

# Northwest Indiana Regional Development Authority

Financial Statements  
with  
Additional Information

Years Ended December 31, 2024 and 2023

# **NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Northwest Indiana Regional Development Authority

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Northwest Indiana Regional Development Authority, as of and for the years ended December 31, 2024 and 2023 and the related notes to the financial statements, which collectively comprise Northwest Indiana Regional Development Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of Northwest Indiana Regional Development Authority, as of December 31, 2024 and 2023 and the related statements of activities and changes in net position, and cash flows, for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northwest Indiana Regional Development Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Northwest Indiana Regional Development Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest Indiana Regional Development Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest Indiana Regional Development Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10 and the retirement plan schedule of proportionate share of pension liability and schedule of contributions on pages 29-30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is 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 audit 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Report on Internal Control over Financial Reporting***

We also have audited, in accordance with auditing standards generally accepted in the United States of America, Northwest Indiana Regional Development Authority's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated April 18, 2025 expressed an unmodified opinion.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2025 on our consideration of Northwest Indiana Regional Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwest Indiana Regional Development Authority's internal control over financial reporting and compliance.

# **NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS** **Years Ended December 31, 2024, 2023 and 2022**

The following discussion and analysis of Northwest Regional Development Authority's (the "Authority") financial performance provides an introduction and overview of the Authority's financial activities for the years ended December 31, 2024, 2023 and 2022. Please read this discussion in conjunction with the Authority's financial statements and the notes to financial statements immediately following this section.

### **Financial Highlights**

#### **2024**

- Operating revenues for 2024 increased from \$23,663,886 to \$27,597,318 due to an increase in revenues from the Lake County Local Income Tax as well as revenues related to Gary Blight Elimination reimbursement.
- Total expenses for 2024 decreased from \$34,742,238 to \$23,842,578 due to less expenses associated with rail projects and West Lake Project lease transfers.
- Non-operating revenues for 2024 increased from \$3,177,036 to \$3,451,365 due to an increase in interest income.

#### **2023**

- Operating revenues for 2023 increased from \$23,118,211 to \$23,663,886 due to an increase in revenues from the Lake County Local Income Tax.
- Total expenses for 2023 increased from \$24,505,315 to \$34,742,238 due to more expenses associated with rail projects and West Lake Project lease transfers.
- Non-operating revenues for 2023 increased from \$923,796 to \$3,177,036 due to an increase in interest income.

#### **2022**

- Operating revenues for 2022 decreased from \$23,369,049 to \$23,118,211 due to a decrease in revenues from the Lake County Local Income Tax.
- Total expenses for 2022 increased from \$5,712,355 to \$24,505,315 due to more expenses associated with rail projects.
- Non-operating revenues for 2022 increased from \$457,240 to \$923,796 due to an increase in interest income.

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended December 31, 2024, 2023 and 2022

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements are comprised of the Financial Statements and the Notes to the Financial Statements. In addition to the financial statements this report also presents Supplementary Information after the Notes to the Financial Statements.

The *Statements of Financial Position* present all the Authority's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by private-sector companies. The difference between assets and liabilities is reported as net position. The increase or decrease in net position may serve as an indicator, over time, whether the Authority's financial position is improving or deteriorating. However, the consideration of other non-financial factors such as changes within the Northwest Indiana community may be necessary in the assessment of overall financial position and health of the Authority.

The *Statements of Activities* present all current fiscal year revenues and expenses, regardless of when cash is received or paid, and the ensuing change in net assets.

The *Statements of Cash Flows* report how cash and cash equivalents were provided and used by the Authority's operating, investing, and financing activities. These statements are prepared on a cash basis and present the cash received and disbursed, the net increase or decrease in cash for the year, and the cash balance at year end.

The *Notes to Financial Statements* are an integral part of the financial statements; accordingly, such disclosures are essential to a full understanding of the information provided in the financial statements. The Notes to the Financial Statements begin on page 14.

In addition to the financial statements, this report includes Additional Information. Required additional information begins on page 29 and is related to the Authority's participating in the public Employer's Retirement Fund. The additional information continues to present the 2024 Supplemental Schedule for Supporting Services on page 31.

There was a restatement of the Statement of Financial Position and the Statement of Activities resulting from a \$650,000 loan made to the City of East Chicago Housing Authority. For the year ended December 31, 2021, this amount was not recorded. This amount should have been recorded as a note receivable and as restricted net position. The result of the restatement was an increase in net position of \$450,000 and \$650,000 for the years ended December 31, 2022 and 2021, respectively. The following analysis includes the effects of the adjustment.

# **NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS** **Years Ended December 31, 2024, 2023 and 2022**

### **Financial Analysis**

The Authority receives substantially all of its revenue from state, city and county agencies. Beginning in 2006, the fiscal officer of each city and county described in IC 36-7.5-2(b) (other than the (2) largest cities in a county described in IC 36-7.5-2-3(b)(1) (Lake County, Porter County, East Chicago, Gary, and Hammond)) shall each transfer three million five hundred thousand dollars (\$3,500,000) each year to the Authority for deposit in the Authority's fund. These funds are designated as "Member Dues" in the RDA's agreement which governs the Rail Project and in the lease agreements for that project.

The RDA receives Local Income Tax revenue collected by the State and distributed to the RDA by the State Auditor (IC 6-3.6-9-5) which is derived from the governmental units in Lake County. These amounts are restricted to be used for the West Lake Corridor project. In the RDA's Governance Agreement for the Rail Projects, and in the lease agreements for those projects, these funds are labeled, "Participant Unit Revenues."

### **Factors Bearing on the Future**

During 2018, the RDA signed a governance agreement with the Northern Indiana Commuter Transportation District ("NICTD") and the Indiana Finance Authority ("IFA"). This agreement which became effective August 31, 2018, governs the roles and responsibilities of the 3 entities regarding the planned improvements to the commuter rail, South Shore Line, specifically the Double Track Project and the West Lake Project. These projects have been approved for funding by Federal Transit Administration at an approximate total of \$1.3 billion (not to include financing costs) through its Capital Improvement Grant process and work is proceeding on the West Lake Project, while the South Shore Double Track project opened for revenue service on May 13, 2024.

During 2022, the IFA issued a loan for funding the rail projects. In order to fund the debt payments, the RDA entered into lease agreements with the IFA in which it agrees to make semi-annual payments. These agreements are in place through November 1, 2048 and will be funded from both member dues and participant unit revenues.



# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended December 31, 2024, 2023 and 2022

A comparative condensed summary of the Authority's net assets at December 31, 2024, 2023, and 2022 is as follows:

	2024	2023	2022
Current assets	\$ 115,464,504	\$ 104,667,127	\$ 109,848,071
Property and equipment			
Furniture & fixtures, net	17,256	18,452	19,648
Long-term assets	<u>975,000</u>	<u>2,510,000</u>	<u>4,010,000</u>
Total assets	<u>116,456,760</u>	<u>107,195,579</u>	<u>113,877,719</u>
Deferred outflows of resources	<u>50,118</u>	<u>57,171</u>	<u>57,838</u>
Current liabilities	4,715,489	6,782,456	9,480,687
Long-term liabilities	<u>28,441,065</u>	<u>24,300,302</u>	<u>20,372,734</u>
Total liabilities	<u>33,156,554</u>	<u>31,082,758</u>	<u>29,853,421</u>
Deferred inflow of resources	<u>26,088</u>	<u>51,861</u>	<u>62,689</u>
Net position	<u>\$ 83,324,236</u>	<u>\$ 76,118,131</u>	<u>\$ 84,019,447</u>

### 2024

Long-term assets decreased by \$1,535,000 due to the Authority receiving payments from a bond anticipation note from the City of Gary and a promissory note from the City of East Chicago Housing Authority.

Current liabilities decreased by \$2,066,967 from 2023 due to a decrease in grants payable.

### 2023

Long-term assets decreased by \$1,500,000 due to the Authority receiving payments from a bond anticipation note from the City of Gary and a promissory note from the City of East Chicago Housing Authority.

Current liabilities decreased by \$2,698,231 from 2022 due to a decrease in accounts payable and grants payable.

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended December 31, 2024, 2023 and 2022

### 2022

Long-term assets decreased by \$1,570,000 due to the Authority receiving payments from a bond anticipation note from the City of Gary and a promissory note from the City of East Chicago Housing Authority.

Current liabilities increased by \$685,588 from 2021 due to an increase in accounts payable.

A comparative condensed summary of the Authority's changes in net assets for the years ended December 31, 2024, 2023, and 2022 is as follows:

	2024	2023	2022
Operating revenues	\$ 27,597,318	\$ 23,663,886	\$ 23,118,211
Operating expenses	<u>23,842,578</u>	<u>34,742,238</u>	<u>24,505,315</u>
Operating income	3,754,740	(11,078,352)	(1,387,104)
Non-operating revenue	<u>3,451,365</u>	<u>3,177,036</u>	<u>923,796</u>
Change in net assets	\$ <u><u>7,206,105</u></u>	\$ <u><u>(7,901,316)</u></u>	\$ <u><u>(463,308)</u></u>

### 2024

Operating revenues for 2024 increased by \$3,933,432 due to an increase in revenue from the Lake County Local Income Tax as well as revenues related to Gary Blight Elimination reimbursement.

Operating expenses for 2024 decreased from 2023 by \$10,899,660 due to decreased activity related to the rail projects and West Lake Project lease transfers.

Non-operating revenue increased in 2024 due to an increase in interest income.

### 2023

Operating revenues for 2023 increased by \$545,675 due to an increase in revenue from the Lake County Local Income Tax.

Operating expenses for 2023 increased from 2022 by \$10,236,923 due to increased activity related to the rail projects and West Lake Project lease transfers.

Non-operating revenue increased in 2023 due to an increase in interest income.

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended December 31, 2024, 2023 and 2022

### 2022

Operating revenues for 2022 decreased by \$250,838 due to a decrease in revenue from the Lake County Local Income Tax.

Operating expenses for 2022 increased from 2021 by \$18,792,960 due to increased activity related to the rail projects.

Non-operating revenue increased in 2022 due to an increase in interest income.

A comparative condensed summary of the Authority's operating expenses for the years ended December 31, 2024, 2023, and 2022 is as follows:

	2024	2023	2022
Salaries and wages	\$ 345,655	\$ 535,603	\$ 440,743
Professional fees	4,095,826	4,532,530	4,120,302
Program services	19,272,239	29,566,090	19,826,955
Other	<u>128,858</u>	<u>108,015</u>	<u>117,315</u>
Total operating expenses	\$ <u>23,842,578</u>	\$ <u>34,742,238</u>	\$ <u>24,505,315</u>

### 2024

The decrease in salaries and wages was due to an SBOA surplus that was used during 2024. There was no surplus used in 2024. The decrease in professional fees was due to decreased special consultant work in 2024. Program services decreased from the prior year due to fewer expenses associated with rail projects and West Lake Project in 2024.

### 2023

The increase in salaries and wages was due to an SBOA surplus that was used during 2022. There was no surplus used in 2023. The increase in professional fees was due to increased special consultant work in 2023. Program services increased from the prior year due to expenses associated with rail projects and West Lake Project in 2023.

### 2022

The decrease in salaries and wages was due to the retirement of the former CEO in 2021 as well as staffing changes in 2022. The decrease in professional fees was due to decreased special consultant work in 2022. Program services increased from the prior year due to expenses associated with rail projects in 2022.

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended December 31, 2024, 2023 and 2022

A comparative condensed summary of the Authority's cash flows for the years ended December 31, 2024, 2023, and 2022 is as follows:

	2024	2023	2022
Cash from activities:			
Operating	\$ 2,611,425	\$ (10,839,374)	\$ 3,896,713
Investing	<u>4,956,742</u>	<u>4,752,297</u>	<u>2,268,942</u>
Net change in cash	7,568,167	(6,087,077)	6,165,655
Cash:			
Beginning of the year	<u>97,068,517</u>	<u>103,155,594</u>	<u>96,989,939</u>
End of the year	\$ <u><u>104,636,684</u></u>	\$ <u><u>97,068,517</u></u>	\$ <u><u>103,155,594</u></u>

### 2024

The Authority's available cash increased by \$7,568,167 as of December 31, 2024. The increase is primarily due to less cash expended for grants payable and payments to outside professionals/consultants.

### 2023

The Authority's available cash decreased by \$6,087,077 as of December 31, 2023. The decrease is primarily due to more cash expended for grants payable and payments to outside professionals/consultants.

### 2022

The Authority's available cash increased by \$6,165,655 as of December 31, 2022. The increase is primarily due to less cash expended for grants payable and payments to outside professionals/consultants.

### Requests for Information

This financial report is designed to provide the reader with a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Northwest Indiana Regional Development Authority's Office.

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

	2024	2023
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 55,589,578	\$ 52,889,172
Restricted cash	49,047,106	44,179,345
Accounts receivable	9,254,804	6,057,375
Interest receivable	8,295	13,672
Current portion of note receivable	100,000	100,000
Prepaid expenses	29,721	27,563
Current portion of bond receivable	1,435,000	1,400,000
TOTAL CURRENT ASSETS	115,464,504	104,667,127
Property and equipment		
Furniture, fixtures & leasehold improvements	75,557	75,557
Accumulated depreciation	(58,301)	(57,105)
TOTAL PROPERTY AND EQUIPMENT (NET)	17,256	18,452
Long-term assets		
Bond receivable	725,000	2,160,000
Note receivable	250,000	350,000
TOTAL LONG-TERM ASSETS	975,000	2,510,000
TOTAL ASSETS	116,456,760	107,195,579
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension costs	50,118	57,171
TOTAL DEFERRED OUTFLOWS OF RESOURCES	50,118	57,171
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued expenses	1,067,360	546,924
Accrued vacation	34,126	34,885
Grants payable	3,614,003	6,200,647
TOTAL CURRENT LIABILITIES	4,715,489	6,782,456
Non-current liabilities		
Net pension liability	204,371	182,820
West Lake operating escrow	28,236,694	24,117,482
TOTAL NON-CURRENT LIABILITIES	28,441,065	24,300,302
TOTAL LIABILITIES	33,156,554	31,082,758
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension costs	26,088	51,861
TOTAL DEFERRED INFLOWS OF RESOURCES	26,088	51,861
<b>NET POSITION</b>		
Net position - unrestricted	63,623,144	56,417,039
Net position - restricted	19,701,092	19,701,092
TOTAL NET POSITION	\$ 83,324,236	\$ 76,118,131

The accompanying notes are an integral part of these statements.

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## STATEMENTS OF ACTIVITIES Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>UNRESTRICTED NET ASSETS</b>		
Support		
City of East Chicago	\$ 3,500,000	\$ 3,500,000
Lake County	3,500,000	3,500,000
City of Gary	3,500,000	3,500,000
City of Hammond	3,500,000	3,500,000
Porter County	3,500,000	3,500,000
TOTAL UNRESTRICTED SUPPORT	<u>17,500,000</u>	<u>17,500,000</u>
<b>RESTRICTED NET ASSETS</b>		
Support		
Lake County Local Income Tax	7,078,359	6,163,886
Gary Blight Elimination	3,000,000	-
TDD - Hammond Gateway	18,959	-
TOTAL RESTRICTED SUPPORT	<u>10,097,318</u>	<u>6,163,886</u>
TOTAL SUPPORT	<u>27,597,318</u>	<u>23,663,886</u>
<b>EXPENSES</b>		
Program services		
Rail Projects Annual Leases		
West Lake Project Lease (LIT)	7,078,359	6,163,886
South Shore and West Lake Balance Leases (Member Dues)	9,193,880	23,402,204
TOTAL RAIL PROJECTS ANNUAL LEASES	<u>16,272,239</u>	<u>29,566,090</u>
Gary Blight Elimination	3,000,000	-
TOTAL PROGRAM SERVICES	<u>19,272,239</u>	<u>29,566,090</u>
Supporting services		
Salaries & professional services	4,441,481	5,068,133
Operating expenses	127,662	106,819
TOTAL SUPPORTING SERVICES	<u>4,569,143</u>	<u>5,174,952</u>
Depreciation expense	1,196	1,196
TOTAL EXPENSES	<u>23,842,578</u>	<u>34,742,238</u>
<b>NON-OPERATING REVENUE</b>		
Interest income	3,451,365	3,177,036
TOTAL NON-OPERATING REVENUE	<u>3,451,365</u>	<u>3,177,036</u>
CHANGE IN NET POSITION	7,206,105	(7,901,316)
NET POSITION - BEGINNING OF YEAR	<u>76,118,131</u>	<u>84,019,447</u>
NET POSITION - END OF YEAR	<u><u>\$ 83,324,236</u></u>	<u><u>\$ 76,118,131</u></u>

The accompanying notes are an integral part of these statements.

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## STATEMENTS OF CASH FLOWS Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Fee revenue	\$ 28,519,101	\$ 26,628,262
Payments to grantees	(5,586,644)	(1,304,035)
Payments to others	<u>(20,321,032)</u>	<u>(36,163,601)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,611,425</u>	<u>(10,839,374)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Bond payment proceeds	1,400,000	1,370,000
Note receivable payment proceeds	100,000	200,000
Investment interest income	<u>3,456,742</u>	<u>3,182,297</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>4,956,742</u>	<u>4,752,297</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	7,568,167	(6,087,077)
<b>CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>97,068,517</u>	<u>103,155,594</u>
<b>CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 104,636,684</u></u>	<u><u>\$ 97,068,517</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income	\$ 3,754,740	\$ (11,078,352)
Depreciation expense	1,196	1,196
Decrease (increase) in assets		
Accounts receivable	(3,197,429)	(979,063)
Prepaid expenses	(2,158)	(2,331)
Increase (decrease) in liabilities		
West Lake operating escrow	4,119,212	3,943,439
Net pension liability	2,831	(26,032)
Accounts payable and other accruals	519,677	(1,394,196)
Grants payable	<u>(2,586,644)</u>	<u>(1,304,035)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 2,611,425</u></u>	<u><u>\$ (10,839,374)</u></u>

The accompanying notes are an integral part of these statements.

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2024 and 2023

### (1) Summary of significant accounting policies

Nature of Activities – The Northwest Indiana Regional Development Authority (the “RDA” or the “Authority”) was established as a separate body corporate and politic by HEA 1120-2005 which identified the board selection process, powers, duties and sources of funding.

If the RDA issues bonds they are to create two funds, a general fund and a lease rental account. It specifies that the lease rental account shall always maintain a balance that is higher than the highest annual debt service and lease payment.

Mission – The RDA operates with the highest ethical principles to stimulate a significant rebirth in Northwest Indiana and is a catalyst in transforming the economy and quality of life in Northwest Indiana. They are guided by a set of principles directing them to be:

- **BOLD** in their thinking
- **COLLABORATIVE** when working with many groups and organizations without regards to political affiliation, race, or social status
- **TRANSPARENT** to the public and press as work is done
- **NON-PARTISAN** as we reach out to all affected parties
- **EFFICIENT** in use of the public’s resources
- **ACCOUNTABLE** for their actions, now and in the future
- **SOCIALLY EQUITABLE** as we conduct business (internal and external) and direct the use of our resources in ways that respect the diversity of our region

The Legislative vision for the RDA from House Bill 1120 is summarized as follows:

Lake and Porter counties face unique and distinct challenges and opportunities related to transportation and economic development. A unique approach is required to fully take advantage of the economic potential of the South Shore, Gary/Chicago Airport, and Lake Michigan shoreline. Powers and responsibilities of the RDA are appropriate and necessary to carry out the public purposes of encouraging economic development and further facilitating the provision of air, rail, and bus transportation services, project, and facilities, shoreline development projects, and economic development projects in eligible counties.

### Power and Duties

- Assist in the coordination of local efforts concerning projects
- Assist a commuter district, airport authority, shoreline development commission and regional bus authority in coordinating regional transportation and economic development
- Fund projects identified in the article
- Fund bus services and projects related to bus services (facilities)
- May issue grants, make loans and loan guarantees, issue bonds or enter into a lease of a project



# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2024 and 2023

### (1) Summary of significant accounting policies (cont.)

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

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

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

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

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2024 and 2023

### (1) Summary of significant accounting policies (cont.)

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

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

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

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

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2024 and 2023

### (1) Summary of significant accounting policies (cont.)

Revenue – The RDA receives substantially all of its support revenue from state, city and county agencies. The State of Indiana distributes to the Authority admissions tax collected from Lake County, East Chicago, Gary, and Hammond. The amount to be collected from each entity is \$3,500,000 per fiscal year. As of December 31, there could be shortfalls in admissions tax collected which is collected in the subsequent year. Porter County distributes funds to the RDA from its Local Option Income tax in the amount of \$3,500,000 per year. The RDA also receives Local Income Tax due to governmental units in Lake County, but collected by the State and transferred to the RDA. These amounts are restricted to be used for the West Lake Corridor project.

Revenue is earmarked for projects recognized with the development of a Comprehensive Strategic Development Plan. Based on this plan the following projects were identified:

- Commuter Rail Transportation – Plans to extend the South Shore rail line to Lowell and Valparaiso are being reviewed.
- Lake Michigan Shoreline Development – A reinvestment strategy for the Lake Michigan shoreline to provide balance between nature, industry, restoration and redevelopment while reclaiming the shoreline for public access and projects related to the Lake Michigan Marina and Shoreline Development Commission. IC 36-7.5-2-1 identifies the types of projects eligible for RDA funding.
- Town of Porter – Indiana 49 lakeshore gateway corridor area between Interstate 94 to the Indiana Dunes State Park.

Federal Grant Funds – The RDA is the recipient and fiscal agent of a Brownfield Revolving Loan Fund (“RLF”) grant sponsored by the US Environmental Protection Agency (EPA). The grant award is \$1,400,000. The reporting requirements for this grant include quarterly progress reports which are due four times a year, within 30 days of the end of each quarter: January 31, April 30, July 31, and October 31. An annual financial report is due at the end of the year and by January 31. Once all data is assembled, the Authority’s project manager submits the quarterly progress report and the annual financial report to the designated EPA project officer.

At times, the RDA receives money from federal agencies and acts as the fiscal agent responsible for distributing funds to local municipalities to leverage local matches from the RDA. The funds are drawn down from the federal agencies only upon the grantee spending the money and requesting reimbursement. The RDA monitors the grant and the grantee and ensures that the grantee is in compliance with the eligibility on how the monies are spent. The RDA submits quarterly reports to the federal agencies.

Grants Payable and Other Related Accruals – The Authority is committed to various organizations via reimbursement-based grants. These payments are made when the organization has fulfilled the terms of the grant and submitted for reimbursement from the Authority. See Note 7 for further detail.

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2024 and 2023

### (1) Summary of significant accounting policies (cont.)

Accounts Receivable – Accounts receivable represent payments due to the RDA at December 31. In addition, any shortfalls in admissions tax distributions during the year are included in accounts receivable. All amounts are expected to be collected. Per IC 36-7.5-6-5, the RDA is required to transfer \$3,000,000 to the Blighted Property Demolition Fund (“Fund”) in each State fiscal year beginning after June 30, 2023, and ending before July 1, 2025. After June 30, 2025, but not later than July 1, 2026, the RDA will be reimbursed for all amounts transferred to the Fund. \$3,000,000 and \$0 of accounts receivable at December 31, 2024 and 2023, respectively, represents reimbursable transfers made to the Fund.

Prepaid Expenses – Prepaid expenses represent payments to vendors during the current period, which will reflect costs applicable to subsequent accounting periods.

Accounts Payable and Accrued Expenses – The December 31 accounts payable balance relates to materials, supplies, taxes or services provided to the Authority during one calendar year, and not paid until the following calendar year. Expenses that have occurred but not invoiced through the financial statement date are considered accrued expenses.

Accrued Vacation – It is the policy of the Authority that unused vacation time can be carried forward. Vacation time earned but not taken is considered accrued vacation and should be paid the employee at the time services are terminated.

West Lake Operating Escrow – Under the Governance Agreement, the RDA has committed to escrow revenues received from the State of Indiana per IC 6-3.1-20-7 and IC 36-4.5-4-2 for the purpose of defraying the West Lake rail project’s annual operating deficits at such time the project becomes operational. The project is expected to achieve revenue service sometime in 2025.

Operating Revenue, Operating Expenses, and Non-Operating Revenue and Expenses – The principal operating revenue of the Authority derives from gaming or admissions taxes collected by and transferred to the RDA by the State of Indiana. Secondly, the Authority receives local income tax revenue which under State law (IC 6-3.6-9-5) is a fixed percentage of local income tax owing to the specified governmental units in Lake County. This amount, collected by the State and transferred directly to the RDA on a monthly basis, is restricted for use on the West Lake Project. Operating expenses for the Authority include contractual and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Income Tax Status – The RDA is a quasi-government organization that operates as a separate body corporate and politic. An opinion from the Attorney General has been requested regarding the RDA’s tax-exempt status and Federal and State filing requirements.

Staff and Payroll – Staff salaries, other compensation, and related expenses are paid by the state budget agency and reimbursed by the RDA.

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2024 and 2023

### (1) Summary of significant accounting policies (cont.)

Cash and Cash Equivalents – The RDA considers all investments with maturities of three months or less, when purchased, to be cash equivalents. Cash and cash equivalents are stated at fair value and consist of cash bank accounts. See Note 2 for further detail.

Furniture, Fixtures, and Leasehold Improvements – Furniture and equipment are recorded at cost less accumulated depreciation computed on the straight-line method over the estimated useful life of five to ten years. Leasehold improvements are computed on the straight-line method over the estimated useful life of three years.

Net Position – Net position is comprised of the net earnings from operating and non-operating revenues, expenses and capital contributions. Net position is considered restricted for the portion of revenue collected from the Lake County Local Income Tax as it is to be used for the West Lake Corridor project. The remaining net position is considered unrestricted and is available for the use of the Authority.

Budgetary Information – Each year, the budget is prepared on or before the first day of December on a basis consistent with generally accepted accounting principles. The budget is adopted by the Board annually and submitted to the state finance committee in January of each year for approval. The legal level of budgetary control is at the total fund expense level.

Tuition Expense – The agency offers an incentive for employees to further their education with a tuition reimbursement program.

Leases – The agency has a twelve (12) month rental agreement for office space and supply reimbursement. The lease expense for the year ended December 31, 2024 was \$55,954. The agreement expires June 30, 2025. The monthly lease amount, which is due at the beginning of each month, is \$4,714. The remaining obligation due for the rental agreement is \$28,284.

Restricted Cash – The agency has received funding related to a rail improvement project in Lake County. The cash received is considered restricted in use for this project.

Accumulated Reclassifications – Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 presentation. The reclassification had no effect on the net position.

Subsequent Events – Subsequent events have been evaluated through April 18, 2025, which is the date the financial statements were available to be issued.

### (2) Concentrations

At December 31, 2024 and 2023, \$750,000 of the RDA's cash and cash equivalents was insured by the Federal Depository Insurance Corporation (FDIC), and therefore classified under Risk Category 1. The Public Deposit Insurance Fund (PDIF) was created by the Acts of 1937 in the State of Indiana to protect the public funds of the state and its political subdivisions deposited in approved financial institutions. The PDIF insures those public funds deposited in approved financial institutions which exceed the limits of coverage provided by any FDIC. The RDA has funds deposited in PDIF approved financial institutions.

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2024 and 2023

### (2) Concentrations (cont.)

At December 31, 2024 and 2023, the remaining portion of cash respectively, was covered by the PDIF and classified in Risk Category 1.

### (3) Furniture, Fixtures, and Leasehold Improvements

All furniture, fixtures, and leasehold improvements is depreciated using the straight-line method. Depreciation expense at December 31, 2024 and 2023 was \$1,196 and \$1,196. Furniture, fixtures, and leasehold improvements at year end consist of the following:

	2024	2023
Furniture and fixtures	\$ 37,655	\$ 37,655
Leasehold improvements	37,902	37,902
Accumulated depreciation	(58,301)	(57,105)
Total property and equipment, net	<u>\$ 17,256</u>	<u>\$ 18,452</u>

### (4) Pension plan

#### **Plan Description**

The RDA is a participating employer of the Public Employees' Hybrid plan (PERF Hybrid), and its employees are participating members. PERF Hybrid is part of the Public Employees' Retirement Fund (PERF) and consists of two components: the Public Employees' Defined Benefit Account (PERF DB), the monthly employer-funded defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account (PERF DC), a member-funded account. PERF Hybrid is administered by the Indiana Public Retirement System (INPRS). INPRS issues a publicly available financial report, including PERF Hybrid, that may be obtained at <http://www.inprs.in.gov/>.

#### **Public Employees' Defined Benefit Account**

PERF DB is a cost-sharing, multiple employer defined benefit fund providing retirement, disability, and survivor benefits to full-time employees of the State not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the fund is generally in accordance with IC 5-10.2, IC 5-10.3, IC 5-10.5, 35 IAC 1.2, and other Indiana pension law.

#### **Eligibility for Pension Benefit Payment**

*Full Retirement Benefit:* A member is entitled to a full retirement benefit at 1) at age 65 with at least 10 years of creditable service (eight years for certain elected officials), 2) at age 60 with at least 15 years of creditable service, 3) at age 55 if age and creditable service total at least 85, 4) at age 55 with 20 years of creditable service and active as an elected official in the PERF-covered position, or 5) at age 70 with 20 years of creditable service and still active in the PERF-covered position.

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2024 and 2023

### (4) Pension plan (cont.)

*Early Retirement Benefit:* A member is entitled to an early retirement benefit at age 50 and a minimum of 15 years of creditable service. The benefit is 44% of full benefits at age 50, increasing 5% per year up to 89% at age 59.

*Disability Benefit:* An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of disability.

*Survivor Benefit:* If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death. If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment.

### **Contribution Rates**

Contributions are determined by the INPRS Board and are based on a percentage of covered payroll. If determined to be necessary by the actuaries of INPRS, the INPRS Board updates the percentage of covered payroll annually effective July 1. Employers currently contribute 11.2% of covered payroll. No member contributions are required.

### **Benefit Formula and Postretirement Benefit Adjustment**

The lifetime annual benefit equals years of creditable service multiplied by the average highest five-year annual salary multiplied by 1.1% (minimum of \$180 per month). Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12.4 and administered by the INPRS Board.

### **Public Employees' Defined Contribution Account**

PERF DC is a multiple employer defined contribution fund providing retirement benefits to full-time employees of the State not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the account is generally in accordance with IC 5-10.2, IC 5-10.3, 35 IAC 1.2, and other Indiana pension law.

### **Contribution Rates**

Member contributions under PERF DC are set by statute and the INPRS Board at 3% of covered payroll. The employer may choose to make these contributions on behalf of the member. The Board made no contributions to PERF DC for the year ended June 30, 2021. Under certain limitations, voluntary post-tax member contributions up to 10% of compensation can be made solely by the member.

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2024 and 2023

### (4) Pension plan (cont.)

#### **Benefit Terms**

Members (or their beneficiaries) are entitled to the sum total of contributions plus earnings 30 days after separation from employment (retirement, termination, disability, or death) or upon providing proof of the member's qualification for Social Security disability benefits. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity. PERF DC members are 100% vested in their account balance.

#### **Significant Actuarial Assumptions**

The total pension liability is determined using an actuarial valuation performed by the actuaries of INPRS, which involves estimates of the value of reported amounts (e.g., salaries, credited service, etc.) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations, etc.). Actuarially determined amounts are subject to review and modifications, as actual results are compared with past expectations and new estimates are developed.

Key methods, assumptions, and dates of experience studies used in calculating the total pension liability in the latest actuarial valuation are included in the publicly available financial report published by INPRS. In addition, the INPRS financial report includes a target asset allocation and geometric real rates of return expected to be realized in calculating the total pension liability, as well as how those rates of return were determined.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of the Plan calculated using the discount rate of 6.25 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.25 percent), or one percentage point higher (7.25 percent) than the current rate:

1% Decrease (5.25%)	Current (6.25%)	1% Increase (7.25%)
\$ 325,592	\$ 204,371	\$ 103,578

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2024 and 2023, the RDA reported a liability of \$204,371 and \$198,691, respectively, for its proportionate share of the net pension liability. The RDA's proportionate share of the net pension liability was based on the RDA's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the December 31, 2024 and 2023, measurement dates was 0.0000507 and 0.0000518, respectively.



# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2024 and 2023

### (4) Pension plan (cont.)

For the years ended December 31, 2024 and 2023, the RDA recognized pension expense of \$2,831 and \$26,032, respectively. At December 31, 2024 and 2023, the RDA reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

As of December 31, 2024	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 2,113	\$ 26,088
Differences between expected and actual experience	20,946	-
Net difference of projected and actual investment earnings	27,059	-
Changes in assumption	-	-
Total	<u>\$ 50,118</u>	<u>\$ 26,088</u>
As of December 31, 2023	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 1,558	\$ 51,861
Differences between expected and actual experience	3,740	-
Net difference of projected and actual investment earnings	41,903	-
Changes in assumption	9,970	-
Total	<u>\$ 57,171</u>	<u>\$ 51,861</u>

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2024 and 2023

### (4) Pension plan (cont.)

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

Year Ending December 31:

2025	\$ (10,500)
2026	27,443
2027	8,758
2028	(1,671)
Total	<u>\$ 24,030</u>

### (5) Bond receivable

In 2016, the RDA agreed to loan \$13,100,000 to the City of Gary, Indiana. The amount due to the RDA from the City of Gary at December 31, 2024 and 2023 was \$2,160,000 and \$3,560,000, respectively.

Year Ending December 31:

	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,435,000	41,822
2026	725,000	8,306
Total	<u>\$ 2,160,000</u>	<u>\$ 50,128</u>

### (6) Note receivable

In 2019, the RDA agreed to loan \$650,000 to the City of East Chicago Housing Authority. Based on an agreement with the EPA, this loan was made to establish a revolving loan fund (RLF) that would be used for future eligible cleanup and mitigation work that meets EPA guidelines. The amount due to the RDA from the City of East Chicago Housing Authority at December 31, 2024 and 2023 was \$350,000 and \$450,000, respectively.

Year Ending December 31:

	<u>Principal</u>
2025	\$ 100,000
2026	250,000
Total	<u>\$ 350,000</u>

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2024 and 2023

### (7) Commitments

Since the inception of the RDA, there have been contracts awarded for approved projects within Northwest Indiana. Because not all awarded contracts have been completed, the RDA has remaining commitments of \$3,614,003 at December 31, 2024 as follows:

Project Name:	Water Filtration Plant Demolition
Nature of Project:	Shoreline Restoration
Date Awarded:	11/13/2008
Initial Total Project Cost:	\$1,980,000
Cost through 12-31-2024:	\$225,000
Remaining Balance at 12-31-2024:	\$1,755,000
Percent (%) Complete as of 12-31-2024:	11%

Project Name:	Hammond Lakes Area
Nature of Project:	Shoreline Restoration
Date Awarded:	1/8/2009
Initial Total Project Cost:	\$31,480,000
Cost through 12-31-2024:	\$31,443,909
Remaining Balance at 12-31-2024:	\$36,091
Percent (%) Complete as of 12-31-2024:	99%

Project Name:	Porter Gateway to the Dunes (Grant 2)
Nature of Project:	Shoreline Restoration
Date Awarded:	7/7/2011
Initial Total Project Cost:	\$3,915,000
Cost through 12-31-2024:	\$3,345,333
Remaining Balance at 12-31-2024:	\$569,667
Percent (%) Complete as of 12-31-2024:	85%

Project Name:	NICTD
Nature of Project:	Surface Transportation - Commuter Rail
Date Awarded:	5/7/2013
Initial Total Project Cost:	\$275,000
Cost through 12-31-2024:	\$262,621
Remaining Balance at 12-31-2024:	\$12,379
Percent (%) Complete as of 12-31-2024:	95%

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2024 and 2023

### (7) Commitments (cont.)

Project Name:	Modern Forge
Nature of Project:	Other - Deal Closing
Date Awarded:	9/18/2014
Initial Total Project Cost:	\$2,000,000
Cost through 12-31-2024:	\$1,968,750
Remaining Balance at 12-31-2024:	\$31,250
Percent (%) Complete as of 12-31-2024:	98%

Project Name:	Tec Air
Nature of Project:	Other - Deal Closing
Date Awarded:	4/3/2014
Initial Total Project Cost:	\$2,450,000
Cost through 12-31-2024:	\$2,446,700
Remaining Balance at 12-31-2024:	\$3,300
Percent (%) Complete as of 12-31-2024:	100%

Project Name:	East Chicago Shoreline and Demolition
Nature of Project:	Shoreline
Date Awarded:	7/18/2014
Initial Total Project Cost:	\$17,495,000
Cost through 12-31-2024:	\$16,842,877
Remaining Balance at 12-31-2024:	\$652,123
Percent (%) Complete as of 12-31-2024:	96%

Project Name:	East Chicago Shoreline and Demolition Phase II
Nature of Project:	Shoreline
Date Awarded:	9/22/2016
Initial Total Project Cost:	\$12,935,000
Cost through 12-31-2024:	\$12,534,557
Remaining Balance at 12-31-2024:	\$400,443
Percent (%) Complete as of 12-31-2024:	97%

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2024 and 2023

### (7) Commitments (cont.)

Project Name:	RLF Loan
Nature of Project:	Other - Deal Closing
Date Awarded:	12/22/2014
Initial Total Project Cost:	\$160,000
Cost through 12-31-2024:	\$99,213
Remaining Balance at 12-31-2024:	\$60,787
Percent (%) Complete as of 12-31-2024:	62%

Project Name:	Porter County Airport
Nature of Project:	Taxiway Connector Pavements
Date Awarded:	2/21/2017
Initial Total Project Cost:	\$317,917
Cost through 12-31-2024:	\$224,954
Remaining Balance at 12-31-2024:	\$92,963
Percent (%) Complete as of 12-31-2024:	71%

Effective August 31, 2018 the RDA entered into a governance agreement with NICTD and IFA for the development of the South Shore Line, specifically the Double Track and the West Lake Corridor projects. On June 1, 2022 and December 1, 2022, the RDA signed a lease agreement as a lessee with the IFA and the U.S. Department of Transportation's Build America Bureau for Railroad Rehabilitation and Improvement Financing loans for the West Lake Corridor project and the Double Track project, respectively. These loans are subject to additional federal oversight. The terms of the lease agreements are governed under IC 5-1.3-5 and IC 5-13-10.5-20. The agreements specify that RDA's receipt of "Member Dues" transferred by the Auditor of State under IC 36-7.5-4-2 and of local income tax "Participant Unit Revenues" transferred under IC 6-3.6-9-5(c) will be used to make the lease payments. The LIT funds received by the RDA may only be used for the West Lake Corridor project, which is located within Lake County. The RDA will make "pay-go" payments from the loans inception until the leases begin in 2025, the actual lease payments, in the same amount, will then begin and continue through 2048. The future payments are as follows:

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2024 and 2023

**(7) Commitments (cont.)**

	<u>West Lake Corridor</u>	<u>Double Track</u>	<u>Total</u>
2025	\$ -	\$ 641,277	\$ 641,277
2026	14,100,000	2,117,385	16,217,385
2027	14,100,000	2,117,385	16,217,385
2028	14,100,000	2,117,385	16,217,385
2029	14,100,000	2,117,385	16,217,385
Thereafter	267,899,998	40,230,283	308,130,281
	<u>\$ 324,299,998</u>	<u>\$ 49,341,100</u>	<u>\$ 373,641,098</u>

**(8) No interest security forgivable loan**

The contingent security interest acquired by the RDA under the forgivable loan program is incrementally released as the grantor complies with the grant requirements. There is no reasonable way to predict future conduct by grantees. Although there is a potential likelihood that the RDA could obtain some form of an asset at some date in the future if grantee noncompliance occurs, there is no way to predict if or when that will occur.

**REQUIRED  
ADDITIONAL INFORMATION**

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## Retirement Plan Schedule of Proportionate Share of Pension Liability

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.0000507	0.0000518	0.0000630	0.0000860	0.0000914	0.0000900	0.0000915	0.0000946	0.0000894	0.0000840
Authority's proportionate share of the net pension liability	\$ 204,371	\$ 182,820	\$ 198,691	\$ 113,163	\$ 276,064	\$ 297,456	\$ 310,830	\$ 422,062	\$ 405,737	\$ 342,124
Authority's covered-employee payroll	340,827	325,871	362,330	474,343	493,528	469,071	466,715	469,240	428,435	402,211
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.0%	56.1%	54.8%	23.9%	55.9%	63.4%	66.6%	89.9%	94.7%	85.1%
Plan fiduciary net position as a percentage of the total pension liability	79.5%	80.8%	82.5%	92.5%	81.4%	80.1%	78.9%	76.6%	75.3%	77.3%

\* The amounts presented are as of the fiscal year end of the plan, June 30.

See independent auditors' report.



# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## Retirement Plan Schedule of Contributions

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 38,173	\$ 36,498	\$ 40,581	\$ 53,127	\$ 55,275	\$ 52,536	\$ 52,272	\$ 52,555	\$ 47,985	\$ 45,048
Contributions in relation to the statutorily required contribution	38,173	36,498	40,581	53,127	55,275	52,536	52,272	52,555	47,985	45,048
Deficit (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 340,827	\$ 325,871	\$ 362,330	\$ 474,343	\$ 493,528	\$ 469,071	\$ 466,715	\$ 469,240	\$ 428,435	\$ 402,211
Contributions as a percentage of covered-employee payroll	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%

\* The amounts presented are as of the fiscal year end of the plan, June 30.

See independent auditors' report.

## **ADDITIONAL INFORMATION**

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## Supplemental Schedule for Supporting Services

**For the Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Accounting	\$ 56,544	\$ 41,418
Federal/State/Compliance consultant	72,017	85,969
Financial advisor	418,131	343,000
Legal	82,640	115,777
Public awareness and education	1,095	-
Rail project consultants	2,382,806	3,631,354
Salaries and related personnel costs	345,655	535,603
Special consultant	526,225	-
Transit Development District Planning	556,368	315,012
<b>Total Salaries and Professional Services</b>	<u>4,441,481</u>	<u>5,068,133</u>

### Operating Expenses

Bank charges	597	328
Communication	16,354	14,188
Insurance	31,392	27,737
Meals and entertainment	1,078	802
Office supplies	3,901	2,885
Postage	81	61
Professional development	544	3,072
Rent	61,309	50,179
Telephone and fax services	3,782	3,704
Travel	8,624	3,863
<b>Total Operating Expenses</b>	<u>127,662</u>	<u>106,819</u>
<b>Total Supporting Services Expenses</b>	<u>\$ 4,569,143</u>	<u>\$ 5,174,952</u>

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Northwest Indiana Regional Development Authority

### **Report on Internal Control over Financial Reporting**

#### ***Opinion on Internal Control Over Financial Reporting***

We have audited Northwest Indiana Regional Development Authority's internal control over financial reporting as of December 31, 2024, based on criteria established in the Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, Northwest Indiana Regional Development Authority maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in the Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Northwest Indiana Regional Development Authority, and our report dated April 18, 2025 expressed an unmodified opinion.

#### ***Basis for Opinion***

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting section of our report. We are required to be independent of Northwest Indiana Regional Development Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for Internal Control Over Financial Reporting***

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting.

### ***Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting***

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

### ***Definition and Inherent Limitations of Internal Control Over Financial Reporting***

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

LWG CPAs & Advisors  
Indianapolis, Indiana  
April 18, 2025

**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**

To the Board of Directors  
of Northwest Indiana Regional Development Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Northwest Indiana Regional Development Authority as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Northwest Indiana Regional Development Authority's basic financial statements, and have issued our report thereon dated April 18, 2025.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Northwest Indiana Regional Development Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northwest Indiana Regional Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Northwest Indiana Regional Development Authority'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations, that we consider to be significant deficiencies.

The RDA did not properly record certain amounts in accounts payable and accounts receivable as of the year ended December 31, 2024. Ensuring amounts are recorded in the proper period is necessary to provide users with accurate financial information. Inadequate cut-off procedures could result in a misrepresentation of the financial position of the RDA. We recommend policies and procedures are established in order to monitor accounts payable and accounts receivable to ensure that amounts are recorded in the proper period.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Northwest Indiana Regional Development Authority's financial statements are free from 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 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.

### ***Report on Internal Control over Financial Reporting***

In addition to the audit of the financial statements of Northwest Indiana Regional Development Authority as of and for the year ended December 31, 2024, and the related notes to the financial statements, we were also engaged to perform an audit of internal control. We have issued our opinion on internal control in our report dated April 18, 2025.

LWG CPAs & Advisors  
Indianapolis, Indiana  
April 18, 2025

# **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

## **Independent Auditor's Report**

To the Board of Directors  
of Northwest Indiana Regional Development Authority

## **Report on Compliance for Each Major Federal Program**

### **Opinion on Each Major Federal Program**

We have audited Northwest Indiana Regional Development Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Northwest Indiana Regional Development Authority's major federal programs for the year ended December 31, 2024. Northwest Indiana Regional Development Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northwest Indiana Regional Development Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northwest Indiana Regional Development Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Northwest Indiana Regional Development Authority's compliance with the compliance requirements referred to above.



## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Northwest Indiana Regional Development Authority's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northwest Indiana Regional Development Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northwest Indiana Regional Development Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, On a test basis, evidence regarding Northwest Indiana Regional Development Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Northwest Indiana Regional Development Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Northwest Indiana Regional Development Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control\ over compliance that we identified during the audit.

## **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

LWG CPAs & Advisors  
Indianapolis, Indiana

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Passed Through	Pass-Through Entity's Identifying Number	Passed Through to Subrecipient	Federal Expenditures
<b>U. S. Department of Treasury</b>					
<i>Direct Program</i>					
Railroad Rehabilitation and Improvement Financing Program	20.316	Indiana Finance Authority		\$ -	\$ 74,091,199

The accompanying notes are an integral part of these statements.

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## **Notes to the Schedule of Expenditures of Federal Awards** **Year Ended December 31, 2024**

### **(1) Organization and nature of activities**

The Northwest Indiana Regional Development Authority (the “RDA” or the “Authority”) was established as a separate body corporate and politic by HEA 1120-2005 which identified the board selection process, powers, duties, and sources of funding.

The RDA operates to stimulate the economy and quality of life in Northwest Indiana by assisting in the coordination of local projects with local authorities, districts, and commissions. The RDA performs this mission through grants, loans, loan guarantees, or by entering into a lease of a project.

### **(2) Basis of presentation**

The accompanying Schedule of Expenditures of Federal Awards (“schedule”) includes the federal expenditures related to the U.S. Department of Transportation’s Railroad Rehabilitation and Improvement Financing Program for the year ended December 31, 2024. The information on this schedule is prepared 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 RDA, it is not intended to and does not present the financial position, changes in net position, or cash flows of the RDA.

### **(3) Summary of significant accounting policies**

Expenditures reported on the schedule are reported on the cash basis of reporting. Such expenditures are recognized following the cost principles contained in Uniform Guidance. The RDA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

### **(4) Railroad Rehabilitation and Improvement Financing Program**

The RDA is the fiscal officer of the projects that are part of the Railroad Rehabilitation and Improvement Financing Program, and the Indiana Finance Authority acts as the issuer of any financing. Funds are held in and disbursed from a revenue trust. At January 1, 2023, the balance of associated loan was \$0 and at December 31, 2023 the balance was \$228,561,129, including capitalized interest of \$1,117,900. The balance of the loan as of December 31, 2024 was \$239,957,331, including capitalized interest of \$9,172,521. The amount of interest paid was \$0 for the years ended December 31, 2024 and 2023.

# NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended December 31, 2024

### Section I – Summary of Auditors’ Results

#### Financial Statements

Type of auditor’s report issued: UNMODIFIED

Internal control over financial reporting:

Are any material weaknesses identified?	<u>                    </u> yes	<u>    X    </u> no
Are any significant deficiencies identified?	<u>    X    </u> yes	<u>            </u> no
Is any noncompliance material to financial statements noted?	<u>            </u> yes	<u>    X    </u> no

#### Federal Awards

Internal control over major program:

Are any material weaknesses identified?	<u>                    </u> yes	<u>    X    </u> no
Are any significant deficiencies identified?	<u>                    </u> yes	<u>    X    </u> 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)?	<u>                    </u> yes	<u>    X    </u> no
Identification of major federal programs:		
<u>Federal CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
20.316	Railroad Rehabilitation and Improvement Financing Program	
Dollar threshold used to distinguish between type A and type B programs:	<u>    \$ 2,222,736    </u>	
Auditee qualified as a low-risk auditee?	<u>                    </u> yes	<u>    X    </u> no

# **NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY**

## **Schedule of Findings and Questioned Costs Year Ended December 31, 2024**

### **Section II – Financial Statement Findings**

#### **Material Noncompliance**

No material noncompliance was identified.

Finding number: 2024-001; Improper monitoring of accounts payable and accounts receivable

Criteria – Accounts payable and accounts receivable should be properly monitored to ensure proper cut off.

Condition and Context – Certain amounts were not properly recorded as payable and receivable at December 31, 2024.

Cause – Accounts payable and accounts receivable balances were not properly monitored to ensure proper cut off procedures.

Effect – The financial position of the RDA could be inaccurately presented due to these amounts not being included in the December 31, 2024 financial position. Accounts payable and accounts receivable were adjusted with the audit.

Recommendation – We recommend that policies and procedures are established to ensure the accounts payable and accounts receivable balances are reviewed and that amounts are recorded in the proper period.

Responsible official's response – Management of the RDA was aware of the lack of proper cut off procedures and is implementing additional procedures to prevent future occurrences. Management agrees with the findings.

April 18, 2025

Board of Directors  
Northwest Indiana Regional Development Authority  
9800 Connecticut Drive  
Crown Point, IN 46307

We have audited the financial statements of Northwest Indiana Regional Development Authority as of and for the year ended December 31, 2024, and have issued our report thereon dated April 18, 2025. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated February 6, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Northwest Indiana Regional Development Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

## **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

## **Significant Risks Identified**

We have identified the following significant risks:

Management override of controls – Due to the size of the entity there is a significant risk of management override of controls. The entity has contracted certain services to mitigate these risks.

Non-exchange transactions. – The entity distributes money to local organizations without directly receiving equal value in return, therefore the transactions qualify as non-exchange transactions. Expenses to grantees are recognized in the fiscal year they are granted and amounts remaining to be reimbursed to grantees are considered grants payable.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Northwest Indiana Regional Development Authority is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.



## *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the entity's financial statements relate to: Commitments.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule summarizes misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to the financial statements taken as a whole.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Northwest Indiana Regional Development Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management that are included in the attached letter dated April 18, 2025.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultation with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the entity, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the entity's auditors.

This information is intended solely for the use of the board of directors and management of Northwest Indiana Regional Development Authority and is not intended to be and should not be used by anyone other than these specified parties.

LWG CPAs & Advisors  
Indianapolis, Indiana

Client: **9918-001 - Northwest Indiana Regional Development Authority**  
Engagement **Audit 2024**  
Period Endin **12/31/2024**  
Trial Balance **IV-01-1 - TB**  
Workpaper: **V-01-01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>		<b>I-02-01</b>		
To record August 2024 LIT transfer as payable				
5015	Program Services:5015 -+ Rail Project Member Dues		512,729.40	
2000	Accounts Payable			512,729.40
<b>Total</b>			<b>512,729.40</b>	<b>512,729.40</b>
<b>Adjusting Journal Entries JE # 2</b>		<b>I-02-01</b>		
To record WSP USA 2024 invoice as payable				
6400	Project Specific Consultant Fee		155,657.90	
2000	Accounts Payable			155,657.90
<b>Total</b>			<b>155,657.90</b>	<b>155,657.90</b>
<b>Adjusting Journal Entries JE # 3</b>		<b>N-02</b>		
To record Gary Blight transfer as receivable per IC 36-7.5-6-5				
1290	Miscellaneous AR		3,000,000.00	
4120	Revenue - Gary Blight Reimbursement			3,000,000.00
<b>Total</b>			<b>3,000,000.00</b>	<b>3,000,000.00</b>