transportation District Organization Chart



December 31, 2015

Northern Indiana Commuter Transportation District

Board of Trustees and Administration
as of December 31, 2015

Members of the Board of Trustees

Representing LaPorte County

Mark Yagelski
David L. Decker

Representing Porter County

John Evans, Chair
Jim Biggs, Vice-Chair

Representing St. Joseph County

Mark Catanzarite, Treasurer
Andrew Kostielney

Representing Lake County

Christine Cid, Secretary
Michael Repay

Representing employees of the District

David Franckus, Governor's Appointment

Administration

Michael C. Noland, General Manager
Keith A. Casey, Chief Financial Officer
Boris Matakovic, Chief Information Officer
William L. O'Dea, Chief Operating Officer
Victor Babin, Chief Engineering Officer
Robert K. Byrd, Chief of Police
Bjarne R. Henderson, Director of HR & Labor Relations
John Parsons, Director of Marketing
Ray Morehouse, Director of Safety & Training

FINANCIAL SECTION



**NORTHERN INDIANA COMMUTER
TRANSPORTATION DISTRICT**

ANNUAL REPORT
December 31, 2015 and 2014

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Chesterton, Indiana

ANNUAL REPORT
December 31, 2015 and 2014

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	12
STATEMENTS OF NET POSITION	13
STATEMENTS OF CASH FLOWS.....	15
NOTES TO FINANCIAL STATEMENTS	17
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – PERF	41
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS – PERF	42
SUPPLEMENTARY SCHEDULES	
INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION	43
SCHEDULES OF EXPENSES	44
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	46
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	47
SCHEDULES OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT.....	48
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	56
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROLS OVER COMPLIANCE	58
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	60
SCHEDULE OF PRIOR YEAR FINDINGS	62

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Northern Indiana Commuter
Transportation District
Chesterton, Indiana

Report on Financial Statements

We have audited the accompanying financial statements of the Northern Indiana Commuter Transportation District (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic 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 District as of December 31, 2015 and 2014 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.

Emphasis of Matter

As discussed in Note 1, the District restated its January 1, 2014 net position, liabilities, and deferred outflows of resources for the adoption of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the District's financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. These sections have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2016 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
Crowe Horwath LLP

South Bend, Indiana
April 1, 2016

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2015 and 2014
 (In thousands of dollars)

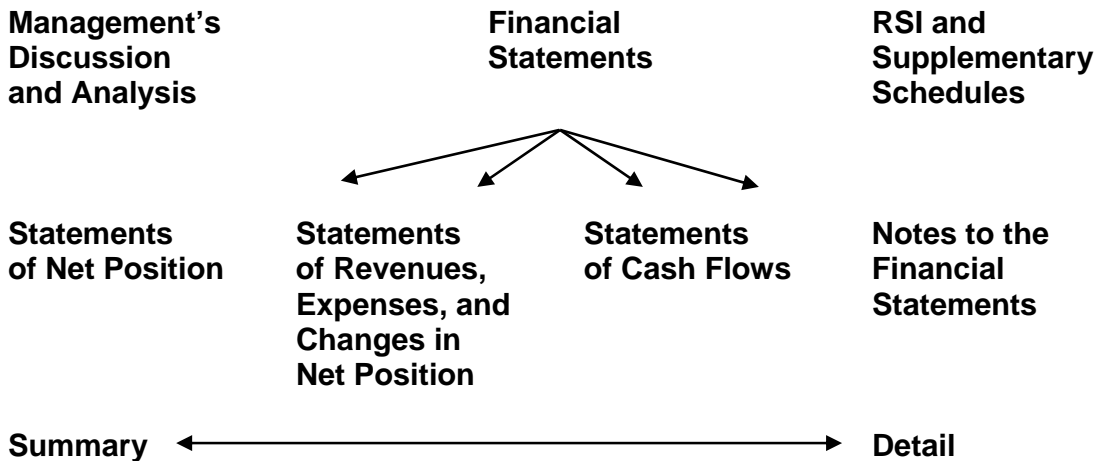
The following discussion and analysis of the Northern Indiana Commuter Transportation District's (the District's) financial performance provides an overview of the District's financial activities for the years ended December 31, 2015 and 2014.

Overview of the Financial Statements

This annual financial report consists of five parts: Management's Discussion and Analysis, Financial Statements, Required Supplementary Information (RSI), Supplementary Schedules, 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 deferred outflows and inflows of resources, and provide 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.

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.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2015 and 2014
 (In thousands of dollars)

Financial Highlights

- The District reported a \$5,579 increase to Net Position for 2015, up 1.82% from \$3,432 in 2014.
- The District called the Series 2004 Bonds in 2015 resulting in a \$15 million decrease to bonds payable. Using Indefinite Situs Funds and Bond Reserves, the District retired the bonds a full seven years early and realized \$2.8 million in interest savings.
- Operating revenues increased by \$1,318 or 6.79%, from \$19,416 in 2014 to \$20,734 in 2015. The District attributes this increase to the July 1, 2015 fare increase.
- Operating expenses increased by \$538 or 2.45% in 2015, from \$61,985 to \$62,523 primarily due to annual contractual increases to trackage rights expenses.
- Loss before capital contributions decreased significantly by \$4,734 or 39.34% in 2015, from \$12,035 to \$7,301 due to increases in state operating assistance and other local fund sources.
- In 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*.

Statements of Revenues, Expenses and Changes in Net Position

Operating revenues increased by \$1,318 in 2015 (see Figure A-3a), primarily due to a slight ridership increase and a fare increase midyear. Operating revenues increased by \$34 in 2014 (see Figure A-3b).

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating revenue	\$ 20,734	\$ 19,416	\$ 19,382
Commuter ridership	2,235	2,188	2,192
Off-peak ridership	<u>1,382</u>	<u>1,428</u>	<u>1,415</u>
Total ridership	<u><u>3,617</u></u>	<u><u>3,616</u></u>	<u><u>3,607</u></u>

Operating expenses increased by \$538 in 2015. The key components of operating expenses are: transportation, maintenance, and depreciation. Depreciation expense increased by \$429 in 2015. Operating expenses increased by \$2,353 in 2014. Total non-operating revenues/expenses increased by \$3,954 or 12.95% in 2015 due primarily to an increase in State operating grant funds and other local funds received.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015 and 2014
(In thousands of dollars)

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

	<u>2015</u>	<u>2014</u>	<u>Difference</u>	<u>Percent Change</u>
Operating revenue	\$ 20,734	\$ 19,416	\$ 1,318	6.79%
Operating expenses	<u>(62,523)</u>	<u>(61,985)</u>	<u>(538)</u>	<u>0.87</u>
Operating loss	(41,789)	(42,569)	780	(1.83)
Non-operating revenues/expenses	<u>34,488</u>	<u>30,534</u>	<u>3,954</u>	<u>12.95</u>
Loss before contributions	(7,301)	(12,035)	4,734	(39.34)
Contributions	<u>12,880</u>	<u>15,467</u>	<u>(2,587)</u>	<u>(16.73)</u>
Increase in net position	5,579	3,432	2,147	62.56
Net position, beginning of year	306,352	303,763	2,589	0.85
Adjustment per GASB 68/71	<u>-</u>	<u>(843)</u>	<u>843</u>	<u>100.00</u>
Net position, end of year	<u>\$ 311,931</u>	<u>\$ 306,352</u>	<u>\$ 5,579</u>	<u>1.82%</u>

Operating expenses increased by \$2,353 in 2014. The key components of operating expenses are: transportation, maintenance, and depreciation. Depreciation expense decreased by \$2,533 in 2014. Railroad operating expenses decreased 3.95% over 2013. Total non-operating revenues/expenses increased by \$2,827 or 10.20% in 2014 due primarily to an increase in Commuter Rail Service Fund Indefinite Situs Tax collections.

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

	<u>2014</u>	<u>2013</u>	<u>Difference</u>	<u>Percent Change</u>
Operating revenue	\$ 19,416	\$ 19,382	\$ 34	0.18%
Operating expenses	<u>(61,985)</u>	<u>(59,632)</u>	<u>(2,353)</u>	<u>3.95</u>
Operating loss	(42,569)	(40,250)	(2,319)	5.76
Non-operating revenues/expenses	<u>30,534</u>	<u>27,707</u>	<u>2,827</u>	<u>10.20</u>
Loss before contributions	(12,035)	(12,543)	508	(4.05)
Contributions	<u>15,467</u>	<u>15,104</u>	<u>363</u>	<u>2.40</u>
Increase in net position	3,432	2,561	871	34.01
Net position, beginning of year	303,763	301,202	2,561	0.85
Adjustment per GASB 68/71	<u>(843)</u>	<u>-</u>	<u>(843)</u>	<u>(100.00)</u>
Net position, end of year	<u>\$ 306,352</u>	<u>\$ 303,763</u>	<u>\$ 2,589</u>	<u>0.85%</u>

Note: The 2013 results were not adjusted for GASB 68/71 because information was not available.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015 and 2014
(In thousands of dollars)

Figure A-3c, which follows, provides a more detailed look at operating revenues and expenses, as well as nonoperating revenues and expenses. This provides a comparison of the most recent three years of financial data.

Figure A-3c
Schedule of Revenues and Expenses

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating revenues			
Passenger fares (net of refunds)	\$ 20,698	\$ 19,371	\$ 19,341
Parking lot collections	36	45	41
Total operating revenues	<u>\$ 20,734</u>	<u>\$ 19,416</u>	<u>\$ 19,382</u>
Operating expenses			
Transportation	\$ 16,958	\$ 15,937	\$ 15,835
Maintenance of way	6,400	6,689	5,611
Maintenance of equipment	12,345	12,497	10,077
Claims and insurance	1,352	1,601	1,639
General and administrative	7,494	7,716	6,392
	44,549	44,440	39,554
Depreciation	17,974	17,545	20,078
Total operating expenses	<u>\$ 62,523</u>	<u>\$ 61,985</u>	<u>\$ 59,632</u>
Nonoperating revenues (expenses)			
Maintenance grant	\$ 5,064	\$ 4,947	\$ 4,586
State operating assistance	12,951	11,820	11,666
Other local funds	6,410	5,215	4,891
Other revenue	735	681	383
Interest expense	(661)	(1,292)	(1,409)
Indefinite Situs tax	9,989	9,163	7,590
Total nonoperating revenues (expenses)	<u>\$ 34,488</u>	<u>\$ 30,534</u>	<u>\$ 27,707</u>

Note: The 2013 results were not adjusted for GASB 68/71 because information was not available.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015 and 2014
(In thousands of dollars)

Statements of Net Position

Total net position increased by \$5,579 in 2015 and increased by \$3,432 in 2014 (see Figures A-2a and A-2b). The largest portion of net position is net investment in capital assets, which increased \$16,098 in 2015 and decreased by \$1,087 in 2014 through capital improvements, which were funded by contributions from federal and state governmental agencies.

Figure A-2a
Condensed Statements of Net Position

	<u>2015</u>	<u>2014</u>	<u>Difference</u>	<u>Percent Change</u>
Current assets	\$ 37,218	\$ 28,441	\$ 8,777	30.86%
Capital assets (net)	267,804	269,137	(1,333)	(0.50)
Other noncurrent assets	<u>48,634</u>	<u>55,215</u>	<u>(6,581)</u>	<u>(11.92)</u>
Total assets	353,656	352,793	863	0.24
Deferred outflow of resources	526	157	369	235.03
Current liabilities	23,618	12,455	11,163	89.63
Long-term liabilities	17,250	33,143	(15,893)	(47.95)
Other liabilities	<u>1,230</u>	<u>804</u>	<u>426</u>	<u>52.99</u>
Total liabilities	42,098	46,402	(4,304)	(9.28)
Deferred inflow of resources	153	196	(43)	(21.94)
Net investment in capital assets	249,591	233,493	16,098	6.89
Restricted for debt service	13,373	21,892	(8,519)	(38.91)
Restricted for capital projects	6,241	6,239	2	0.03
Unrestricted	<u>42,726</u>	<u>44,728</u>	<u>(2,002)</u>	<u>(4.48)</u>
Total net position	<u>\$ 311,931</u>	<u>\$ 306,352</u>	<u>\$ 5,579</u>	<u>1.82%</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015 and 2014
(In thousands of dollars)

Figure A-2b
Condensed Statements of Net Position

	<u>2014</u>	<u>2013</u>	<u>Difference</u>	<u>Percent Change</u>
Current assets	\$ 28,441	\$ 33,760	\$ (5,319)	(15.76)%
Capital assets (net)	269,137	274,377	(5,240)	(1.91)
Other noncurrent assets	<u>55,215</u>	<u>46,131</u>	<u>9,084</u>	<u>19.69</u>
Total assets	352,793	354,268	(1,475)	(0.42)
Deferred outflow of resources	157	-	157	100.00
Current liabilities	12,455	13,053	(598)	(4.58)
Long-term liabilities	33,143	37,452	(4,309)	(11.51)
Other liabilities	<u>804</u>	<u>-</u>	<u>804</u>	<u>100.00</u>
Total liabilities	46,402	50,505	(4,103)	(8.12)
Deferred inflow of resources	196	-	196	100.00
Net investment in capital assets	233,493	234,580	(1,087)	(0.46)
Restricted for debt service	21,892	17,854	4,038	22.62
Restricted for capital projects	6,239	6,237	2	0.03
Unrestricted	<u>44,728</u>	<u>45,092</u>	<u>(364)</u>	<u>(0.81)</u>
Total net position	<u>\$ 306,352</u>	<u>\$ 303,763</u>	<u>\$ 2,589</u>	<u>1.13%</u>

Note: The 2013 results were not adjusted for GASB 68/71 because information was not available.

Statements of Cash Flows

Cash flow from operating activities in 2015 decreased by \$195 (see Figure A-4a). Cash receipts for capital and related financing activities decreased by \$6,997 due to the payoff of the Series 2004 Bonds. Proceeds from the Bond Anticipation Note offset cash used for the Series 2004 Bonds payoff. Cash from investing activities decreased by \$3,237 due to reinvestment of certificates of deposit.

Cash flow from operating activities in 2014 decreased by \$5,477 (see Figure A-4b) due to an increase in repairs and maintenance and professional services. Cash receipts for capital and related financing activities increased by \$2,896 due to an increase in capital grants received. Cash from investing activities decreased by \$2,220 due to reinvestment of certificates of deposit.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015 and 2014
(In thousands of dollars)

Figure A-4a
Condensed Statements of Cash Flows

	<u>2015</u>	<u>2014</u>	<u>Difference</u>	<u>Percent Change</u>
Net cash flows used in operating activities	\$ (24,869)	\$ (25,064)	\$ 195	(0.77)%
Net cash flows provided by noncapital financing activities	31,439	31,859	(420)	(1.32)
Net cash flows in capital and related financing activities	(8,064)	(1,067)	(6,997)	(655.76)
Net cash flows used in investing activities	<u>(3,192)</u>	<u>45</u>	<u>(3,237)</u>	<u>(7,193.33)</u>
Net increase/(decrease) in cash and cash equivalents	(4,686)	5,773	(10,459)	181.17
Cash and equivalents, beginning of year	<u>55,514</u>	<u>49,741</u>	<u>5,773</u>	<u>11.61</u>
Cash and equivalents, end of year	<u>\$ 50,828</u>	<u>\$ 55,514</u>	<u>\$ (4,686)</u>	<u>(8.44)%</u>

Figure A-4b
Condensed Statements of Cash Flows

	<u>2014</u>	<u>2013</u>	<u>Difference</u>	<u>Percent Change</u>
Net cash flows used in operating activities	\$ (25,064)	\$ (19,587)	\$ (5,477)	(27.96)%
Net cash flows provided by noncapital financing activities	31,859	25,694	6,165	23.99
Net cash flows used in capital and related financing activities	(1,067)	(3,963)	2,896	73.08
Net cash flows provided by investing activities	<u>45</u>	<u>2,265</u>	<u>(2,220)</u>	<u>(98.01)</u>
Net increase in cash and cash equivalents	5,773	4,409	1,364	30.94
Cash and equivalents, beginning of year	<u>49,741</u>	<u>45,332</u>	<u>4,409</u>	<u>9.73</u>
Cash and equivalents, end of year	<u>\$ 55,514</u>	<u>\$ 49,741</u>	<u>\$ 5,773</u>	<u>11.61%</u>

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015 and 2014
(In thousands of dollars)

Capital Assets

The District uses a four-year Capital Improvements Program (CIP) that is updated biannually. 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 2016 through 2019. The District expects to invest \$185,811 in capital improvements during 2016 - 2019 in major upgrades along the right of way, new equipment, and railcar improvements, including the Positive Train Control (PTC) capital project, which began early stages of implementation in the last quarter of 2015. Final implementation is set for 2018. This is a \$90,000 capital project which is being funded through a bond issuance. For more detailed information related to capital assets, see Note 3 to the financial statements.

Debt Administration

At December 31, 2015 and 2014, the District had \$18,213 and \$20,624 principal outstanding for the Series 2007 Bonds and \$0 and \$15,020 principal outstanding for the Series 2004 Bonds. The Series 2004 Bonds were called in 2015. The District incurred additional debt in 2015 through a \$9,900 Bond Anticipation Note which was required to pay for initial implementation of the Positive Train Control project.

Figure A-5
Indefinite Situs Tax Received/Grant Funding Received and Debt Service Payments

	<u>2015</u>	<u>2014</u>	<u>Difference</u>	<u>Percent Change</u>
Situs Tax Restricted for Debt Service	\$ 8,961	\$ 7,953	\$ 1,008	12.67%
Federal Grant Restricted for Debt Service	2,906	2,905	1	0.04
Debt Payments - Series 2004 Bonds	366	2,600	(2,234)	(85.92)
Debt Payments - Series 2007 Bonds	2,906	2,905	1	0.04
	<u>2014</u>	<u>2013</u>	<u>Difference</u>	<u>Percent Change</u>
Situs Tax Restricted for Debt Service	\$ 7,953	\$ 6,761	\$ 1,192	17.63%
Federal Grant Restricted for Debt Service	2,905	2,904	1	0.04
Debt Payments – Series 2004 Bonds	2,600	2,598	2	0.08
Debt Payments – Series 2007 Bonds	2,905	2,904	1	0.04

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

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015 and 2014
(In thousands of dollars)

Economic Factors and Next Year's Business Plans and Fares

We remain optimistic that ridership will remain steady or rise slightly in 2016. In 2015, we saw a modest ridership increase of 2,300 passengers despite a fare increase, decreased attendance to Chicago's summer activities, and exceptionally low gas prices. Operating revenue increased slightly by 6.79% in 2015. Operating and maintenance expenses in 2016 are expected to remain at 2015 expense levels, with continued cost saving measures already in place. Management believes that the 2016 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.

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, 2015 and 2014
 (In thousands of dollars)

	<u>2015</u>	<u>2014</u>
Operating revenue		
Passenger fares (net of refunds)	\$ 20,698	\$ 19,371
Parking lot collections	<u>36</u>	<u>45</u>
	<u>20,734</u>	<u>19,416</u>
 Operating expenses		
Transportation	16,958	15,937
Maintenance of way	6,400	6,689
Maintenance of equipment	12,345	12,497
Claims and insurance	1,352	1,601
General and administrative	<u>7,494</u>	<u>7,716</u>
	44,549	44,440
Depreciation	<u>17,974</u>	<u>17,545</u>
	<u>62,523</u>	<u>61,985</u>
 Operating loss	 <u>(41,789)</u>	 <u>(42,569)</u>
 Nonoperating revenues (expenses)		
Maintenance grant	5,064	4,947
State operating assistance	12,951	11,820
Other local funds (Note 8)	6,410	5,215
Other revenue (Note 8)	735	681
Interest expense	(661)	(1,292)
Indefinite Situs tax	<u>9,989</u>	<u>9,163</u>
	<u>34,488</u>	<u>30,534</u>
 Loss before capital contributions	 <u>(7,301)</u>	 <u>(12,035)</u>
 Capital contributions		
Federal	10,885	12,953
State	<u>1,995</u>	<u>2,514</u>
	<u>12,880</u>	<u>15,467</u>
 Change in net position	 5,579	 3,432
Net position at beginning of year	306,352	303,763
Adjustment per GASB 68/71 (Note 1)	<u>-</u>	<u>(843)</u>
	<u>306,352</u>	<u>302,920</u>
 Net position at end of year	 <u>\$ 311,931</u>	 <u>\$ 306,352</u>

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF NET POSITION
 December 31, 2015 and 2014
 (In thousands of dollars)

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets		
Cash and cash equivalents, unrestricted (Note 2)	\$ 4,330	\$ 8,984
Cash and cash equivalents, restricted (Note 2)	9,900	-
Receivables:		
Federal capital and planning assistance	520	1,086
State assistance	13,806	12,424
Metra portion of operating costs	308	-
Other	<u>2,386</u>	<u>521</u>
Total receivables	17,020	14,031
Materials and supplies inventory	4,933	4,421
Prepaid expenses	<u>1,035</u>	<u>1,005</u>
Total current assets	<u>37,218</u>	<u>28,441</u>
Noncurrent assets		
Cash and cash equivalents, unrestricted (Note 2)	26,088	27,180
Cash and cash equivalents, restricted (Note 2)	10,510	19,350
Investments, unrestricted (Note 2)	3,350	-
Investments, restricted (Note 2)	8,685	8,685
Interest receivable, restricted	1	-
Capital assets not being depreciated	30,501	22,212
Capital assets being depreciated	521,412	513,919
Less accumulated depreciation	<u>(284,109)</u>	<u>(266,994)</u>
Capital assets being depreciated, net	<u>237,303</u>	<u>246,925</u>
Total capital assets, net (Note 3)	<u>267,804</u>	<u>269,137</u>
Total noncurrent assets	<u>316,438</u>	<u>324,352</u>
Total assets	353,656	352,793
DEFERRED OUTFLOWS OF RESOURCES		
Outflows of resources related to pensions	<u>526</u>	<u>157</u>
Total deferred outflows of resources	<u>526</u>	<u>157</u>
Total assets and deferred outflows	<u>\$ 354,182</u>	<u>\$ 352,950</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF NET POSITION
 December 31, 2015 and 2014
 (In thousands of dollars)

	<u>2015</u>	<u>2014</u>
LIABILITIES		
Current liabilities		
Accounts payable		
Trade	\$ 2,249	\$ 2,152
Capital projects	4,114	495
Payroll taxes and withholdings	637	644
Accrued interest	4	-
Unredeemed fares	265	239
Accrued injuries and damages	1,565	1,740
Other accrued expenses	2,413	2,909
Bond anticipation note (Note 6) (payable from restricted assets)	9,900	-
Current portion - bonds payable (Note 5) (payable from restricted assets)	<u>2,471</u>	<u>4,276</u>
Total current liabilities	<u>23,618</u>	<u>12,455</u>
Long-term debt - bonds payable (Note 5)	15,742	31,668
Accrued post-retirement health costs (Note 5)	<u>1,508</u>	<u>1,475</u>
Total long-term liabilities	17,250	33,143
Other liabilities		
Net pension liability (Note 7)	<u>1,230</u>	<u>804</u>
Total liabilities	42,098	46,402
DEFERRED INFLOWS OF RESOURCES		
Inflows of resources related to pensions	<u>153</u>	<u>196</u>
Total deferred inflows of resources	<u>153</u>	<u>196</u>
NET POSITION (Note 1)		
Net investment in capital assets	249,591	233,493
Restricted for debt service	13,373	21,892
Restricted for capital projects	6,241	6,239
Unrestricted	<u>42,726</u>	<u>44,728</u>
Total net position	<u>311,931</u>	<u>306,352</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 354,182</u>	<u>\$ 352,950</u>

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF CASH FLOWS
 Years ended December 31, 2015 and 2014
 (In thousands of dollars)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Cash fares from customers	\$ 20,760	\$ 19,401
Cash payments for salaries and benefits	(28,255)	(26,254)
Cash payments for insurance	(1,623)	(1,521)
Cash paid for goods and services	<u>(15,751)</u>	<u>(16,690)</u>
Net cash flows used in operating activities	<u>(24,869)</u>	<u>(25,064)</u>
Cash flows from noncapital financing activities		
State assistance grant contributions	11,570	11,643
Maintenance grant	5,064	4,947
Situs tax	9,989	9,163
Other local sources	140	828
Metra operating subsidy	3,392	4,008
Trackage rights subsidy	<u>1,284</u>	<u>1,270</u>
Net cash flows provided by noncapital financing	<u>31,439</u>	<u>31,859</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(13,021)	(12,970)
Proceeds from disposition of assets	4	2
Capital grants received	13,446	17,422
Interest paid	(962)	(1,369)
Proceeds from bond anticipation note	9,900	-
Bond repayment	<u>(17,431)</u>	<u>(4,152)</u>
Net cash flows used in capital and related financing activities	<u>(8,064)</u>	<u>(1,067)</u>
Cash flows from investing activities		
Purchase of investments	(3,350)	-
Interest received on cash equivalents and investments	<u>158</u>	<u>45</u>
Net cash flows provided by investing activities	<u>(3,192)</u>	<u>45</u>
Net increase (decrease) in cash and cash equivalents	(4,686)	5,773
Cash and cash equivalents at beginning of year	<u>55,514</u>	<u>49,741</u>
Cash and cash equivalents at end of year	<u>\$ 50,828</u>	<u>\$ 55,514</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF CASH FLOWS
 Years ended December 31, 2015 and 2014
 (In thousands of dollars)

	<u>2015</u>	<u>2014</u>
Reconciliation of operating loss to net cash flows used in operating activities		
Operating loss	\$ (41,789)	\$ (42,569)
Adjustments to reconcile operating loss to net cash flows used in operating activities:		
Depreciation expense	17,974	17,545
(Gain) loss on sale of fixed assets	(4)	(2)
Change in assets and liabilities		
Inventories	(512)	(53)
Prepaid expenses	(30)	29
Deferred outflows related to pensions	(369)	-
Accounts payable - trade	97	(264)
Unredeemed fares	26	(15)
Accrued retirement	33	43
Accrued injuries and damages	(175)	40
Accrued and withheld items	(503)	182
Net pension liability	426	-
Deferred inflows related to pensions	<u>(43)</u>	<u>-</u>
Net cash flows used in operating activities	<u>\$ (24,869)</u>	<u>\$ (25,064)</u>
Noncash capital and related financing activities		
Capital assets included in accounts payable		
End of year	\$ 4,114	\$ 495
Beginning of year	495	1,160
Noncash noncapital financing activities		
Insurance premiums financed	989	920

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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.

Reporting Entity: The accompanying financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. The statement requires that financial statements of the reporting entity include all of the organizations activities, functions and component units for which the reporting entity is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the reporting entity's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the reporting entity. Based upon the application of these criteria, no entities have been considered to be potential component units for the purpose of defining the District's reporting entity.

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.

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.

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, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements: In 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. These Statements require the District to record the excess of the total pension liability over the fiduciary net position of the pension plan as a net pension liability on the Statement of Net Position. The change in accounting for pensions, as discussed in Note 7, resulted in the following restatement (in thousands of dollars) at January 1, 2014:

	<u>Beginning Balance</u>	<u>As Restated</u>	<u>GASB 68 Adjustment</u>
Statement of Net Position:			
Net pension liability	\$ -	\$ 993	\$ 993
Deferred outflows	-	150	150
 Statement of Revenues, Expenses and Changes in Net Position:			
Net position	\$303,763	\$ 302,920	\$ 843

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 statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2015 and 2014 cash equivalents stated at cost, which approximates fair value, consisted of certificates of deposit.

Restricted Assets: Funds deposited in the Bond Fund represent Indefinite Situs tax revenue which use is limited to the repayment of debt and bond proceeds restricted for acquisition of capital assets.

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. Further, the District elects to internally reserve funds designated as unrestricted in the accompanying financial statements.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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.

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

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.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Pension Liability: The District has recorded a net pension liability reflecting their proportionate share of the difference between the total pension liabilities and the fiduciary net positions of the Indiana Public Retirement System (INPRS) PERF Plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of INPRS PERF Plan and additions to /deductions from the INPRS PERF Plan fiduciary net position have been determined on the same basis as they are reported by the INPRS system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources and Deferred Inflows of Resources: Deferred outflows of resources represent a consumption of net position that applies to a future period(s). Deferred inflows of resources represent an acquisition of net position that applies to a future period(s). These amounts will not be recognized as expense or revenue until the applicable period. The District's activities are related to recognition of changes in its defined benefit plan's net pension liability that will be amortized in future periods.

Net Position: The District's net position is reported in three categories based on net investment in capital assets, external restrictions, and remaining unrestricted net position.

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 and capital match for federally-funded projects.

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 for debt service nor invested in capital assets. It includes amounts internally designated for accident claims and post-retirement benefits.

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 - \$2,000 of loss on cars and trucks; \$2 million per occurrence on rolling stock; and the first \$100 thousand of loss on all other property. It includes amounts internally designated for accident claims and postretirement benefits.

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 2015, 2014, and 2013, all such layers of coverage have been subscribed. There is no guarantee that such coverage will continue to be fully subscribed in the future. There were no significant reductions in insurance coverage during 2015 and there were no settlements that exceeded insurance coverage during 2015, 2014, or 2013 for those risks that NICTD purchased insurance.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Claims activity for the year ended December 31, 2015, 2014, and 2013 was as follows in thousands of dollars:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Unpaid claims, beginning of year	\$ 1,740	\$ 1,700	\$ 1,500
Incurred claims and changes in claim estimates	(118)	141	254
Claim payments	<u>(57)</u>	<u>(101)</u>	<u>(54)</u>
Unpaid claims, end of year	<u>\$ 1,565</u>	<u>\$ 1,740</u>	<u>\$ 1,700</u>

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents at December 31, 2015 and 2014 are as follows in thousands of dollars:

<u>Description</u>	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>
Cash	\$ 43,501	\$ 53,697
Certificates of deposit	<u>7,327</u>	<u>1,817</u>
	<u>\$ 50,828</u>	<u>\$ 55,514</u>

As of December 31, 2015 the certificate of deposits have maturity dates ranging from January 12, 2016 through February 11, 2016, with interest rates ranging from 0.10% to 0.25%.

As of December 31, 2014 the certificate of deposits have maturity dates of January 30, 2015, with an interest rate of 0.20%.

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

	<u>2015</u>	<u>2014</u>
Unrestricted		
General fund	\$ 4,330	\$ 8,984
Accident claims reserve	3,227	3,467
Capital asset reserve	21,177	22,032
Westlake Corridor contributions reserve	<u>1,684</u>	<u>1,682</u>
Total unrestricted	\$ 30,418	\$ 36,165
Restricted		
Bond proceeds/local grants restricted for acquisition of capital assets	13,268	3,366
Indefinite Situs tax restricted for debt repayment	<u>7,142</u>	<u>15,983</u>
Total restricted	<u>20,410</u>	<u>19,349</u>
	<u>\$ 50,828</u>	<u>\$ 55,514</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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

Investments at December 31, 2015 and 2014 are as follows in thousands of dollars:

<u>Description</u>	<u>2015 Amount</u>	<u>2014 Amount</u>
Certificate of deposit, unrestricted	\$ 3,350	\$ -
Government Securities, restricted	<u>8,685</u>	<u>8,685</u>
	<u>\$ 12,035</u>	<u>\$ 8,685</u>

As of December 31, 2015, investments have maturity dates ranging from May 3, 2016 through June 30, 2016, with interest rates ranging from 0.25% to 0.53%. As of December 31, 2014, investments mature on July 10, 2015 with an interest rate of 0.800%.

Investments are allocated as follows in thousands of dollars:

	<u>2015</u>	<u>2014</u>
Unrestricted		
Accident claims reserve	\$ 2,600	\$ -
Postretirement health care plan obligations reserve	<u>750</u>	<u>-</u>
Total unrestricted	3,350	-
Restricted		
Bond proceeds/local grants restricted for acquisition of capital assets	2,873	2,873
Indefinite Situs tax restricted for debt repayment	<u>5,812</u>	<u>5,812</u>
Total restricted	<u>8,685</u>	<u>8,685</u>
	<u>\$ 12,035</u>	<u>\$ 8,685</u>

Cash and Investment Deposits: The District maintains deposits with seven area financial institutions. A summary of these deposits as of December 31, 2015 and 2014 is as follows in thousands of dollars:

	<u>2015</u>		<u>2014</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	1,503	1,503	1,752	1,752
Insured by IPDIF	52,674	52,861	53,761	54,069
Held by U.S. Treasury	<u>8,685</u>	<u>8,685</u>	<u>8,685</u>	<u>8,685</u>
	<u>\$ 62,863</u>	<u>\$ 63,049</u>	<u>\$ 64,199</u>	<u>\$ 64,506</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, 2015 and 2014

NOTE 3 - CAPITAL ASSETS

Construction in progress includes activities for the development and placement of capital assets into service. Some CIP activity may be analyzed and expensed during the year, which would cause current year reductions in CIP to exceed total additions of capital assets placed into service.

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

	Balance January 1, <u>2015</u>	<u>Changes During Year</u>		Balance December 31, <u>2015</u>
		<u>Additions</u>	<u>Reductions</u>	
Capital assets not being depreciated:				
Land	\$ 6,995	\$ 77	\$ -	\$ 7,072
Construction in progress	<u>15,217</u>	<u>16,691</u>	<u>(8,479)</u>	<u>23,429</u>
Total capital assets not being depreciated	<u>22,212</u>	<u>16,768</u>	<u>(8,479)</u>	<u>30,501</u>
Capital assets being depreciated:				
Rolling stock (including capital spare parts)	204,073	2,526	-	206,599
Buildings and improvements	199,864	844	-	200,708
Track work and substations	49,926	545	-	50,471
Bridges and crossings	45,620	2,700	-	48,320
Machinery and equipment	10,316	756	(327)	10,745
Information system and office equipment	747	38	(4)	781
Autos and trucks	<u>3,373</u>	<u>941</u>	<u>(526)</u>	<u>3,788</u>
Total capital assets being depreciated	513,919	8,350	(857)	521,412
Less accumulated depreciation:				
Rolling stock (including capital spare parts)	128,814	4,824	-	133,638
Buildings and improvements	106,185	10,620	-	116,805
Track work and substations	569	112	-	681
Bridges and crossings	21,527	1,472	-	22,999
Machinery and equipment	6,927	621	(327)	7,221
Information system and office equipment	591	15	(4)	602
Autos and trucks	<u>2,381</u>	<u>308</u>	<u>(526)</u>	<u>2,163</u>
Total accumulated depreciation	<u>266,994</u>	<u>17,972</u>	<u>(857)</u>	<u>284,109</u>
Total capital assets being depreciated, net	<u>246,925</u>	<u>(9,622)</u>	<u>-</u>	<u>237,303</u>
Total capital assets, net	<u>\$ 269,137</u>	<u>\$ 7,146</u>	<u>\$ (8,479)</u>	<u>\$ 267,804</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance January 1, <u>2014</u>	Changes During Year		Balance December 31, <u>2014</u>
		<u>Additions</u>	<u>Reductions</u>	
Capital assets not being depreciated:				
Land	\$ 6,995	\$ -	\$ -	\$ 6,995
Construction in progress	<u>14,636</u>	<u>12,981</u>	<u>(12,400)</u>	<u>15,217</u>
Total capital assets not being depreciated	<u>21,631</u>	<u>12,981</u>	<u>(12,400)</u>	<u>22,212</u>
Capital assets being depreciated:				
Rolling stock (including capital spare parts)	204,073	-	-	204,073
Buildings and improvements	199,792	72	-	199,864
Track work and substations	43,893	6,033	-	49,926
Bridges and crossings	40,853	4,767	-	45,620
Machinery and equipment	9,788	528	-	10,316
Information system and office equipment	747	-	-	747
Autos and trucks	<u>3,237</u>	<u>324</u>	<u>(188)</u>	<u>3,373</u>
Total capital assets being depreciated	502,383	11,724	(188)	513,919
Less accumulated depreciation:				
Rolling stock (including capital spare parts)	124,269	4,545	-	128,814
Buildings and improvements	95,348	10,837	-	106,185
Track work and substations	466	103	-	569
Bridges and crossings	20,204	1,323	-	21,527
Machinery and equipment	6,483	444	-	6,927
Information system and office equipment	569	22	-	591
Autos and trucks	<u>2,298</u>	<u>271</u>	<u>(188)</u>	<u>2,381</u>
Total accumulated depreciation	<u>249,637</u>	<u>17,545</u>	<u>(188)</u>	<u>266,994</u>
Total capital assets being depreciated, net	<u>252,746</u>	<u>(5,821)</u>	<u>-</u>	<u>246,925</u>
Total capital assets, net	<u>\$ 274,377</u>	<u>\$ 7,160</u>	<u>\$ (12,400)</u>	<u>\$ 269,137</u>
			<u>2015</u>	<u>2014</u>
Depreciation on assets acquired with federal funds			\$ 11,846	\$ 11,509
Depreciation on assets acquired with state and local funds			<u>6,128</u>	<u>6,036</u>
			<u>\$ 17,974</u>	<u>\$ 17,545</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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 \$2.27 million and \$2.20 million in MOW fees in 2015 and 2014, 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 net position. For 2015 and 2014, \$1,284 thousand and \$1,270 thousand, respectively, in ROI fees were recognized 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, 2015 and 2014 is as follows (in thousands of dollars):

	January 1, 2015	<u>Additions</u>	<u>Reductions</u>	December 31, 2015	Due Within One Year	Long-Term Portion
Bonds payable:						
Bonds payable - 2004	\$ 15,020	\$ -	\$ 15,020	\$ -	\$ -	\$ -
Bonds payable - 2007	20,624	-	2,411	18,213	2,471	15,742
Premium on bonds payable	<u>300</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total bonds payable	35,944	-	17,731	18,213	2,471	15,742
Accrued postretirement health costs (Note 7)	<u>1,475</u>	<u>33</u>	<u>-</u>	<u>1,508</u>	<u>-</u>	<u>1,508</u>
Total	<u>\$ 37,419</u>	<u>\$ 33</u>	<u>\$ 17,731</u>	<u>\$ 19,721</u>	<u>\$ 2,471</u>	<u>\$ 17,250</u>

	January 1, 2014	<u>Additions</u>	<u>Reductions</u>	December 31, 2014	Due Within One Year	Long-Term Portion
Bonds payable:						
Bonds payable - 2004	\$ 16,820	\$ -	\$ 1,800	\$ 15,020	\$ 1,865	\$ 13,155
Bonds payable - 2007	22,976	-	2,352	20,624	2,411	18,213
Premium on bonds payable	<u>376</u>	<u>-</u>	<u>76</u>	<u>300</u>	<u>-</u>	<u>300</u>
Total bonds payable	40,172	-	4,228	35,944	4,276	31,668
Accrued postretirement health costs (Note 7)	<u>1,432</u>	<u>43</u>	<u>-</u>	<u>1,475</u>	<u>-</u>	<u>1,475</u>
Total	<u>\$ 41,604</u>	<u>\$ 43</u>	<u>\$ 4,228</u>	<u>\$ 37,419</u>	<u>\$ 4,276</u>	<u>\$ 33,143</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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%. The Series 2004 Bonds were called and paid in full in 2015, which was seven years before final maturity. By doing so, the District was able to save \$2.8 million in future scheduled interest payments.

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 were 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 2007 bond agreements, the District has established several accounts which are required to hold all principal and interest payments on the bond 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.

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

Year Ending December 31	2007 Bonds		
	Principal	Interest	Total
2016	\$ 2,471	\$ 435	\$ 2,906
2017	2,532	373	2,905
2018	2,594	310	2,904
2019	2,659	246	2,905
2020	2,725	180	2,905
2021-2022	<u>5,232</u>	<u>155</u>	<u>5,387</u>
	<u>\$ 18,213</u>	<u>\$ 1,699</u>	<u>\$ 19,912</u>

Interest expense was \$617 thousand and \$1.29 million at December 31, 2015 and 2014 respectively, none of which was capitalized. The above disclosure does not include future maturity payments associated with the subsequent issuance of debt. See subsequent event, Note 11.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2015 and 2014

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Pledged Revenues: The District receives Indefinite Situs Tax funding from the State of Indiana. These funds are restricted for debt service and capital match of federally funded projects. This is pursuant to IC 6-1.1; IC 8-3, "Commuter rail service fund provides that a commuter transportation district may use money deposited in the commuter rail fund that is revenue derived from the taxation of indefinite-situs distributable property of railroad companies to (1) satisfy any debt service; and (2) provide state matching funds for federal transportation capital grants." As of December 31, 2015 and 2014, NICTD has \$29.1 million and \$28 million in cash and investments restricted for debt service and capital projects.

The Series 2004 Bonds were called and paid in full on July 14, 2015 using Indefinite Situs Tax funds and bond reserves. The Series 2007 Bond payments are funded through federal grant revenue.

Annual Indefinite Situs Tax Funds Pledged and uses of funds include the following (in thousands of dollars):

	<u>2015</u>	<u>2014</u>
Indefinite Situs Tax Funds Received	\$ 8,961	\$ 7,953
Debt Service Payments	366	2,600
Total Redemption of Series 2004 Bond	15,051	-

NOTE 6 - SHORT TERM DEBT

On December 17, 2015 the District obtained short term financing in the form of a limited obligation revenue note, series 2015 in the amount of \$9.9 million which carries an interest rate of 1.09% and has a maturity date of March 15, 2016. The purpose of funding is related to the acquisition of capital assets until a bond issuance is finalized. See Note 11 for further details of the bond issuance and repayment of the limited obligation revenue note.

A summary of short term debt for the years ended December 31, 2015 as follows (in thousands of dollars):

	<u>2015</u>
Short-term debt – beginning of year	\$ -
Debt incurred	9,900
Principal paid on debt	-
Short-term debt – end of year	<u>\$ 9,990</u>

There was no short term debt during 2014.

(Continued)

NOTE 7 - EMPLOYEES' RETIREMENT AND POSTRETIREMENT HEALTH PLANS

Public Employees' Retirement Fund (PERF):

Plan Description: The District contributes to the Public Employees' Retirement Fund (PERF), which is administered by the Indiana Public Retirement System (INPRS). As part of the implementation of GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB No. 25* (GASB No. 67), PERF changed from an agent to a cost sharing, multiple-employer defined benefit plan effective July 1, 2013, based on 35 IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. Political subdivisions mean a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation. There are two (2) tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' Annuity Savings Account Only Plan (PERF ASA Only Plan).

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with IC 5-10.2, IC 5-10.3 and IC 5-10.5. There are two (2) aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the annuity savings account (ASA) that supplements the defined benefit at retirement.

The PERF ASA Only Plan was established by the Indiana Legislature in 2011, and is governed by the INPRS Board of Trustees in accordance with IC 5-10.3-12 and IC 5-10.5. This plan is funded by an employer and a member for the use of the member, or the member's beneficiaries or survivors, after the member's retirement. The PERF ASA Only Plan members are full-time employees of the State (as defined in IC 5-10.3-7-1(d)), who are in a position eligible for membership in the PERF Hybrid Plan and who elect to become members of the PERF ASA Only Plan. The PERF ASA Only Plan membership does not include individuals who: (1) before March 1, 2013; were members of the PERF Hybrid Plan or (2) on or after March 1, 2013, do not elect to participate in the PERF ASA Only Plan. Any government agency that pays employees through the Auditor of the State is a mandatory participant in the PERF ASA Only Plan and must offer eligible employees the PERF ASA Only Plan option. Quasi-government agencies and State educational institutions may choose to offer the PERF ASA Only Plan as an option to their employees. Since inception, 395 members have selected the PERF ASA Only Plan, or approximately 9 percent of eligible new hires of the State.

Members are required to participate in the ASA. The ASA consists of the member's contributions, set by statute at three (3) percent of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the member's account. The employer may elect to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10 percent of their compensation into their ASA. A member's contributions and interest credits belong to the member and do not belong to the State or political subdivision.

Investments in the members' ASA are individually directed and controlled by plan participants who direct the investment of their account balances among eight (8) investment options, with varying degrees of risk and return potential. All contributions made to a member's account (member contribution subaccount and employer contribution subaccount) are invested as a combined total according to the member's investment elections. Members may make changes to their investment directions daily and investments are reported at fair value.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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

Financial report: INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Retirement Benefits – Defined Benefit Pension: The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's ASA. Pension benefits (non ASA) vest after 10 years of creditable service. The vesting period is eight (8) years for certain elected officials. Members are immediately vested in their ASA. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's ASA, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination, may withdraw their ASA and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the ASA. A non-vested member who terminates employment prior to retirement may withdraw his/her ASA after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) different groups. For PERF members who serve as an elected official, the highest one (1) year (total of four (4) consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2015 or June 30, 2014; however, eligible members received a one-time check (a.k.a. 13th check) in September 2014 and September 2013. The amount of the one-time check ranged from \$150 to \$450, depending upon a member's years of service. The September 2014 one-time check was for a member who retired or was disabled on or before December 1, 2013, and who was entitled to receive a monthly benefit on July 1, 2014. The September 2013 one-time check was for a member who retired or was disabled on or before December 1, 2012, and who was entitled to receive a monthly benefit on July 1, 2013.

The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five (5) years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month, or the actuarial equivalent.

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two (2) or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

Funding Policy: Members are obligated by statute to make contributions to the PERF Hybrid Plan or the PERF ASA Only Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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

During fiscal year 2015, all participating employers were required to contribute 11.2 percent of covered payroll for members employed by the State. For political subdivisions, an average contribution rate of 11.03 percent was required from employers during the period of July 1 – December 31, 2014, and an average contribution rate of 11.9 percent was required for the period of January 1 – June 30, 2015. For the PERF ASA Only Plan, all participating employers were also required to contribute 11.2 percent of covered payroll. In accordance to IC 5-10.3-12-24, the amount credited from the employer's contribution rate to the member's account shall not be less than 3 percent and not be greater than the normal cost of the fund which was 4.6 percent for fiscal year 2015, and any amount not credited to the member's account shall be applied to the pooled assets of the PERF Hybrid Plan.

During fiscal year 2014, all participating employers were required to contribute 11.2 percent of covered payroll for members employed by the State. For political subdivisions, an average contribution rate of 9.7 percent was required from employers during the period of July 1 – December 31, 2013, and an average contribution rate of 11.0 percent was required for the period of January 1 – June 30, 2014. For the PERF ASA Only Plan, all participating employers were also required to contribute 11.2 percent of covered payroll. In accordance to IC 5-10.3-12-24, the amount credited from the employer's contribution rate to the member's account shall not be less than 3 percent and not be greater than the normal cost of the fund which was 4.7 percent for fiscal year 2014, and any amount not credited to the member's account shall be applied to the pooled assets of the PERF Hybrid Plan.

The PERF Hybrid Plan or the PERF ASA Only Plan members contribute three (3) percent of covered payroll to their ASA, which is not used to fund the defined benefit pension for the PERF Hybrid Plan. For the PERF Hybrid Plan, the employer may elect to make the contributions on behalf of the member. The employer shall pay the member's contributions on behalf of the member for the PERF ASA Only Plan. In addition, members of the PERF Hybrid Plan (effective July 1, 2014, the PERF ASA Only Plan may also participate) may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their ASA.

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 District contributes the 3% employee's portion. In addition, some employees elect to make additional voluntary contributions to their PERF ASA Only Plans. The contribution requirement, which was made by the District, was \$147 and \$171 thousand for 2015 and 2014, respectively. These total contributions represent 11.2% of covered payroll for 2015 and 2014.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2015 and 2014

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

The following represents the District's annual required contributions (in thousands of dollars) for the last three years:

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2015	\$ 147	100%
2014	171	100%
2013	153	100%

Significant Actuarial Assumptions: The total pension liability is determined by INPRS actuaries in accordance with GASB No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

- Asset valuation date – June 30, 2015
- Liability valuation date – June 30, 2014 – Member census data as of June 30, 2014 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2014 and June 30, 2015. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2014 to the June 30, 2015 measurement date.
- Experience study date – Period of 5 years ended June 30, 2010
- Actuarial cost method – Entry age normal (level percent of payroll)
- Investment rate of return – 6.75%
- COLA – 1.0%
- Future salary increases, including inflation – 2.5% - 4.25%
- Inflation – 2.25%
- Mortality – RP-2014 (with MP-2014 improvement removed) Total Data Set mortality table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report

An assumption study was performed in April 2015 resulting in an update to the following assumptions:

- Inflation decreased from 3.00% to 2.25%
- The future salary increase rate decreased from a table ranging from 3.25% to 4.50% to a table ranging from 2.50% to 4.25%
- Mortality changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set mortality table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report
- Retirement, Termination and Disability rates were adjusted to reflect recent experience
- The ASA Annuitization was updated from 50% of members assumed to annuitize the ASA balance to 60% of members prior to January 1, 2017

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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

The long-term return expectation for the defined benefit retirement plan has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

	<u>Target Asset Allocation</u>	<u>Geometric Basis Long-Term Expected Real Rate of Return</u>	
		<u>2015</u>	<u>2014</u>
Public Equity	22.5%	5.3%	6.0%
Private Equity	10.0%	5.6%	7.7%
Fixed Income – ExInflation-Linked	22.0%	2.1%	2.1%
Fixed Income – Inflation-Linked	10.0%	0.7%	0.5%
Commodities	8.0%	2.0%	2.5%
Real Estate	7.5%	3.0%	3.0%
Absolute Return	10.0%	3.9%	3.9%
Risk Parity	10.0%	5.0%	5.0%

Note: The Target Asset Allocation did not change from 2014 to 2015.

Total pension liability for each defined benefit pension plan was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on those assumptions, each defined benefit pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of each defined benefit pension plan calculated using the discount rate of 6.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
2015	\$ 1,814,380	\$1,230,016	\$744,888
2014	\$ 1,291,354	\$ 804,411	\$391,844

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in a stand-alone financial report of INPRS that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Investment Valuation and Benefit Payment Policies: The pooled and non-pooled investments are reported at fair value by INPRS. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Short-term investments consist primarily of cash, money market funds, certificates of deposits and fixed income instruments with maturities of less than one year. Short-term investments are reported at cost, which approximates fair value or, for fixed income instruments, valued using similar methodologies as other fixed income securities described below.

Fixed income securities consist primarily of the U.S. government, U.S. government-sponsored agencies, publicly traded debt and commingled investment debt instruments. Equity securities consist primarily of domestic and international stocks in addition to commingled equity instruments. Fixed income and equity securities are generally valued based on published market prices and quotations from national security exchanges and securities pricing services. Securities that are not traded on a national security exchange are valued using modeling techniques that include market observable inputs required to develop a fair value. Commingled funds are valued using the net asset value (NAV) of the entity.

Alternative investments include limited partnership interests in private equity, absolute return, private real estate and risk parity investment strategies. Publicly traded alternative investments are valued based on quoted market prices. In the absence of readily determinable public market values, alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Moreover, holdings are generally valued by a general partner or investment manager on a quarterly or semi-annual basis. Valuation assumptions are based upon the nature of the investment and the underlying business.

Additionally, valuation techniques will vary by investment type and involve a certain degree of expert judgment. Alternative investments, such as investments in private equity or real estate, are generally considered to be illiquid long-term investments. Due to the inherent uncertainty that exists in the valuation of alternative investments, the realized value upon the sale of an asset may differ from the fair value.

Derivative instruments are marked to market daily with changes in fair value recognized as part of investments and investment income.

Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest are distributions from inactive, non-vested members' ASAs. These distributions may be requested by members or auto-distributed by the fund when certain criteria are met.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2015 and 2014

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2015, the District reported a liability of \$1,230,016 for its proportionate share of the net pension liability. The District's proportionate share of the net pension liability was based on the District's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2015 measurement date was 0.03020%.

At December 31, 2014, the District reported a liability of \$804,411 for its proportionate share of the net pension liability. The District's proportionate share of the net pension liability was based on the District's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2014 measurement date was 0.03061%.

For the year ended December 31, 2015, the District recognized pension expense of \$180,310, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$(14,001). At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 52,798	\$ 2,544
Net difference between projected and actual earnings on pension plan investments	207,396	115,678
Changes in assumptions	103,978	-
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>233</u>	<u>34,827</u>
Total that will be recognized in pension expense (income) based on table below	364,405	153,049
Pension contributions subsequent to measurement date	<u>162,011</u>	<u>-</u>
Total	<u>\$ 526,416</u>	<u>\$ 153,049</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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

For the year ended December 31, 2014, the District recognized pension expense of \$64,362, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$(10,288). At December 31, 2014, the District reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,610
Net difference between projected and actual earnings on pension plan investments	-	156,332
Changes in assumptions	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>-</u>	<u>36,008</u>
Total that will be recognized in pension expense (income) based on table below	-	195,950
Pension contributions subsequent to measurement date	<u>157,629</u>	<u>-</u>
Total	<u>\$ 157,629</u>	<u>\$ 195,950</u>

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2015 and 2014 measurement dates are recognized as a reduction of net pension liability in the year ending December 31, 2016 and 2015, respectively. Deferred inflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over a 5 year period. A change in an employer's proportionate share: represents the change as of the current year measurement date versus the prior year measurement date, and is amortized over the average expected remaining service lives of the plan. The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 13,467
2017	13,467
2018	(12,975)
2019	51,849

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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

Federal Railroad Retirement Act:

All District employees, not covered by Public Employees' Retirement Fund, are covered by the Federal Railroad Retirement Act. Retirement benefits are funded through the Railroad Retirement Board. The RRB is an independent agency in the executive branch of the Federal Government. The agency's mission is to administer retirement/survivor and unemployment/sickness insurance benefit programs for the railroad workers and their families under the Railroad Retirement Act and the Railroad Unemployment Insurance Act. Jurisdiction over the payment of retirement and survivor benefits is shared by the RRB and the Social Security Administration. Payroll taxes paid by railroad employers and their employee are the primary source of funding for the benefit programs. The program is considered a social support program that is not considered an exchange transaction; therefore not meeting the definition of a pension plan as required under GASB 68. For additional information about the Act visit www.rrb.gov.

NICTD Supplemental Pension Plans and Trusts:

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 upon plan entry.

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 2015 and 2014 by the District amounted to \$125 thousand and \$116 thousand (5% of covered payroll) for Class I employees and \$102 thousand and \$122 thousand (8% of covered payroll) for Class II employees.

Covered payroll for 2015 and 2014 amounted to \$2,507 thousand and \$2,318 thousand for Class I employees and \$1,278 thousand and \$1,528 thousand for Class II employees.

In addition, certain contract employees, including clerks, dispatchers, collectors/conductors, engineers, carmen, cleaners, and machinists were enrolled in a separate union supplemental pension plan, NICTD Supplemental Pension Plan and Trust for Union Employees. Full-time employees covered by the applicable collective bargain agreements are eligible to participate in the plan. All participants are 100% vested upon plan entry.

Contributions are made by the District as follows: \$0.50 per qualifying hour for clerks, \$1.00 per qualifying hour worked for dispatchers, \$0.50 per qualifying hour for collectors/conductors and engineers, and beginning July 1, 2015, \$0.15 per qualifying hour worked for carmen, cleaners, and machinists. Contributions for 2015 and 2014 by the District amounted to \$18 thousand and \$19 thousand for clerks, \$12 thousand and \$9 thousand for dispatchers, \$70 thousand and \$69 thousand for collectors/ conductors and engineers, and \$10 thousand in 2015 for carmen, cleaners, and machinists. Qualifying hours for 2015 and 2014 were 35 thousand and 38 thousand for clerks, 12 thousand and 9 thousand for dispatchers, 140 thousand and 138 thousand for collectors/ conductors and engineers, and 66 thousand in 2015 for carmen, cleaners, and machinists.

Both plans are administered by the District. Benefit terms are established or amended by the plans' trustees. There were no securities of or loans to the District or related parties in the Plan assets.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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

Postretirement Health Plan:

On December 30, 2003, the District adopted the postretirement health plan. In January 2016, this plan was amended to change entry level age to 60 for eligible retirees and dependents with coverage ceasing at age 65. The plan covers all management employees over the age of 60 with 15 years of service. Employees contribute 30 - 60%, based on years of qualifying service, of the Cobra rate while under the age of 65. The District makes contributions for retired employees on a pay as you go basis. This plan is not funded, however, approximately \$160 thousand of the District's cash and cash equivalents is designated for this health plan. Approximately 58 retired and active employees are covered under this plan. Actuarial assumptions used to determine net periodic postretirement healthcare benefits costs include a discount rate of 4.00% for 2015 and 2014. The District recognized a change of \$33 thousand and \$43 thousand in postretirement health plan obligations for 2015 and 2014, respectively. The accumulated postretirement health plan liability was \$1,508 thousand and \$1,475 thousand as of December 31, 2015 and 2014, 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.

NOTE 8 - OTHER NONOPERATING REVENUE

Other local funds and other revenue at December 31, 2015 and 2014 consist of the following in thousands of dollars:

	<u>2015</u>	<u>2014</u>
Other local funds		
Northwest Indiana Regional Development Authority	\$ 1,426	\$ 245
Metra	3,700	3,700
Chicago South Shore and South Bend Railroad	<u>1,284</u>	<u>1,270</u>
Total other local funds	<u>\$ 6,410</u>	<u>\$ 5,215</u>
Other revenue		
Interest – unreserved	\$ 155	\$ 40
Interest – reserved for accident claims	4	6
Rental income	196	166
Sale of maintenance services	7	2
Sale of scrap material	281	326
Advertising activities	83	135
Miscellaneous	<u>9</u>	<u>6</u>
Total other revenue	<u>\$ 735</u>	<u>\$ 681</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2015 and 2014

NOTE 9 - METRA TRANSACTIONS

During 2012, the District and Metra agreed to a 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 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 2015 and 2014 amounted to \$3.7 million and \$3.7 million, respectively. For 2015 and 2014, this amount is reported in "other local funds."

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. An amendment to this agreement was enacted in 2015 to increase the District's Base Level of Train Service to include two express trains. The trackage rights were increased accordingly. The District recognized \$6.9 million and \$6.6 million in total trackage rights expense for 2015 and 2014, respectively.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The following summarizes the significant commitments and contingencies at December 31, 2015 and 2014:

- (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 \$1,110 thousand (attachment point/minimum aggregate deductible) per year for the group as a whole. A liability of \$70 thousand and \$145 thousand has been recorded by the District at December 31, 2015 and 2014 to estimate payment of claims pending on that date. Group insurance expense related to this plan totaled \$1,056 thousand and \$1,097 thousand for the years ended December 31, 2015 and 2014. Approximately 250 union employees are covered under a separate national multi-employer railroad plan. Total health insurance expenses for the years ended December 31, 2015 and 2014 totaled \$5,695 thousand and \$5,786 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 capital commitments as of December 31 (in thousands of dollars):

<u>Project</u>	<u>2015</u>	<u>2014</u>
Catenary Phase III	\$ 58	\$ 867
Bridges	497	445
Positive Train Control	3,940	3,545
Substations	1,489	471
Others	918	705
Total	\$ 6,902	\$ 6,033

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 11 - SUBSEQUENT EVENT

On March 14, 2016, the District issued \$101 million, \$89 million par value and \$12 million premium, in Limited Obligation Revenue Bonds, Series 2016, for the purpose of procuring funds to finance the cost of implementing a PTC system and any property related thereto in accordance with the Railway Safety Improvement Act of 2008 and regulation 49CFR Part 236. PTC uses GPS technology to monitor and even control train movement in the event of human error or a natural disaster. The Bonds bear a true interest rate of 3.57% and interest will be paid semiannually, January 1 and July 1. The Bonds are set to mature on July 1, 2041. With this 2016 Bond Issuance, the 2015 Bond Anticipation Note of \$9.9 million was paid in full including interest.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY – PERF (in thousands)
 December 31, 2015

	<u>2015</u>	<u>2014</u>
The District's proportion of the net pension liability	0.0302%	0.0306%
The District's proportionate share of the net pension liability	\$ 1,230	\$ 804
The District's covered employee payroll	\$ 1,447	\$ 1,495
The District's proportion of the net pension liability as a percentage of its covered employee payroll	82.3%	55.6%
Plan fiduciary net position as a percentage of the total pension liability	77.3%	84.3%

Notes: The amounts presented for each calendar year were determined as of the June 30 fiscal year-end that occurred within the calendar year. An assumption study was performed in April 2015 resulting in an update to the following assumptions:

- Inflation decreased from 3.00% to 2.25%
- The future salary increase rate decreased from a table ranging from 3.25% to 4.50% to a table ranging from 2.50% to 4.25%
- Mortality changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set mortality table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report
- Retirement, Termination and Disability rates were adjusted to reflect recent experience
- The ASA Annuitization was updated from 50% of members assumed to annuitize the ASA balance to 60% of members prior to January 1, 2017

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

Measurement date: Actuarial valuation reports from the prior fiscal year.

Plan amendments. In 2014, HB 1075 impacted the PERF by reducing the Annuity Savings Account (ASA) interest crediting rate on annuities from 7.5% to 5.75% effective October 1, 2014. Effective October 1, 2015 the rate becomes the greater of 4.5% or market rate. On January 1, 2017, the ASA annuities are allowed to be outsourced to a third party provider.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS – PERF (in thousands)
 December 31, 2015

	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 147	\$ 171
Contributions in relation to the statutorily required contribution	<u>(147)</u>	<u>(171)</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
The District's contributions as a percentage of statutorily required contribution for pension	100%	100%
The District's covered employee payroll	\$ 1,309	\$ 1,528
Contributions as a percentage of its covered employee payroll	11.2%	11.2%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

Valuation date : June 30, 2015

Actuarial cost method: Entry age normal (Level Percent of Payroll)

Amortization method: Level dollar

Remaining amortization period : 30 years, closed

Asset valuation method: 4 year smoothing of gains and losses on the market value of assets subject to a 20% corridor.

Inflation: 2.25%

Salary increases: 2.50% - 4.25%

Investment rate of return: 6.75%

Mortality: RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2016

Other information:

The INPRS Board sets, at its discretion, the State's employer contribution rate upon considering the results of the actuarial valuation and other analysis as appropriate. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/14 was 11.17%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/15 was 10.55%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actual dollar amount of the State's contributions depends on the actual payroll for the fiscal year.

Member census data as of June 30, 2014 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2014 and June 30, 2015. Standard actuarial roll forward techniques were then used to project the liabilities computed as of June 30, 2014 to June 30, 2015. Prior to the June 30, 2014 valuation, census data as of the valuation date was used.

SUPPLEMENTARY SCHEDULES

INDEPENDENT AUDITOR'S REPORT 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, 2015 and 2014, and our report thereon dated April 1, 2016, 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 on pages 44 and 45, schedule of expenditures of federal awards required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards for the year ended December 31, 2015 on page 46, and the schedules of budgeted, actual and questioned costs by grant for the periods ending December 31, 2015 on pages 48, 54 and 55 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 previously audited the financial statements of the District as of and for the years ended December 31, 2005 through December 31, 2013, and our reports dated February 24, 2006, April 23, 2008, April 30, 2010, April 23, 2012, and April 1, 2014 contained an unmodified opinion 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 budgeted, actual and questioned costs by grant for the periods ending December 31, 2015 on pages 49 - 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
Crowe Horwath LLP

South Bend, Indiana
April 1, 2016

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULES OF EXPENSES
Years ended December 31, 2015 and 2014
(In thousands of dollars)

	<u>2015</u>	<u>2014</u>
TRANSPORTATION		
Salaries and wages	\$ 5,346	\$ 4,908
Fringe benefits and payroll taxes	4,014	3,789
Equipment expense	1	7
Repairs and maintenance materials	4	10
Operating costs	7,181	6,796
Utilities	203	208
Professional Services	-	10
Other services	104	152
Office supplies	14	12
Administration	85	39
Rents and leases	<u>6</u>	<u>6</u>
	16,958	15,937
MAINTENANCE OF WAY EXPENSES		
Salaries and wages	2,533	2,515
Fringe benefit and payroll taxes	2,342	2,160
Equipment expense	38	18
Repairs and maintenance materials	1,818	2,028
Traction power	2,086	2,092
Operating costs	(2,062)	(1,889)
Utilities	223	287
Professional services	24	93
Other services	537	459
Office supplies	38	44
Administration	(1,209)	(1,171)
Rents and leases	<u>32</u>	<u>53</u>
	6,400	6,689
MAINTENANCE OF EQUIPMENT EXPENSES		
Salaries and wages	5,211	4,650
Fringe benefit and payroll taxes	3,765	3,515
Equipment expense	31	30
Repairs and maintenance materials	2,345	3,045
Operating costs	20	29
Utilities	182	193
Professional services	27	52
Other services	652	885
Office supplies	96	74
Administration	16	19
Rents and leases	<u>-</u>	<u>5</u>
	12,345	12,497
CLAIMS AND INSURANCE	1,352	1,601

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULES OF EXPENSES
Years ended December 31, 2015 and 2014
(In thousands of dollars)

	<u>2015</u>	<u>2014</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and wages	\$ 2,429	\$ 2,408
Fringe benefit and payroll taxes	2,233	2,533
Equipment expense	34	2
Repairs and maintenance materials	37	40
Operating costs	39	53
Utilities	144	171
Professional services	1,067	1,407
Other services	227	270
Office supplies	219	133
Administration	1,041	684
Rents and leases	<u>24</u>	<u>15</u>
	7,494	7,716
DEPRECIATION		
Depreciation on assets acquired with federal funds	11,846	11,509
Depreciation on assets acquired with state and local funds	<u>6,128</u>	<u>6,035</u>
	<u>17,974</u>	<u>17,545</u>
	<u>\$ 62,523</u>	<u>\$ 61,985</u>

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2015

Federal Grantor/Grant No.	Federal CFDA Number	Qualifying Expenditures in Excess of (Less Than) Reimbursements, Beginning of 2015	-----Reimbursements-----			-----Qualifying Expenditures-----			Qualifying Expenditures In Excess of (Less Than) Reimbursements, End of 2015
			Federal Share	Local Share	Total	Federal Share	Local Share	Total	
U.S. Department of Transportation Federal Transit Administration Cluster									
Capital/ Maintenance Assistance IN-90-X680 (Operating Maint.)	20.507	\$ -	\$ 5,064,329	\$ 13,680,860	\$ 18,745,189	\$ 5,064,329	\$ 13,680,860	\$ 18,745,189	\$ -
Capital Assistance									
IN-03-0128	20.500	14,103	14,103	-	14,103	-	-	-	-
IN-05-0069	20.500	49,467	362,292	78,206	440,498	312,826	78,206	391,032	-
IN-05-0070	20.500	136,289	567,607	142,834	710,441	571,337	142,834	714,171	140,019
IN-90-X606	20.507	1,187	73,385	19,592	92,977	78,369	19,592	97,962	6,172
IN-54-0001	20.525	737,179	3,320,612	312,433	3,633,045	2,702,501	312,433	3,014,934	119,068
IN-54-0002	20.525	147,455	5,659,235	1,047,900	6,707,135	5,644,569	1,047,900	6,692,469	132,789
IN-54-0003	20.525	-	1,452,793	393,776	1,846,569	1,575,105	393,776	1,968,881	122,312
FTA Subtotal		<u>1,085,680</u>	<u>16,514,356</u>	<u>15,675,602</u>	<u>32,189,958</u>	<u>15,949,036</u>	<u>15,675,602</u>	<u>31,624,638</u>	<u>520,360</u>
Summary by Federal CFDA Number									
	20.500	\$ 199,859	\$ 944,002	\$ 221,041	\$ 1,165,043	\$ 884,163	\$ 221,041	\$ 1,105,203	\$ 140,019
	20.507	1,187	5,137,714	13,700,452	18,838,166	5,142,698	13,700,452	18,843,150	6,172
	20.525	<u>884,634</u>	<u>10,432,640</u>	<u>1,754,109</u>	<u>12,186,749</u>	<u>9,922,175</u>	<u>1,754,109</u>	<u>11,676,284</u>	<u>374,169</u>
		<u>\$ 1,085,680</u>	<u>\$ 16,514,356</u>	<u>\$ 15,675,602</u>	<u>\$ 32,189,958</u>	<u>\$ 15,949,036</u>	<u>\$ 15,675,602</u>	<u>\$ 31,624,638</u>	<u>\$ 520,360</u>

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, 2015

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 Presentation: The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the statements of net position, statements of revenues, expenses and changes in net position, or statements of cash flows of the District.

Basis of Accounting and Cost Principles: Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the District's financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State and Local Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has not elected to use the 10-percent de-minimis indirect cost rate as allowed under the Uniform Guidance.

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 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-X680
 CAPITAL/MAINTENANCE ASSISTANCE
 September 25, 2015 through December 31, 2015

<u>Line Item Code</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)Under Budget</u>
12.7A.00	Preventative Maintenance	\$ <u>6,330,412</u>	\$ <u>6,330,412</u>	\$ <u>-</u>
	Net project costs	\$ <u>6,330,412</u>	\$ <u>6,330,412</u>	\$ <u>-</u>
	Federal share (80%)	\$ 5,064,329	\$ 5,064,329	\$ -
	Local share (20%)	<u>1,266,083</u>	<u>1,266,083</u>	<u>-</u>
	Net project costs	\$ <u>6,330,412</u>	\$ <u>6,330,412</u>	\$ <u>-</u>
Total grant payable (maximum \$5,064,329)			\$ 5,064,329	
Grant receipts through December 31, 2015			<u>5,064,329</u>	
Balance due from FTA at December 31, 2015			<u>\$ -</u>	

*Grant closed as of December 31, 2015.

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, 2015

<u>Line Item Code</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)Under Budget</u>
13.71.11	West Lake study	\$ 1,875,000	\$ 1,875,000	\$ -
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>\$ 3,100,000</u>	<u>\$ -</u>
	Federal share (80%)	\$ 2,480,000	\$ 2,480,000	\$ -
	Local share (20%)	<u>620,000</u>	<u>620,000</u>	<u>-</u>
	Net project costs	<u>\$ 3,100,000</u>	<u>\$ 3,100,000</u>	<u>\$ -</u>
Total grant payable (maximum \$2,480,000)			\$ 2,480,000	
Grant receipts through December 31, 2015			<u>2,480,000</u>	
Balance due from FTA at December 31, 2015			<u>\$ -</u>	

*Grant closed as of December 31, 2015.

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, 2015

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.13.22	Railcars (100% Federal)	\$ 4,979,548	\$ 4,980,065	\$ (517) (1)
12.23.05	Bridges	4,132,550	4,185,012	(52,462) (1)
12.24.05	Dune Park Platform	1,250,000	1,475,487	(225,487) (1)
12.42.20	Vehicles	800,000	204,388	595,612
12.43.04	Track Equipment	500,000	190,805	309,195
12.54.01	Gary Metro Center	750,000	768,749	(18,749) (1)
12.42.06	Shop Equipment	250,000	257,064	(7,064) (1)
12.54.01	Catenary Phase II	7,854,610	7,854,610	-
12.23.03	Kensington	7,704,687	8,142,148	(437,461) (1)
12.79.00	Track Material	<u>625,000</u>	<u>723,874</u>	<u>(98,874) (1)</u>
	Net project costs	<u>\$ 28,846,395</u>	<u>\$ 28,782,202</u>	<u>\$ 64,193</u>
	Federal share (100%)	\$ 4,979,548	\$ 4,979,548	\$ -
	Federal share (80%)	19,093,478	19,041,709	51,769
	Local share (20%)	<u>4,773,369</u>	<u>4,760,945</u>	<u>12,424</u>
	Net project costs	<u>\$ 28,846,395</u>	<u>\$ 28,782,202</u>	<u>\$ 64,193</u>
Total grant payable (maximum \$24,073,026)			\$ 24,021,775	
Grant receipts through December 31, 2015			<u>24,021,775</u>	
Balance due from FTA at December 31, 2015			<u>\$ -</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement. The sum of all budget overages and shortages within a grant cannot exceed 20% of the overall grant budget per FTA Circular 5010.ID.

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, 2015

<u>Line Item Code</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)Under Budget</u>
12.13.22	Railcars (100% Federal)	\$ 2,872,000	\$ 2,872,000	\$ -
12.24.05	Bridges	3,750,000	2,259,133	1,490,867
12.34.02	Dune Park Station	4,000,000	3,682,790	317,210
12.42.05	Shop Equipment	160,000	80,484	79,516
12.42.11	Vehicles	397,638	263,894	133,744
12.42.20	Track Equipment	500,000	496,418	3,582
12.54.01	Catenary Phase III	2,000,000	1,997,565	2,435
12.61.01	Positive Train Control	<u>500,000</u>	<u>554,658</u>	<u>(54,658) (1)</u>
	Net project costs	<u>\$ 14,179,638</u>	<u>\$ 12,206,942</u>	<u>\$ 1,972,696</u>
	Federal share (100%)	\$ 2,872,000	2,872,000	-
	Federal share (80%)	9,046,110	7,467,953	1,578,157
	Local share (20%)	<u>2,261,528</u>	<u>1,866,988</u>	<u>394,539</u>
	Net project costs	<u>\$ 14,179,638</u>	<u>\$ 12,206,942</u>	<u>\$ 1,972,696</u>
Total grant payable (maximum \$11,918,110)			\$ 10,339,953	
Grant receipts through December 31, 2015			<u>10,199,934</u>	
Balance due from FTA at December 31, 2015			<u>\$ 140,019</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement. The sum of all budget overages and shortages within a grant cannot exceed 20% of the overall grant budget per FTA Circular 5010.ID.

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, 2015

<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	157,419	17,581
12.93.03	Landscaping	65,000	59,828	5,172
12.93.03	Walkways	10,000	4,185	5,815
12.79.00	Force Account Project Admin	<u>50,000</u>	<u>55,363</u>	<u>(5,363)(1)</u>
	Net project costs	<u>\$ 300,000</u>	<u>\$ 276,795</u>	<u>\$ 23,205</u>
	Federal share (80%)	\$ 240,000	\$ 221,436	\$ 18,564
	Local share (20%)	<u>60,000</u>	<u>55,359</u>	<u>4,641</u>
	Net project costs	<u>\$ 300,000</u>	<u>\$ 276,795</u>	<u>\$ 23,205</u>
Total grant payable (maximum \$240,000)			\$ 221,436	
Grant receipts through December 31, 2015			<u>215,264</u>	
Balance due from FTA at December 31, 2015			<u>\$ 6,172</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement. The sum of all budget overages and shortages within a grant cannot exceed 20% of the overall grant budget per FTA Circular 5010.ID.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.525
FTA GRANT NO. IN-54-0001
CAPITAL ASSISTANCE
September 1, 2013 through December 31, 2015

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.13.22	Railcars (100% Federal)	2,904,382	2,905,150	(768) (1)
12.23.03	Construct Line Equipment	490,000	601,025	(111,025) (1)
12.23.05	Bridge MP.14.93	2,900,000	1,228,209	1,671,791
12.31.02	Engineering/Design Rail Station	300,000	98,431	201,569
12.42.11	Vehicles	390,000	384,933	5,067
12.42.20	Track Equipment	390,000	335,480	54,520
12.53.01	Catenary Phase III	2,050,000	2,703,992	(653,992) (1)
12.54.03	Rehab/Renovate Substation	390,000	206,829	183,171
12.61.01	Engr/Design Positive Train Control	300,000	138,254	161,746
12.62.01	Positive Train Control Signals	296,949	124,738	172,211
12.71.04	Construction Management	3,000,000	2,647,833	352,167
12.72.08	Force Account Construction	1,300,000	559,568	740,432
12.79.00	Force Account Project Admin	<u>390,000</u>	<u>148,251</u>	<u>241,749</u>
	Net project costs	<u>\$ 15,101,331</u>	<u>\$ 12,082,693</u>	<u>\$ 3,018,638</u>
	Federal share (100%)	\$ 2,904,382	\$ 2,904,382	\$ -
	Federal share (80%)	9,757,559	7,342,034	2,415,525
	Local share (20%)	<u>2,439,390</u>	<u>1,836,277</u>	<u>603,113</u>
	Net project costs	<u>\$ 15,101,331</u>	<u>\$ 12,082,693</u>	<u>\$ 3,018,638</u>
Total grant payable (maximum \$12,661,941)			\$ 10,247,185	
Grant receipts through December 31, 2015			<u>10,128,117</u>	
Balance due from FTA at December 31, 2015			<u>\$ 119,068</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement. The sum of all budget overages and shortages within a grant cannot exceed 20% of the overall grant budget per FTA Circular 5010.ID.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.525
FTA GRANT NO. IN-54-0002
CAPITAL ASSISTANCE
June 1, 2014 through December 31, 2015

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.13.22	Railcars (100% Federal)	2,904,382	1,452,969	1,451,413
12.14.22	AC Propulsion 1982-83 Railcars	798,523	793,682	4,841
12.15.22	AC Propulsion 2000 Railcars	500,000	154,644	345,356
12.21.05	Bridge-Engr/Design	300,000	175,497	124,503
12.24.03	Rehab/Renovate Rail East of Shops	740,000	808,549	(68,549) (1)
12.24.05	Rehab/Renovate Bridges	2,300,000	-	2,300,000
12.34.02	Rehab/Renovate Rail Station	300,000	178,625	121,375
12.42.11	Vehicles	390,000	391,759	(1,759) (1)
12.42.20	Track Equipment	390,000	355,460	34,540
12.43.03	Construction Training Facility	250,000	176,230	73,770
12.51.03	Rehab/Renovate Substation	100,000	13,935	86,065
12.53.01	Catenary Phase III	1,525,000	2,153,633	(628,633) (1)
12.54.03	Rehab/Renovate Substation	1,600,000	91,466	1,508,534
12.56.20	Lease Vehicles	25,000	-	25,000
12.61.01	Engr/Design Positive Train Control	300,000	-	300,000
12.62.01	Positive Train Control Signals	544,523	85,612	458,911
12.71.04	Construction Management	3,000,000	-	3,000,000
12.72.08	Force Account Construction	1,250,000	905,051	344,949
12.72.09	Force Account Vehicle Rehab	450,000	-	450,000
12.79.00	Force Account Project Admin	455,000	141,088	313,912
	Net project costs	<u>\$ 18,122,428</u>	<u>\$ 7,878,200</u>	<u>\$ 10,244,228</u>
	Federal share (100%)	\$ 2,904,382	\$ 1,452,969	\$ 1,451,413
	Federal share (80%)	12,174,437	5,140,184	7,034,252
	Local share (20%)	<u>3,043,609</u>	<u>1,285,046</u>	<u>1,758,563</u>
	Net project costs	<u>\$ 18,122,428</u>	<u>\$ 7,878,200</u>	<u>\$ 10,244,228</u>
Total grant payable (maximum \$15,078,819)			\$ 6,593,154	
Grant receipts through December 31, 2015			<u>6,460,365</u>	
Balance due from FTA at December 31, 2015			<u>\$ 132,789</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement. The sum of all budget overages and shortages within a grant cannot exceed 20% of the overall grant budget per FTA Circular 5010.ID.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.525
FTA GRANT NO. IN-54-0003
CAPITAL ASSISTANCE
September 21, 2015 through December 31, 2015

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.14.22	AC Propulsion 1982-83 Railcars	425,000	591,081	(166,081) (1)
12.15.22	AC Propulsion 2000 Railcars	625,000	869,236	(244,236) (1)
12.23.03	Replace Track Switches	2,525,000	53,360	2,471,640
12.24.03	Rehab/Renovate Rail East of Shops	440,000	-	440,000
12.24.05	Rehab/Renovate Bridges	1,500,000	-	1,500,000
12.34.02	Rehab/Renovate Rail Station	850,000	-	850,000
12.42.11	Vehicles	305,955	-	305,955
12.42.20	Track Equipment	586,063	72	585,991
12.44.03	Rehab/Renovate Shop Facilities	725,000	144,257	580,743
12.41.02	Engr/Design Maintenance Facility	500,000	-	500,000
12.41.05	Engr/Design Yards/Shop Facilities	900,000	-	900,000
12.54.01	Rehab/Renovate Equipment	1,550,000	274,299	1,275,701
12.51.03	Engr/Design Substation	1,250,000	-	1,250,000
12.53.03	Replace Substation Electronics	475,000	-	475,000
12.63.01	Positive Train Control Signals	2,250,000	-	2,250,000
12.71.03	Construction Management	1,250,000	-	1,250,000
12.72.08	Force Account Construction	1,450,000	-	1,450,000
12.72.09	Force Account Vehicle Rehab	525,000	-	525,000
12.79.00	Force Account Project Admin	605,000	36,576	568,424
	Net project costs	<u>\$ 18,737,018</u>	<u>\$ 1,968,881</u>	<u>\$ 16,768,137</u>
	Federal share (80%)	\$ 14,989,614	\$ 1,575,105	\$ 13,414,509
	Local share (20%)	<u>3,747,404</u>	<u>393,776</u>	<u>3,353,628</u>
	Net project costs	<u>\$ 18,737,018</u>	<u>\$ 1,968,881</u>	<u>\$ 16,768,137</u>
Total grant payable (maximum \$14,989,614)			\$ 1,575,105	
Grant receipts through December 31, 2015			<u>1,452,793</u>	
Balance due from FTA at December 31, 2015			<u>\$ 122,312</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement. The sum of all budget overages and shortages within a grant cannot exceed 20% of the overall grant budget per FTA Circular 5010.ID.

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

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 Northern Indiana Commuter Transportation District as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated April 1, 2016.

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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe Horwath LLP
Crowe Horwath LLP

South Bend, Indiana
April 1, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROLS OVER COMPLIANCE

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 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, 2015. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

(Continued)

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, 2015.

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 the Uniform Guidance, 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 controls over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

South Bend, Indiana
April 1, 2016

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 December 31, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

<i>Financial Statements</i>		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	___X___ no
Significant deficiency(ies) identified?	_____ yes	___X___ none reported
Noncompliance material to financial statements noted?	_____ yes	___X___ no
<i>Federal Awards</i>		
Internal control over major federal programs:		
Material weakness(es) identified?	_____ yes	___X___ no
Significant deficiency(ies) identified?	_____ yes	___X___ none reported
Type of auditor's report issued on compliance for major federal programs:	unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes	___X___ no
Identification of major federal programs: CFDA Number(s)	Name of Federal Program or Cluster: Federal Transit Cluster: Federal Transit Capital Investment Grants Federal Transit Formula Grants State of Good Repair Grants	
20.500		
20.507		
20.525		
Dollar threshold used to distinguish between type A and type B programs:	\$750,000	
Auditee qualified as low-risk auditee?	___X___ yes	_____ no

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2015

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, 2015

There were no prior year findings.

STATISTICAL SECTION



Statistical Section

These schedules provide additional details to better understand the financial statements, notes and required supplemental information.

Financial Trends P.63-64

These schedules indicate how the District's performance and conditions have changed over a ten year time frame.

Revenue Capacity P.65-72

These schedules contain information to help the reader understand the District's most significant revenue sources.

Debt Capacity P.73-75

Schedules in this section provide an overview of the District's outstanding debt.

Demographic and Economic Information P.76-77

These schedules contain economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information P.78-82

These schedules contain data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
Net Position
Last Ten Fiscal Years
(In thousands of dollars)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
NET POSITION										
Net investment in capital assets	\$ 200,582	\$ 205,401	\$ 212,073	\$ 222,053	\$ 238,232	\$ 245,929	\$ 239,260	\$ 234,580	\$ 233,493	\$ 249,591
Restricted for debt service	11,637	13,753	15,611	15,183	12,321	14,576	15,712	17,854	21,892	13,373
Restricted for capital projects	-	17,520	16,473	6,223	6,227	6,230	6,233	6,237	6,239	6,241
Unrestricted	26,537	31,403	40,433	41,035	38,426	36,539	39,997	45,092	44,728	42,726
TOTAL NET POSITION	<u>\$ 238,756</u>	<u>\$ 268,077</u>	<u>\$ 284,590</u>	<u>\$ 284,494</u>	<u>\$ 295,206</u>	<u>\$ 303,274</u>	<u>\$ 301,202</u>	<u>\$ 303,763</u>	<u>\$ 306,352</u>	<u>\$ 311,931</u>

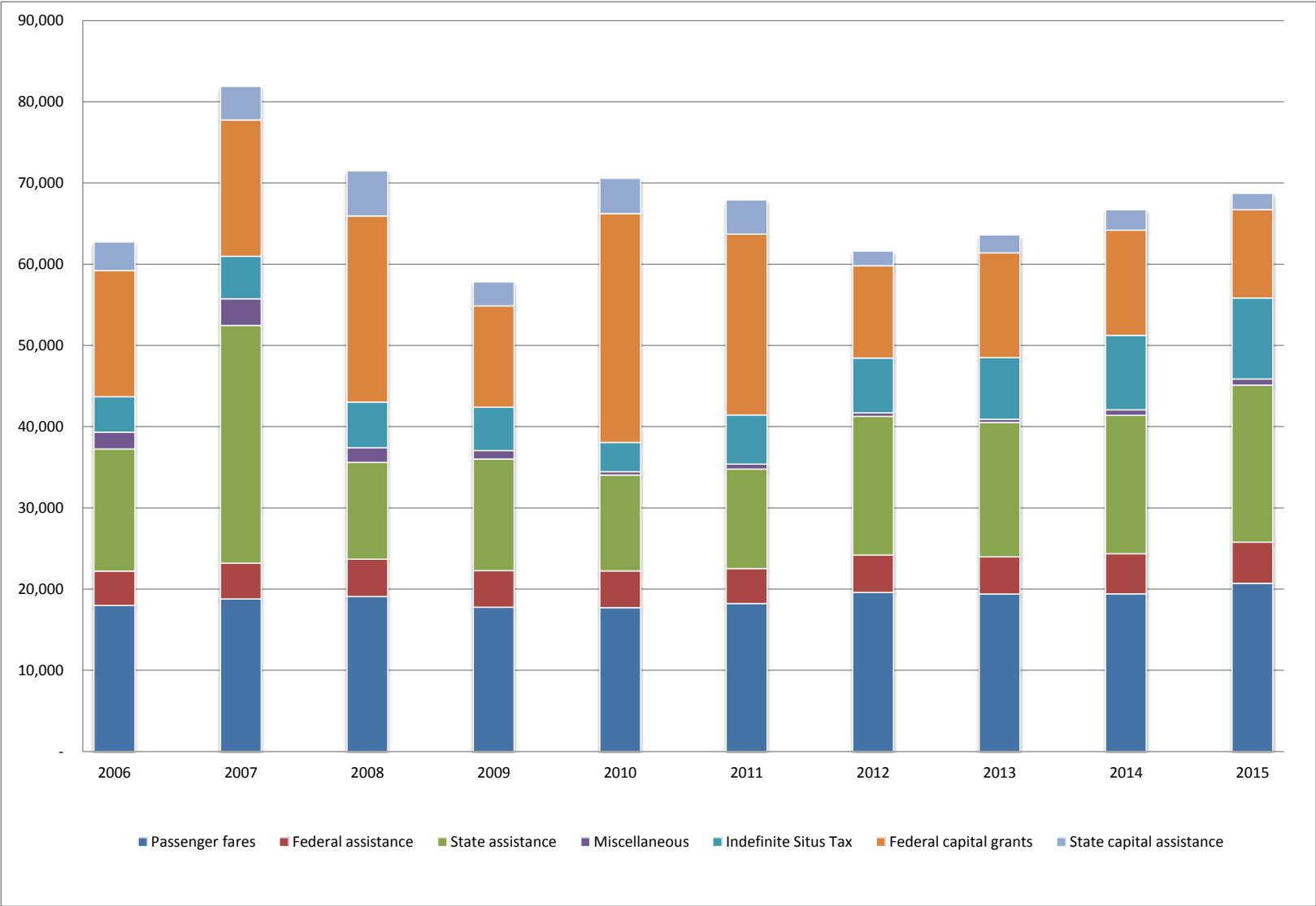
NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
Changes in Net Position
Last Ten Fiscal Years
(In thousands of dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
OPERATING REVENUE										
Passenger fares (net of refunds)	\$ 17,927	\$ 18,735	\$ 19,053	\$ 17,719	\$ 17,677	\$ 18,184	\$ 19,556	\$ 19,341	\$ 19,371	\$ 20,698
Parking lot collections	58	40	32	40	42	46	44	41	45	36
Total operating revenue	<u>17,985</u>	<u>18,775</u>	<u>19,085</u>	<u>17,759</u>	<u>17,719</u>	<u>18,230</u>	<u>19,600</u>	<u>19,382</u>	<u>19,416</u>	<u>20,734</u>
OPERATING EXPENSES										
Transportation	11,073	11,848	13,514	12,527	12,883	13,130	16,229	15,835	15,937	16,958
Maintenance of Way	5,968	6,973	7,170	7,914	7,793	7,524	5,633	5,611	6,689	6,400
Maintenance of Equipment	7,529	8,421	9,636	10,002	9,280	9,709	9,755	10,077	12,497	12,345
Claims and Insurance	2,073	2,096	1,700	2,004	2,205	1,691	1,682	1,639	1,601	1,352
General and administrative	6,040	6,421	5,570	5,723	5,889	5,920	6,467	6,392	7,716	7,494
Depreciation	13,262	14,633	15,087	17,405	19,575	19,742	21,307	20,078	17,545	17,974
Total operating expenses	<u>45,945</u>	<u>50,392</u>	<u>52,677</u>	<u>55,575</u>	<u>57,625</u>	<u>57,716</u>	<u>61,073</u>	<u>59,632</u>	<u>61,985</u>	<u>62,523</u>
NONOPERATING REVENUES (EXPENSES)										
Maintenance grant	4,229	4,412	4,586	4,495	4,520	4,293	4,586	4,586	4,947	5,064
State operating assistance	8,451	8,172	7,867	9,985	8,089	8,286	12,331	11,666	11,820	12,951
Local subsidies	3,387	3,598	4,058	3,780	3,723	3,958	4,748	4,891	5,215	6,410
Local grants	-	17,500	-	-	-	-	-	-	-	-
Local settlements	3,208	-	-	-	-	-	-	-	-	-
Interest - unreserved	1,488	2,833	1,374	355	106	65	48	48	40	155
Interest - reserved for accident claims	163	217	118	35	14	9	7	6	6	4
Rental income	119	75	81	92	109	109	199	133	166	196
Sale of maintenance services	2	2	2	1	2	-	4	3	2	7
Sale of scrap material	104	72	118	67	95	268	66	44	326	281
Advertising activities	79	83	76	57	85	145	129	143	135	83
Lawsuit settlement	-	-	-	420	-	-	-	-	-	-
Miscellaneous	119	13	39	4	7	8	2	6	6	9
Interest expense	(1,190)	(2,181)	(2,304)	(2,350)	(2,235)	(2,130)	(2,108)	(1,409)	(1,292)	(661)
Indefinite Situs tax	4,352	5,235	5,623	5,342	3,580	6,082	6,721	7,590	9,163	9,989
Total nonoperating revenues, net	<u>24,511</u>	<u>40,031</u>	<u>21,638</u>	<u>22,283</u>	<u>18,095</u>	<u>21,093</u>	<u>26,733</u>	<u>27,707</u>	<u>30,534</u>	<u>34,488</u>
CAPITAL CONTRIBUTIONS										
Federal	15,539	16,790	22,908	12,490	28,199	22,266	11,367	12,886	12,953	10,885
State	3,519	4,117	5,559	2,947	4,324	4,195	1,804	2,218	2,514	1,995
	<u>19,058</u>	<u>20,907</u>	<u>28,467</u>	<u>15,437</u>	<u>32,523</u>	<u>26,461</u>	<u>13,171</u>	<u>15,104</u>	<u>15,467</u>	<u>12,880</u>
Change in net position	<u>15,609</u>	<u>29,321</u>	<u>16,513</u>	<u>(96)</u>	<u>10,712</u>	<u>8,068</u>	<u>(1,569)</u>	<u>2,561</u>	<u>3,432</u>	<u>5,579</u>
Adjustment per GASB 65							(503)			
Adjustment per GASB 68									(843)	
Net position beginning of year	<u>223,147</u>	<u>238,756</u>	<u>268,077</u>	<u>284,590</u>	<u>284,494</u>	<u>295,206</u>	<u>303,274</u>	<u>301,202</u>	<u>303,763</u>	<u>306,352</u>
Net position end of year	<u>\$ 238,756</u>	<u>\$ 268,077</u>	<u>\$ 284,590</u>	<u>\$ 284,494</u>	<u>\$ 295,206</u>	<u>\$ 303,274</u>	<u>\$ 301,202</u>	<u>\$ 303,763</u>	<u>\$ 306,352</u>	<u>\$ 311,931</u>

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
Revenues by Source
Last Ten Fiscal Years
(In thousands of dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
OPERATING REVENUE										
Passenger fares (net of refunds)	\$ 17,927	\$ 18,735	\$ 19,053	\$ 17,719	\$ 17,677	\$ 18,184	\$ 19,556	\$ 19,341	\$ 19,371	\$ 20,698
Parking lot collections	58	40	32	40	42	46	44	41	45	36
Total operating revenue	<u>17,985</u>	<u>18,775</u>	<u>19,085</u>	<u>17,759</u>	<u>17,719</u>	<u>18,230</u>	<u>19,600</u>	<u>19,382</u>	<u>19,416</u>	<u>20,734</u>
NONOPERATING REVENUES										
Maintenance grant	4,229	4,412	4,586	4,495	4,520	4,293	4,586	4,586	4,947	5,064
State operating assistance	8,451	8,172	7,867	9,985	8,089	8,286	12,331	11,666	11,820	12,951
Other local funds	6,595	21,098	4,058	3,780	3,723	3,958	4,748	4,891	5,215	6,410
Other revenue	2,074	3,295	1,808	1,031	418	604	455	383	681	735
Indefinite Situs tax	4,352	5,235	5,623	5,342	3,580	6,082	6,721	7,590	9,163	9,989
Total nonoperating revenues before capital grants	<u>25,701</u>	<u>42,212</u>	<u>23,942</u>	<u>24,633</u>	<u>20,330</u>	<u>23,223</u>	<u>28,841</u>	<u>29,116</u>	<u>31,826</u>	<u>35,149</u>
CAPITAL CONTRIBUTIONS										
Federal capital grants	15,539	16,790	22,908	12,490	28,199	22,266	11,367	12,886	12,953	10,885
State capital grants	3,519	4,117	5,559	2,947	4,324	4,195	1,804	2,218	2,514	1,995
Total nonoperating revenues	<u>44,759</u>	<u>63,119</u>	<u>52,409</u>	<u>40,070</u>	<u>52,853</u>	<u>49,684</u>	<u>42,012</u>	<u>44,220</u>	<u>47,293</u>	<u>48,029</u>
TOTAL REVENUES	<u>\$ 62,744</u>	<u>\$ 81,894</u>	<u>\$ 71,494</u>	<u>\$ 57,829</u>	<u>\$ 70,572</u>	<u>\$ 67,914</u>	<u>\$ 61,612</u>	<u>\$ 63,602</u>	<u>\$ 66,709</u>	<u>\$ 68,763</u>

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 Statistical Information (Unaudited)
 Revenues by Source
 Last Ten Fiscal Years
 (In thousands of dollars)



NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
Revenues and Operating Assistance
Comparison to Industry Trend Data
Last Ten Fiscal Years

TRANSPORTATION INDUSTRY (1)

Year	<u>Operating and Other Revenue</u>			<u>Operating Assistance</u>			<u>Totals</u>
	Passenger	Other	Total	State & Local	Federal	Total	Total All Revenues
2006	33.2%	15.3%	48.5%	43.8%	7.7%	51.5%	100.0%
2007	31.4%	14.1%	45.5%	47.0%	7.5%	54.5%	100.0%
2008	31.2%	12.9%	44.1%	48.9%	7.0%	55.9%	100.0%
2009	31.5%	12.4%	43.9%	47.8%	8.3%	56.1%	100.0%
2010	32.1%	11.9%	44.0%	46.6%	9.4%	56.0%	100.0%
2011	32.8%	11.1%	43.9%	46.3%	9.8%	56.1%	100.0%
2012	32.5%	11.1%	43.6%	47.5%	8.9%	56.4%	100.0%
2013	32.5%	10.2%	42.7%	48.4%	8.9%	57.3%	100.0%
2014	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT (2)

Year	<u>Operating and Other Revenue</u>			<u>Operating Assistance</u>			<u>Totals</u>
	Passenger	(3) Other	Total	State & Local	Federal	Total	Total All Revenues
2006	28.7%	13.8%	42.5%	26.0%	31.5%	57.5%	100.0%
2007	22.9%	29.8%	52.7%	21.4%	25.9%	47.3%	100.0%
2008	26.7%	8.2%	34.9%	26.6%	38.5%	65.1%	100.0%
2009	30.7%	8.3%	39.0%	31.6%	29.4%	61.0%	100.0%
2010	25.1%	5.9%	31.0%	22.6%	46.4%	69.0%	100.0%
2011	26.8%	6.7%	33.5%	27.4%	39.1%	66.5%	100.0%
2012	31.8%	8.4%	40.2%	33.9%	25.9%	59.8%	100.0%
2013	30.5%	8.3%	38.8%	33.7%	27.5%	61.2%	100.0%
2014	29.1%	8.9%	38.0%	35.2%	26.8%	62.0%	100.0%
2015	30.1%	10.4%	40.5%	36.3%	23.2%	59.5%	100.0%

* Information not yet available

(1) Source: The American Public Transit Association. 2015 APTA Transit Fact Book, Appendix A Table 86

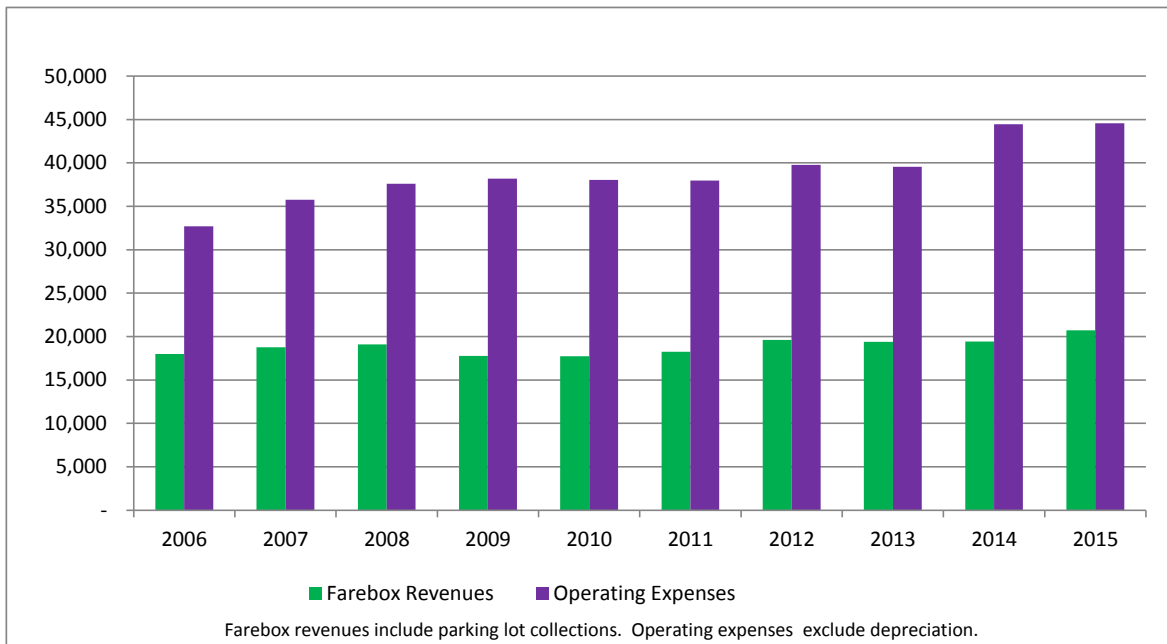
(2) Percentages are derived from the District's independently audited annual financial statements

(3) Includes interest income, advertising, sale of scrap material and miscellaneous revenue

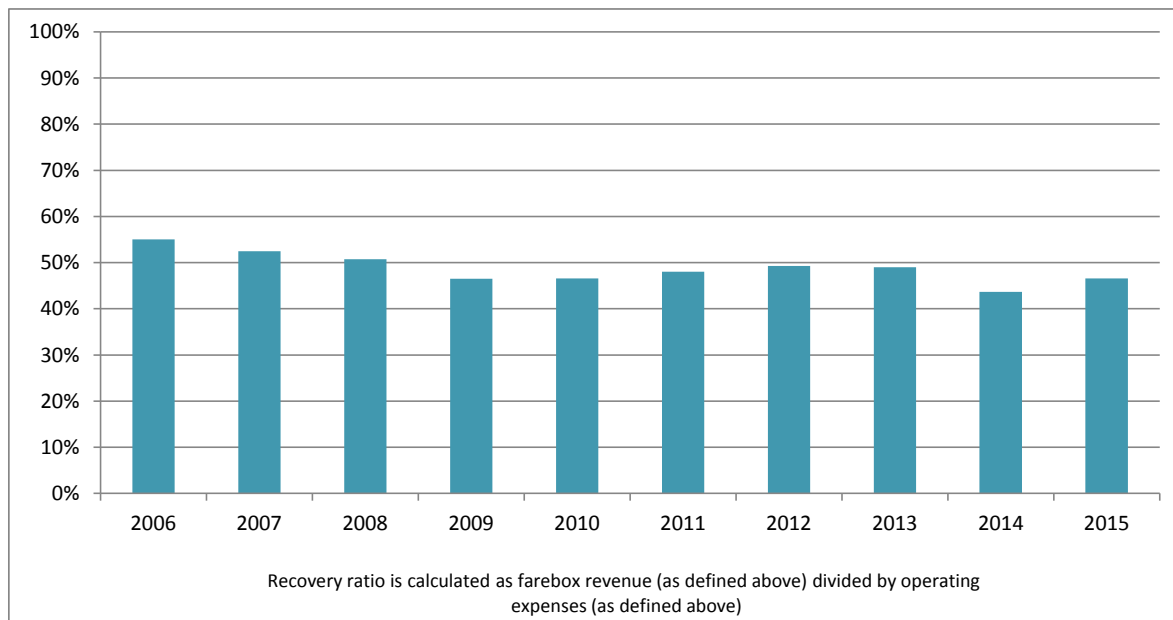
NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
System Recovery Ratio
Last Ten Fiscal Years
(In thousands of dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
OPERATING REVENUE										
Passenger fares (net of refunds)	\$ 17,927	\$ 18,735	\$ 19,053	\$ 17,719	\$ 17,677	\$ 18,184	\$ 19,556	\$ 19,341	\$ 19,371	\$ 20,698
Parking lot collections	58	40	32	40	42	46	44	41	45	36
Total operating revenue for recovery ratio calculation (A)	\$ 17,985	\$ 18,775	\$ 19,085	\$ 17,759	\$ 17,719	\$ 18,230	\$ 19,600	\$ 19,382	\$ 19,416	\$ 20,734
OPERATING EXPENSES										
Transportation	\$ 11,073	\$ 11,848	\$ 13,514	\$ 12,527	\$ 12,883	\$ 13,130	\$ 16,229	\$ 15,835	\$ 15,937	\$ 16,958
Maintenance of Way	5,968	6,973	7,170	7,914	7,793	7,524	5,633	5,611	6,689	6,400
Maintenance of Equipment	7,529	8,421	9,636	10,002	9,280	9,709	9,755	10,077	12,497	12,345
Claims and Insurance	2,073	2,096	1,700	2,004	2,205	1,691	1,682	1,639	1,601	1,352
General and administrative	6,040	6,421	5,570	5,723	5,889	5,920	6,467	6,392	7,716	7,494
Total operating expenses for recovery ratio calculation (B)	\$ 32,683	\$ 35,759	\$ 37,590	\$ 38,170	\$ 38,050	\$ 37,974	\$ 39,766	\$ 39,554	\$ 44,440	\$ 44,549
Recovery ratio (A/B)	55.0%	52.5%	50.8%	46.5%	46.6%	48.0%	49.3%	49.0%	43.7%	46.5%

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 Statistical Information (Unaudited)
 Farebox Revenues vs Operating Expenses
 Last Ten Fiscal Years
 (In thousands of dollars)



NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 Statistical Information (Unaudited)
 Farebox Recovery Ratio
 Last Ten Fiscal Years



NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
Operating Expenses by Object Class
Last Ten Fiscal Years
(In thousands of dollars)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
OPERATING EXPENSES										
OTHER THAN DEPRECIATION										
Salaries and wages	\$ 11,261	\$ 12,499	\$ 13,741	\$ 14,190	\$ 13,414	\$ 13,385	\$ 14,441	\$ 13,802	\$ 14,481	\$ 15,519
Fringe benefits and payroll taxes	9,383	11,298	10,927	11,180	11,366	11,475	11,909	11,549	11,997	12,354
Equipment expense	92	96	100	61	25	24	48	52	57	104
Repair and maintenance materials	2,636	3,010	3,893	3,052	1,758	2,804	2,668	3,368	5,123	4,204
Operating costs	3,259	2,077	3,441	2,536	2,907	2,734	5,061	4,893	4,989	5,178
Utilities	563	600	705	658	630	654	637	681	859	752
Other services	971	2,000	1,318	1,659	2,252	1,041	926	1,226	1,766	1,520
Office supplies	174	241	253	237	141	151	204	281	263	367
Administration	(954)	(1,447)	(1,382)	(1,283)	(660)	284	(493)	(815)	(429)	(67)
Rents and leases	79	77	98	88	68	27	79	52	79	62
Traction power	1,970	2,092	1,978	2,892	3,210	3,083	1,943	2,095	2,092	2,086
Claims and insurance	2,073	2,096	1,700	2,004	2,205	1,691	1,682	1,639	1,601	1,352
Professional services	1,176	1,120	818	896	734	621	661	731	1,562	1,118
Total	<u>32,683</u>	<u>35,759</u>	<u>37,590</u>	<u>38,170</u>	<u>38,050</u>	<u>37,974</u>	<u>39,766</u>	<u>39,554</u>	<u>44,440</u>	<u>44,549</u>
DEPRECIATION	<u>13,262</u>	<u>14,633</u>	<u>15,087</u>	<u>17,405</u>	<u>19,575</u>	<u>19,742</u>	<u>21,307</u>	<u>20,078</u>	<u>17,545</u>	<u>17,974</u>
Total operating expenses	45,945	50,392	52,677	55,575	57,625	57,716	61,073	59,632	61,985	62,523
NONOPERATING EXPENSES										
Interest expense	<u>1,190</u>	<u>2,181</u>	<u>2,304</u>	<u>2,350</u>	<u>2,235</u>	<u>2,130</u>	<u>2,108</u>	<u>1,409</u>	<u>1,292</u>	<u>661</u>
TOTAL EXPENSES	<u>\$ 47,135</u>	<u>\$ 52,573</u>	<u>\$ 54,981</u>	<u>\$ 57,925</u>	<u>\$ 59,860</u>	<u>\$ 59,846</u>	<u>\$ 63,181</u>	<u>\$ 61,041</u>	<u>\$ 63,277</u>	<u>\$ 63,184</u>

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
Operating Expenses by Function Class - Comparison to Industry Trend Data
Last Ten Fiscal Years

TRANSPORTATION INDUSTRY (1)

Year	Vehicle Operations	Vehicle Maintenance	Non-Vehicle Maintenance	General Administration	Purchased Transportation	Total Operating Expenses
2006	46.0%	17.7%	9.4%	13.4%	13.4%	100.0%
2007	45.9%	17.7%	9.3%	14.1%	13.0%	100.0%
2008	46.1%	17.4%	9.1%	13.7%	13.7%	100.0%
2009	45.6%	17.0%	9.0%	14.3%	14.0%	100.0%
2010	45.1%	16.9%	9.1%	15.2%	13.8%	100.0%
2011	45.9%	16.9%	9.2%	14.8%	13.3%	100.0%
2012	45.3%	16.8%	9.5%	14.6%	13.8%	100.0%
2013	44.2%	15.9%	10.5%	15.7%	13.7%	100.0%
2014	*	*	*	*	*	*
2015	*	*	*	*	*	*

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT (2)

Year	Vehicle Operations	Vehicle Maintenance	Non-Vehicle Maintenance	General Administration	Purchased Transportation	Total Operating Expenses
2006	33.9%	23.0%	18.3%	25.8%	-	101.0%
2007	33.2%	23.5%	19.5%	24.9%	-	101.1%
2008	39.5%	28.2%	21.0%	24.8%	-	113.5%
2009	32.8%	26.3%	20.7%	23.8%	-	103.6%
2010	33.8%	24.4%	20.5%	11.3%	-	90.0%
2011	34.5%	25.6%	20.7%	20.2%	-	101.1%
2012	40.8%	24.5%	14.2%	20.5%	-	100.0%
2013	40.0%	25.5%	14.2%	20.3%	-	100.0%
2014	35.9%	28.1%	15.0%	21.0%	-	100.0%
2015	38.1%	27.7%	14.4%	19.8%	-	100.0%

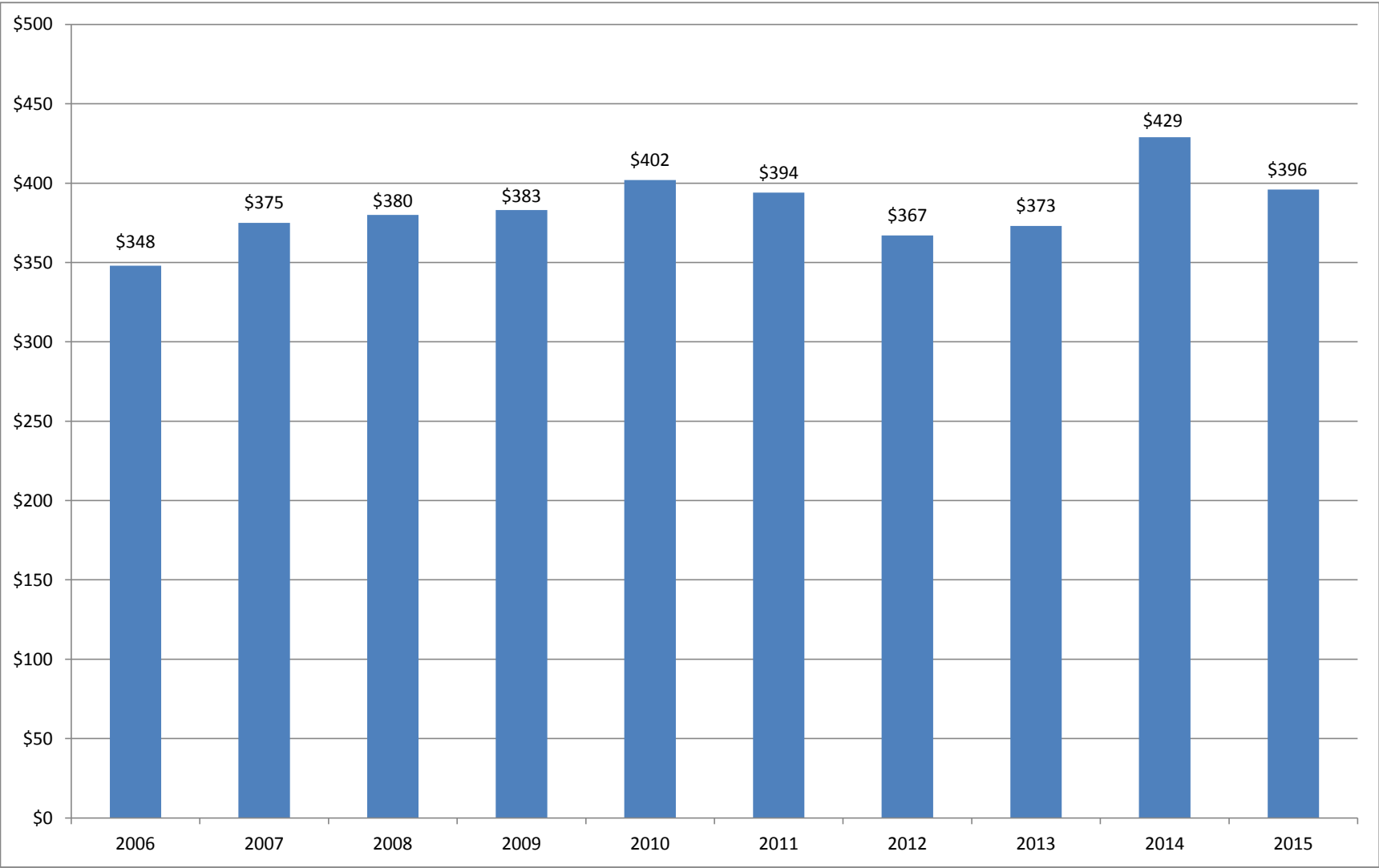
* Information not yet available

(1) Source: The American Public Transit Association. 2015 APTA Transit Fact Book, Appendix A Table 75

(2) Percentages are derived from the District's audited financial statements

(3) Includes claims and insurance

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
Operating Expenses per Electric Multiple-Unit Hour
Last Ten Fiscal Years



NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
Pledged Revenue Coverage
Last Ten Fiscal Years

Limited Obligation Capital Grant Receipts Revenue Bonds (2007 Bond Issuance):

Fiscal Year	Commuter Rail Service Fund		Debt Service		Coverage Ratio
	Indefinite Situs Tax Receipts	Capital Grant Receipts	Principal	Interest	
2006	\$ -	\$ -	\$ -	\$ -	-
2007	4,432,616	-	-	955,374	4.64
2008	4,922,480	-	-	1,292,988	3.81
2009	5,113,558	-	1,595,000	1,277,077	1.78
2010	-	2,872,186	1,660,000	1,212,186	1.00
2011	-	2,871,657	1,727,000	1,144,657	1.00
2012	-	2,888,348	1,848,000	1,040,348	1.00
2013	-	2,904,238	2,294,000	610,238	1.00
2014	-	2,905,203	2,352,000	553,203	1.00
2015	-	2,905,738	2,411,000	494,738	1.00

Indefinite Situs Tax Receipts Special Program Bonds, Series 2004 D (2004 Bond Issuance):

Fiscal Year	Commuter Rail Service Fund		Debt Service		Coverage Ratio
	Indefinite Situs Tax Receipts	Capital Grant Receipts	Principal	Interest	
2006	\$ 4,069,752	\$ -	\$ 1,355,000	\$ 1,240,578	1.57
2007	4,432,616	-	1,400,000	1,199,928	1.70
2008	4,922,480	-	1,440,000	1,157,928	1.89
2009	5,113,558	-	1,485,000	1,114,728	1.97
2010	4,330,142	-	1,525,000	1,070,178	1.67
2011	5,189,566	-	1,575,000	1,024,428	2.00
2012	5,947,731	-	1,650,000	945,678	2.29
2013	6,760,730	-	1,735,000	863,178	2.60
2014	7,953,373	-	1,800,000	799,850	3.06
2015	8,960,512	-	-	366,175	24.47 *

* Series 2004 Bonds were fully redeemed in July 2015.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 Statistical Information (Unaudited)
 Pledged Revenue Coverage
 Last Ten Fiscal Years

Indefinite Situs Tax Receipts were used to cover 2004 Bond and 2007 Bond (partially).
 Total Situs Tax Receipts are reported for each classification of debt. Below is a table which shows consolidated long term debt for all of these issuances and the total Situs Tax Receipts used to cover all such debt:

**CONSOLIDATED TABLE FOR ALL DEBT COVERED BY INDEFINITE SITUS TAX RECEIPTS
 2004 Bond Series and 2007 Bond Series**

<u>Fiscal Year</u>	<u>Commuter Rail Service Fund</u> <u>Indefinite Situs Tax Receipts</u>	<u>Debt Service</u>		<u>Coverage Ratio</u>
		<u>Principal</u>	<u>Interest</u>	
2006	\$ 4,069,752	\$ 1,355,000	\$ 1,240,578	1.57
2007	4,432,616	1,400,000	2,155,302	1.25
2008	4,922,480	1,440,000	2,450,916	1.27
2009	5,113,558	3,080,000	2,391,805	0.93
2010	4,330,142	1,525,000	1,070,178	1.67
2011	5,189,566	1,575,000	1,024,428	2.00
2012	5,947,731	1,650,000	945,678	2.29
2013	6,760,730	1,735,000	863,178	2.60
2014	7,953,373	1,800,000	799,850	3.06
2015	8,960,512	-	366,175	24.47 *

* Series 2004 Bonds were fully redeemed in July 2015.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Business-Type Activities

Fiscal Year	2007 Series- Revenue Bonds	2004 Series- Special Program Bonds	2015- Bond Anticipation Note	Premium on Bonds Payable	Total	Outstanding Debt Per Capita	Outstanding Debt as a Percentage of Per Capita Personal Income
2006	\$ -	\$ 27,630,000	\$ -	\$ 1,084,000	\$ 28,714,000	\$ 23.19	0.07%
2007	32,100,000	26,230,000	-	969,000	59,299,000	47.93	0.13%
2008	32,100,000	24,790,000	-	858,000	57,748,000	46.58	0.12%
2009	30,505,000	23,305,000	-	751,000	54,561,000	43.86	0.12%
2010	28,845,000	21,780,000	-	648,000	51,273,000	41.10	0.11%
2011	27,118,000	20,205,000	-	550,000	47,873,000	38.29	0.10%
2012	25,270,000	18,555,000	-	459,000	44,284,000	35.35	0.09%
2013	22,976,000	16,820,000	-	376,000	40,172,000	31.97	0.08%
2014	20,624,000	15,020,000	-	299,000	35,943,000	28.60	0.07%
2015	18,213,000	-	9,900,000	-	28,113,000	*	*

* Information not yet available

Source: Bureau of Economic Analysis, Average of counties serviced

Northern Indiana Commuter Transportation District
Statistical Information (Unaudited)
Demographic and Economic Indicators
Last Ten Fiscal Years

Lake County, Indiana

Fiscal Year	Population	Personal Income in thousands	Per Capita Personal Income	Unemployment Rate
2006	491,432	\$ 15,494,860	\$ 31,530	5.7
2007	493,403	\$ 16,041,692	\$ 32,512	5.2
2008	495,479	\$ 16,869,598	\$ 34,047	6.1
2009	495,789	\$ 16,450,860	\$ 33,181	10.7
2010	496,055	\$ 16,774,183	\$ 33,815	11
2011	494,820	\$ 17,552,068	\$ 35,472	9.9
2012	493,194	\$ 18,310,846	\$ 37,127	9.5
2013	491,403	\$ 18,186,740	\$ 37,010	9.2
2014	490,228	\$ 18,817,949	\$ 38,386	8.1
2015	*	*	*	6.7

LaPorte County, Indiana

Fiscal Year	Population	Personal Income in thousands	Per Capita Personal Income	Unemployment Rate
2006	109,641	\$ 3,181,149	\$ 29,014	5.6
2007	110,846	\$ 3,324,610	\$ 29,993	5.1
2008	111,267	\$ 3,485,379	\$ 31,324	6.2
2009	111,465	\$ 3,368,805	\$ 30,223	11.9
2010	111,421	\$ 3,474,949	\$ 31,188	11.9
2011	111,187	\$ 3,693,546	\$ 33,219	10.4
2012	111,158	\$ 3,893,168	\$ 35,024	10
2013	111,256	\$ 3,872,611	\$ 34,808	9.4
2014	111,444	\$ 3,998,834	\$ 35,882	7.7
2015	*	*	*	6.4

Porter County, Indiana

Fiscal Year	Population	Personal Income in thousands	Per Capita Personal Income	Unemployment Rate
2006	158,595	\$ 5,766,330	\$ 36,359	4.3
2007	160,835	\$ 6,105,119	\$ 37,959	3.9
2008	162,538	\$ 6,411,570	\$ 39,447	4.7
2009	163,572	\$ 6,092,894	\$ 37,249	9.4
2010	164,491	\$ 6,222,897	\$ 37,831	8.8
2011	165,442	\$ 6,760,843	\$ 40,865	7.8
2012	165,659	\$ 7,191,490	\$ 43,411	7.7
2013	166,427	\$ 7,146,814	\$ 42,943	7.2
2014	167,076	\$ 7,430,210	\$ 44,472	6.3
2015	*	*	*	5.4

St. Joseph County, Indiana

Fiscal Year	Population	Personal Income in thousands	Per Capita Personal Income	Unemployment Rate
2006	265,496	\$ 9,179,051	\$ 34,573	5.1
2007	266,045	\$ 9,548,108	\$ 35,889	4.9
2008	267,282	\$ 9,895,119	\$ 37,021	6.5
2009	266,827	\$ 9,396,209	\$ 35,215	11.6
2010	266,784	\$ 9,476,936	\$ 35,523	11.4
2011	266,756	\$ 9,898,855	\$ 37,108	10.1
2012	266,571	\$ 10,230,400	\$ 38,378	9.7
2013	266,850	\$ 10,261,408	\$ 38,454	8.8
2014	267,618	\$ 10,820,586	\$ 40,433	6.7
2015	*	*	*	4.8

Cook County, Illinois

Fiscal Year	Population	Personal Income in thousands	Per Capita Personal Income	Unemployment Rate
2006	5,165,495	\$ 228,453,932	\$ 44,227	4.8
2007	5,154,235	\$ 242,335,904	\$ 47,017	5.2
2008	5,161,831	\$ 247,335,539	\$ 47,916	6.4
2009	5,181,728	\$ 231,331,860	\$ 44,644	10.4
2010	5,198,716	\$ 235,817,398	\$ 45,361	10.8
2011	5,214,988	\$ 247,098,775	\$ 47,382	10.3
2012	5,232,340	\$ 260,223,662	\$ 49,734	9.3
2013	5,246,635	\$ 260,670,182	\$ 49,683	9.6
2014	5,246,456	\$ 269,035,658	\$ 51,280	7.4
2015	*	*	*	5.8

* Information not yet available

Sources: Bureau of Economic Analysis, Annual Earnings and Bureau of Labor Statistics
2015 Unemployment Rates based on December preliminary figures

Northern Indiana Commuter Transportation District
Statistical Information (Unaudited)
Principal Employers in Chicago
Current and Ten Years Ago

<u>Employer</u>	<u>2015</u>			<u>2005</u>		
	<u>Chicago Employees</u>	<u>Rank</u>	<u>Percentage of Total County Labor Force</u>	<u>Chicago Employees</u>	<u>Rank</u>	<u>Percentage of Total County Labor Force</u>
U.S. Government	42,887	1	1.62%	78,000	1	3.06%
Chicago Public Schools	37,406	2	1.41%	43,783	2	1.72%
City of Chicago	30,276	3	1.14%	39,675	4	1.56%
Cook County	21,795	4	0.82%	25,482	5	1.00%
Advocate Health Care	18,308	5	0.69%	25,279	6	0.99%
University of Chicago	16,197	6	0.61%	-	-	-
Northwestern Memorial Healthcare	15,317	7	0.58%	-	-	-
State of Illinois	15,136	8	0.57%	17,056	8	0.67%
JPMorgan Chase & Co.	14,158	9	0.53%	-	-	-
United Continental Holdings, Inc.	14,000	10	0.53%	-	-	-
Jewel-Osco	-	-	-	34,037	3	1.34%
United Parcel Service of America	-	-	-	19,346	7	0.76%
SBC Communications Inc.	-	-	-	16,500	9	0.65%
Wal-Mart Stores, Inc.	-	-	-	16,350	10	0.64%
	<u>225,480</u>		<u>8.52%</u>	<u>315,508</u>		<u>12.38%</u>

Source: Crain's Chicago Business Largest Employers 2005 and 2015 (Data for 2006 not available)

Percentage of Total County Employment based on Cook County Labor Force figures pulled from LAUS, Bureau of Labor Statistics, US Department of Labor 2015 Labor Force figures are preliminary

Northern Indiana Commuter Transportation District
 Statistical Information (Unaudited)
 Fare Rate Structure
 12/31/2015

The District offers a variety of tickets depending on your travel needs. Our service area is divided into zones and the fare is generally based on distance traveled.

Zone	Station	Fare Type	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 10
	The South Shore may not carry passengers between Zones 1 and 2 - Use Metra instead		Millennium Station Van Buren St. Museum Campus/11th St. McCormick Place	63rd St. 57th St.							
3	Hegewisch	One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	5.50 52.25 123.75 156.75 2.75 68.75	4.75 45.25 107.00 135.50 2.25 56.25							
4	Hammond East Chicago	One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	6.00 57.00 135.00 178.50 3.00 75.00	5.75 54.75 129.50 167.00 2.75 68.75	4.00 38.00 90.00 131.00 2.00 50.00	3.75 35.75 84.50 120.00 1.75 43.75					
5	Gary Gary/Chicago Airport Metro Center Miller	One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	6.50 61.75 146.25 191.75 3.25 81.25	6.25 59.50 140.75 181.50 3.00 75.00	5.00 47.50 112.50 149.25 2.50 62.50	4.25 40.50 95.75 127.00 2.00 50.00	3.75 35.75 84.50 117.00 1.75 43.75				
6	Portage/Ogden Dunes Dune Park	One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	8.00 76.00 180.00 228.00 4.00 100.00	7.00 66.50 157.50 205.50 3.50 87.50	6.25 59.50 140.75 184.75 3.00 75.00	5.50 52.25 123.75 162.25 2.75 68.75	5.25 50.00 118.25 152.00 2.50 62.50	3.75 35.75 84.50 119.00 1.75 43.75			
7	Beverly Shores	One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	9.00 85.50 202.50 257.75 4.50 112.50	8.25 78.50 185.75 237.25 4.00 100.00	7.00 66.50 157.50 204.25 3.50 87.50	6.50 61.75 146.25 194.50 3.25 81.25	6.25 59.50 140.75 184.00 3.00 75.00	5.25 50.00 118.25 151.25 2.50 62.50			
8	Michigan City 11th St. Carroll Ave.	One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	9.25 88.00 208.25 268.75 4.50 112.50	9.00 85.50 202.50 256.50 4.50 112.50	8.00 76.00 180.00 226.00 4.00 100.00	7.00 66.50 157.50 203.75 3.50 87.50	6.50 61.75 146.25 193.50 3.25 81.25	5.50 52.25 123.75 161.00 2.75 68.75	4.25 40.50 95.75 128.50 2.00 50.00	3.50 33.25 78.75 108.00 1.75 43.75	
10	Hudson Lake	One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	11.75 111.75 264.50 331.00 5.75 143.75	11.00 104.50 247.50 310.75 5.50 137.50	9.75 92.75 219.50 278.25 4.75 118.75	9.25 88.00 208.25 268.25 4.50 112.50	9.00 85.50 202.50 256.00 4.50 112.50	8.00 76.00 180.00 225.50 4.00 100.00	6.50 61.75 146.25 193.00 3.25 81.25	5.50 52.25 123.75 160.50 2.75 68.75	
11	South Bend	One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	13.00 123.50 292.50 364.75 6.50 162.50	12.00 114.00 270.00 342.50 6.00 150.00	11.00 104.50 247.50 311.50 5.50 137.50	10.50 99.75 236.25 301.50 5.25 131.25	9.75 92.75 219.50 279.25 4.75 118.75	9.00 85.50 202.50 256.50 4.50 112.50	8.00 76.00 180.00 226.00 4.00 100.00	6.50 61.75 146.25 193.50 3.25 81.25	5.25 50.00 118.25 150.75 2.50 62.50

Northern Indiana Commuter Transportation District
Statistical Information (Unaudited)
Fare Rate Structure
12/31/2015

FARE INFORMATION

One-Way Fare: passage in one direction between two station stops

Reduced Fare One-Way: at least 50% off the normal one-way fare for:

- * Children 13 years of age or younger
- * Seniors at least 65 years of age
- * Passengers with disabilities displaying a valid NICTD or RTA identification card
- * Seniors displaying the RTA "Circuit Ride Free Permit" ride free between Hegewisch and Chicago

Reduced Fare Identification - when requested, passengers riding on reduced fare tickets must present identification showing they qualify for the reduced fare

Multiple Ride Tickets: 10 and 25-ride punch tickets. These tickets offer a small discount off the normal one-way adult fare and are valid for one year from date of purchase

Monthly Pass: deeply discounted and provides unlimited rides to the pass-holder. They are valid for the calendar month identified on the ticket and the inbound trip of the first business day of the following month

Northern Indiana Commuter Transportation District
 Statistical Information (Unaudited)
 Operating Information
 Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating Statistics:										
Annual System Trips	4,208,190	4,245,922	4,180,380	3,885,073	3,714,356	3,706,676	3,668,098	3,606,926	3,614,252	3,616,660
Average Weekday System Trips	14,301	14,327	13,897	12,991	12,531	12,363	12,205	12,049	12,045	12,056
Average Saturday System Trips	6,125	6,302	6,685	5,994	5,422	5,620	5,799	5,630	5,675	5,538
Average Sunday System Trips	4,360	4,570	4,732	4,345	3,973	4,328	4,301	4,244	4,484	4,343
Passenger Miles	118,250,139	119,310,408	117,468,678	109,170,551	104,373,404	107,122,936	106,008,032	104,204,092	104,415,740	104,159,808
Assets in Passenger Car Fleet:										
Total Passenger Cars in Fleet	68	68	68	75	82	82	82	82	82	82
Passenger Car Revenue Miles	3,300,681	3,391,250	3,510,998	3,560,893	3,387,037	3,450,855	3,679,324	3,736,383	3,694,590	4,026,813
Passenger Car Revenue Hours	93,832	95,360	98,871	99,554	94,747	96,470	108,482	105,928	103,661	112,543

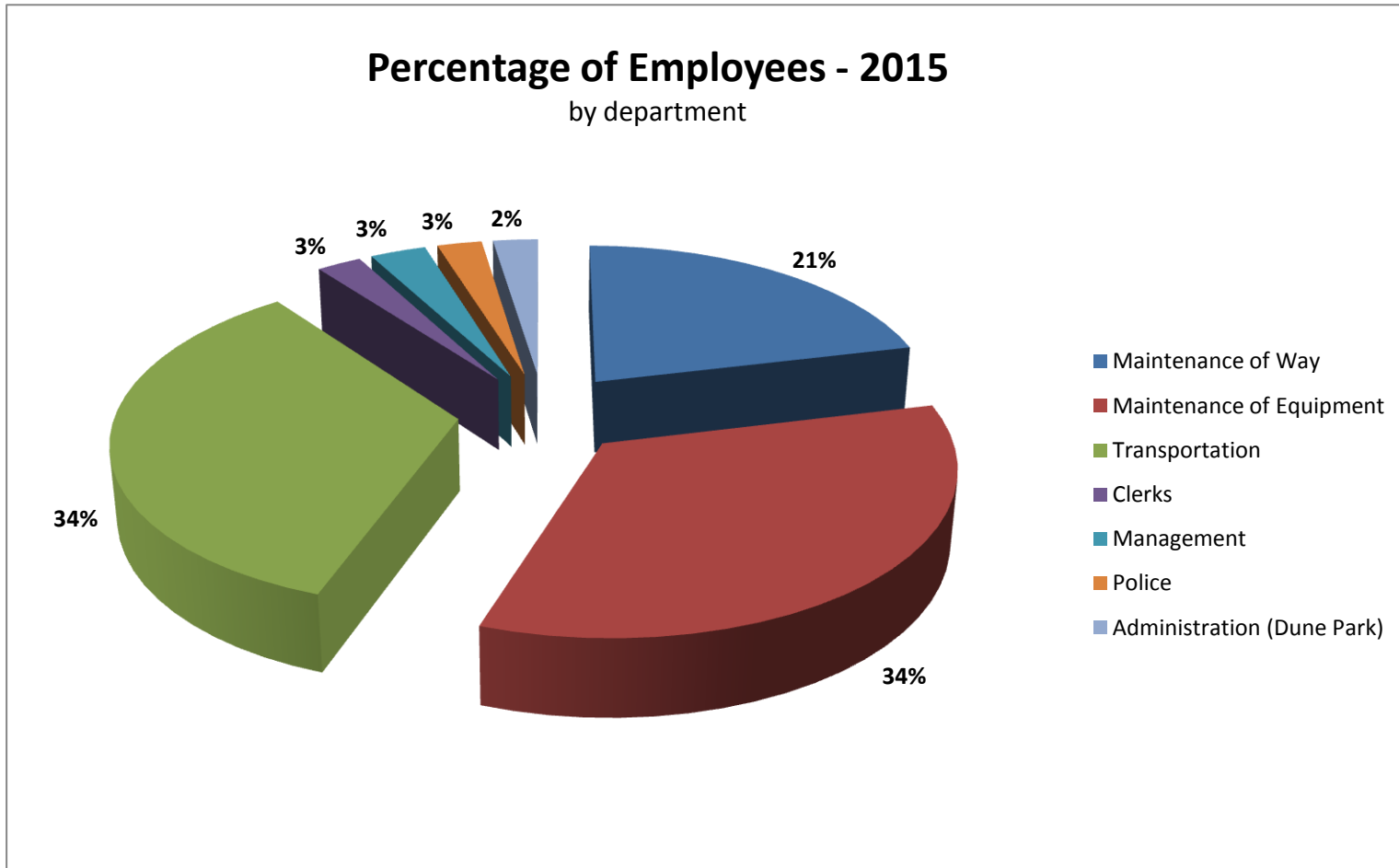
Source: The District's annual *National Transit Database Report*, filed with the Federal Transit Administration

Northern Indiana Commuter Transportation District
Statistical Information (Unaudited)
Number of Employees and Labor Classification
Last Ten Fiscal Years

	<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010</u>	
	Salary	Contract	Salary	Contract	Salary	Contract	Salary	Contract	Salary	Contract
<u>Michigan City Cost Center</u>										
Maintenance of Way	10	64	11	65	12	60	12	62	10	57
Maintenance of Equipment	11	105	10	107	11	101	11	99	10	91
Transportation	7	92	7	84	7	101	7	94	6	95
Clerks	0	8	0	9	0	8	0	10	0	10
Management	7	-	8	-	8	-	8	-	7	-
<u>Dune Park Cost Center</u>										
Police	7	-	7	-	8	-	8	-	7	-
Administration (Dune Park)	11	-	12	-	11	-	11	-	12	-
Subtotal	53	269	55	265	57	270	57	265	52	253
TOTAL LABOR	322		320		327		322		305	
<u>Michigan City Cost Center</u>										
Maintenance of Way	10	56	12	49	13	53	12	52	12	58
Maintenance of Equipment	10	92	8	93	7	92	9	95	10	102
Transportation	6	93	7	90	6	93	6	90	7	106
Clerks	0	10	0	8	0	8	0	8	0	8
Management	6	-	7	-	8	-	11	-	10	-
<u>Dune Park Cost Center</u>										
Police	7	-	7	-	7	-	7	-	8	-
Administration (Dune Park)	12	-	12	-	11	-	9	-	8	-
Subtotal	51	251	53	240	52	246	54	245	55	274
TOTAL LABOR	302		293		298		299		329	

Source: The District's Payroll Journals

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
Percentage of Employees by Department
For the Year Ended December 31, 2015



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