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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

August 3, 2023

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

We have reviewed the audit report of the Northern Indiana Commuter Transportation District, which was opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Northern Indiana Commuter Transportation District, as of December 31, 2022, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner



Annual Comprehensive Financial Report

For the year ended December 31,

2022

NICTD

Northern Indiana Commuter
Transportation District
Chesterton, IN 46304



ANNUAL COMPREHENSIVE FINANCIAL REPORT



Northern Indiana Commuter Transportation District
33 East US Highway 12
Chesterton, Indiana 46304

For the Year Ended December 31, 2022

Prepared by
Accounting and Administration

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

December 31, 2022

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

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

FINANCIAL SECTION

Independent Auditor's Report.....	1
Management's Discussion and Analysis	4
Financial Statements	
Statement of Net Position	10
Statement of Revenues, Expenses and Change in Net Position	12
Statement of Cash Flows	13
Notes to Financial Statements	15
Required Supplementary Information	
Schedule of Changes in NICTD's Total OPEB Liability and Related Ratios	37
Schedule of NICTD's Proportionate Share of the Net Pension Liability -PERF	38
Schedule of NICTD's Contributions -PERF	40
Supplementary Schedules	
Schedule of Expenses	42
Schedule of Expenditures of Federal Awards.....	44
Note to Schedule of Expenditures of Federal Awards	45

STATISTICAL SECTION (Unaudited)

Net Position	46
Changes in Net Position	47
Revenues by Source	48
Revenues by Source (Graph Presentation)	49
Revenues and Operating Assistance – Comparison to Industry Trend Data	50
System Recovery Ratio	51
Farebox Revenues vs. Operating Expenses (Graph Presentation)	52
Operating Expenses by Object Class.....	53
Operating Expenses by Function Class – Comparison to Industry Trend Data.....	54
Operating Expenses per Electric Multiple-Unit Hour (Graph Presentation)	55
Pledged Revenue Coverage	56

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

December 31, 2022

TABLE OF CONTENTS

STATISTICAL SECTION (Unaudited) (continued)

Ratio of Outstanding Debt by Type	58
Demographic and Economic Indicators.....	59
Principal Employers in Chicago.....	60
Fare Rate Structure	61
Operating Statistics	63
Employees by Labor Classification.....	64
Percentage of Employees by Department (Graph Presentation).....	65

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	66
Independent Auditor's Report on Compliance for Major Federal Program; Report on Internal Control Over Compliance	68
Schedule of Findings and Questioned Costs	71

INTRODUCTORY SECTION



April 7, 2023

Board of Trustees
Northern Indiana Commuter
Transportation District
Chesterton, Indiana

The Annual Comprehensive Financial Report of the Northern Indiana Commuter Transportation District (“District” or “NICTD”) for the year ended December 31, 2022 is hereby respectfully submitted. This report has been prepared according to the guidelines recommended by the Government Finance Officers Association (GFOA).

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

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

History

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

LETTER OF TRANSMITTAL

In 1977, the Indiana General Assembly passed legislation (Indiana Code (IC) 8-5-15) enabling the four counties served by the CSS (St. Joseph, LaPorte, Porter, and Lake counties) to form a municipal corporation to maintain and enhance the passenger rail service. On December 29, 1989, NICTD began direct operations of the South Shore Line passenger rail service.

In 2019, the Indiana General Assembly passed a state budget bill that restructured NICTD's Board of Trustees (Board) to consist of five members. The Indiana Department of Transportation's commissioner, or the commissioner's designee, shall serve as Chairman of the Board. The Governor of Indiana appoints the remaining four members as follows: one elected official from each of the four Indiana counties served by the District. Appointments are for terms of four years.

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

Reporting Entity

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

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

NICTD is required by Indiana Code 8-5-15-19 to have an annual audit performed by independent certified public accountants. Crowe LLP, a firm of licensed certified public accountants, has audited NICTD's financial statements. The goal of the independent audit is to provide reasonable assurance NICTD's financial statements for the year ended December 31, 2022 are free of material misstatement. The independent auditors rendered an unmodified auditor's report on NICTD's financial statements for the year ended December 31, 2022.

As a recipient of federal and state financial assistance, NICTD is required to undergo an annual single audit in conformity with the provisions of 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). Information related to the Single Audit, including the schedule of expenditures of federal awards, findings and questioned costs and auditor's reports on the internal control structure and compliance with applicable laws and regulations is included in the Annual Comprehensive Financial Report. The report for the year ended December 31, 2022 is now available and may be obtained by contacting the CFO's office.

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

LETTER OF TRANSMITTAL

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

Service Provided by the District

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

The Northern Indiana Commuter Transportation District (NICTD) is an electric railroad providing daily commuter rail passenger service along a 90-mile route between South Bend, Indiana and Chicago, Illinois. Known to locals as the South Shore Line, NICTD's commuter service is a major contributor to the economic engine of northern Indiana and southeast Chicago, operating about 13,000 trains in a typical year carrying passengers to high paying Chicago jobs. Since the mid-70's ridership grew from 1.5 million to a record 4.2 million passengers in 2007 (see graph on page v). While ridership has not met those record levels since the Great Recession, ridership remained steady in recent years up until 2020. Like other public transit services, NICTD's ridership took a horrible hit in 2020 due to the coronavirus (COVID-19) pandemic. In the wake of the pandemic, staff responded promptly by implementing advanced cleaning and safety protocols to enhance the safety of passengers and staff. These enhancements continue. In 2022, ridership levels increased a promising 37.2% over 2021. NICTD remains hopeful that ridership will continue to rebound.

The South Shore is uniquely positioned in the heart of Chicago's Loop within easy access to approximately 604,500 jobs, more than doubling the job base of Lake and Porter counties, Indiana (247,000 jobs). On average these jobs pay 44% more than similar positions in northwest Indiana.

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

The District owns 69.2 route miles in Indiana and leases 6.1 miles in perpetuity between the Illinois/Indiana state line to 115th St/Kensington where NICTD merges with the Metra Electric District for the final 14 miles to Chicago. NICTD has a mixed fleet of 82 electric multiple-unit (EMUs) with an average fleet age of 31.6 years. The District's goal is to be the mode of choice for accessing Chicago. To accomplish this, the District must enhance safety, improve reliability and reduce travel time.



Revenue and Funding

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

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

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

NICTD's primary source of non-operating assistance comes from Federal Grants through the Federal Transit Administration (FTA) for operations and capital improvement programs. NICTD received federal ARP Act funding in 2022. Additional funding is provided through the public mass transportation fund, electric rail service fund and commuter rail service fund in the State of Indiana.

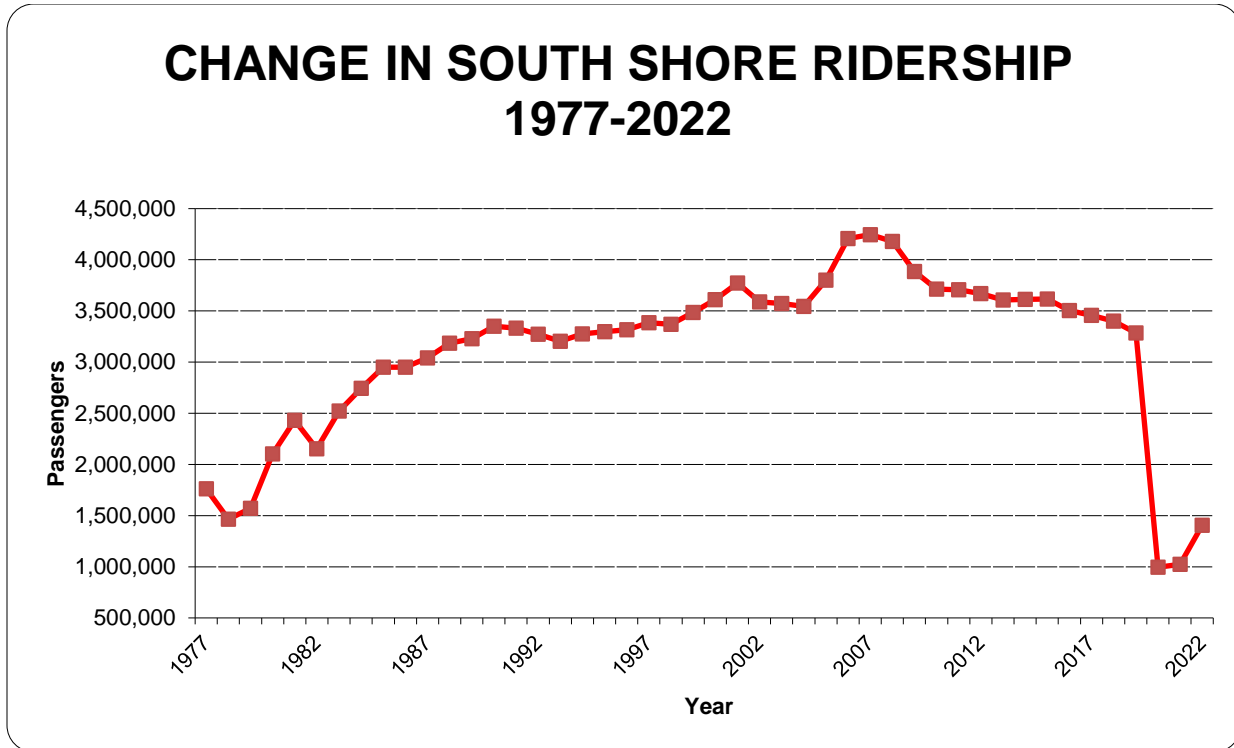
NICTD practices financial planning and cost controls, however it is not legally required to report on a budgetary basis. No comparison of actual and budget data is included.

Local Economy

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

The majority of NICTD's ridership is comprised of those commuting to and from Chicago's Central Business District. Workforce increases within Chicago's Central Business District should

correlate to increases in rush hour ridership. However, as a result of the pandemic, several businesses in Chicago had employees telecommute. More currently, we are seeing patterns that indicate hybrid-working situations that only require employees to physically be in the office a few days each week. In total, NICTD carried over 1.41 million passengers in 2022.



Major Initiatives

NICTD uses a minimum five-year Transportation Improvement Plan (TIP) that is updated annually. This plan was developed to provide NICTD with a strategy for implementing capital improvement projects.

NICTD has concentrated its capital resources in a six-year effort to improve assets that affect service reliability. Substation rehabilitation, track improvements, bridges, and the New Starts West Lake and Double Track projects have been the focus of the program. NICTD continues to strive to modernize the entire railroad in order to achieve reduced travel times and effectively compete with auto commuting.

South Bend Realignment Study In 2017, NICTD hired DLZ to perform a South Bend Realignment Study to evaluate new alignments to connect to the airport in South Bend, with the purpose of reducing travel time. After being put on hold by the city of South Bend in September 2017, a decision was made in 2022 to reissue a scope of work including environmental work and 100% engineering design to bring the service to the west side of South Bend International Airport.

West Lake Corridor Project In October 2020, NICTD received the Full Funding Grant Agreement (FFGA) from the Federal Transit Administration for its West Lake Corridor New Starts project. The West Lake Corridor project will create an approximate eight mile southern branch route extension to reach high-growth areas in Lake County, Indiana. The project will expand NICTD’s service

LETTER OF TRANSMITTAL

coverage, improve mobility and accessibility, and stimulate local job creation and economic development opportunities for Lake County. 89% of land parcels have been acquired and demolition work is complete. Survey control work, Maintenance of Traffic installations, and utility conflict resolutions are in progress. Environmental remediation work also continues. Substantial completion is scheduled for October 2024, and revenue service is scheduled for May 2025. Visit www.nictdwestlake.com for more information.

Double Track Northwest Indiana Project The Double Track Northwest Indiana (DT-NWI) New Starts Project expands current service from single track to double track between Gary and Michigan City, Indiana. This will allow for more frequent service, reduced delays, and improved travel times. The Double Track Project received the FFGA on January 7, 2021. Right of way acquisition activities were nearly final in 2022. Track work is nearing completion in Michigan City and progresses westward to the Dune Park station. Bridge, platform, and parking lot work continue. The current schedule shows substantial completion being achieved in January 2024, with an anticipated revenue service date in May 2024. For more information visit www.doubletrack-nwi.com.

Line & Signal Department In 2022, NICTD worked with NIPSCO to convert the primary power of the New Carlisle Transformer to 69kv. The Tee Lake transfer will be replaced in 2023. Designs for the Miller and Pines Modular Substations were completed. The Line and Signal Department also provided support to the Double Track project during 2022. Employees performed duties including utility locates of NICTD owned fiber, along with signal and grade crossing warning cables, on track safety protection, grade crossing warning modification and testing, and overhead catenary preparation for sectionalization. .

Track & Structures and Bridges & Buildings Departments In 2022, all mainline and passing siding rails underwent ultrasonic rail testing. The team inspected all bridges, culverts, and buildings. In addition, crews rebuilt four grade crossing surfaces, rehabilitated ten turnouts, and installed ties on seven main line track miles.

Mechanical Department The End Life rebuild program includes 58 railcars, with the first 32 rehabbed cars being utilized for the West Lake Corridor extension. The tenth railcar was nearing completion at the end of 2022. Reconditioning the railcars should result in a significant savings over the cost of new ones. Updates include HVAC, propulsion inverter units, pantograph-rebuilds, as well as other improvements. Replacement of NICTD's passenger car DVR and camera systems is also underway. 26 additional railcars will be needed to backfill the existing 32 rehabilitated railcars that will be used to operate the new West Lake service in 2025. NICTD and Metra have agreed to a 15-year lease arrangement beginning early 2023. NICTD will lease 26 of Metra's HL1 cars. These railcars are nearly identical to NICTD's 300 series bi-level cars. Metra will perform a full Mid Life rehabilitation on these cars and perform modifications to make them as close to NICTD's existing cars as possible to keep spare parts as interchangeable as possible between the two groups of cars.

Award

The Government of Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Northern Indiana Commuter Transportation District for its Annual Comprehensive Financial Report for the year ended December 31, 2021. NICTD has achieved this prestigious award for ten consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily

LETTER OF TRANSMITTAL

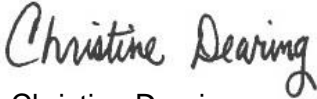
readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgement

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

Respectfully submitted,



Christine Dearing
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Northern Indiana
Commuter Transportation District**

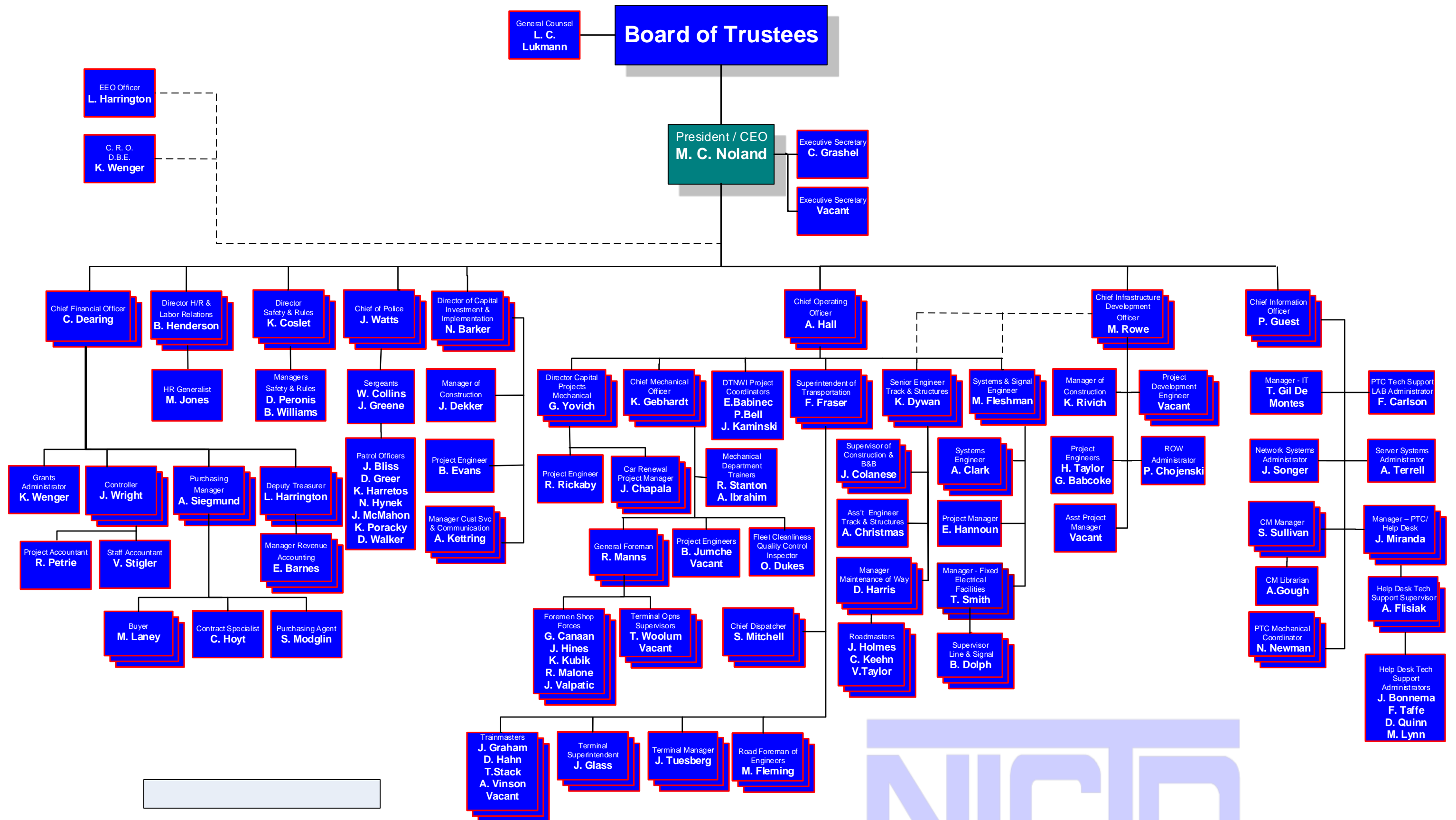
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

Northern Indiana Commuter Transportation District Organization Chart



Northern Indiana Commuter Transportation District

Board of Trustees and Administration
as of December 31, 2022

Members of the Board of Trustees

Indiana Department of Transportation Commissioner

Michael Smith
Chairman

Lake County, Indiana

Jerome Prince
Board Member

Porter County, Indiana

Jeff Good
Vice Chairman

LaPorte County, Indiana

Jim Arnold
Treasurer

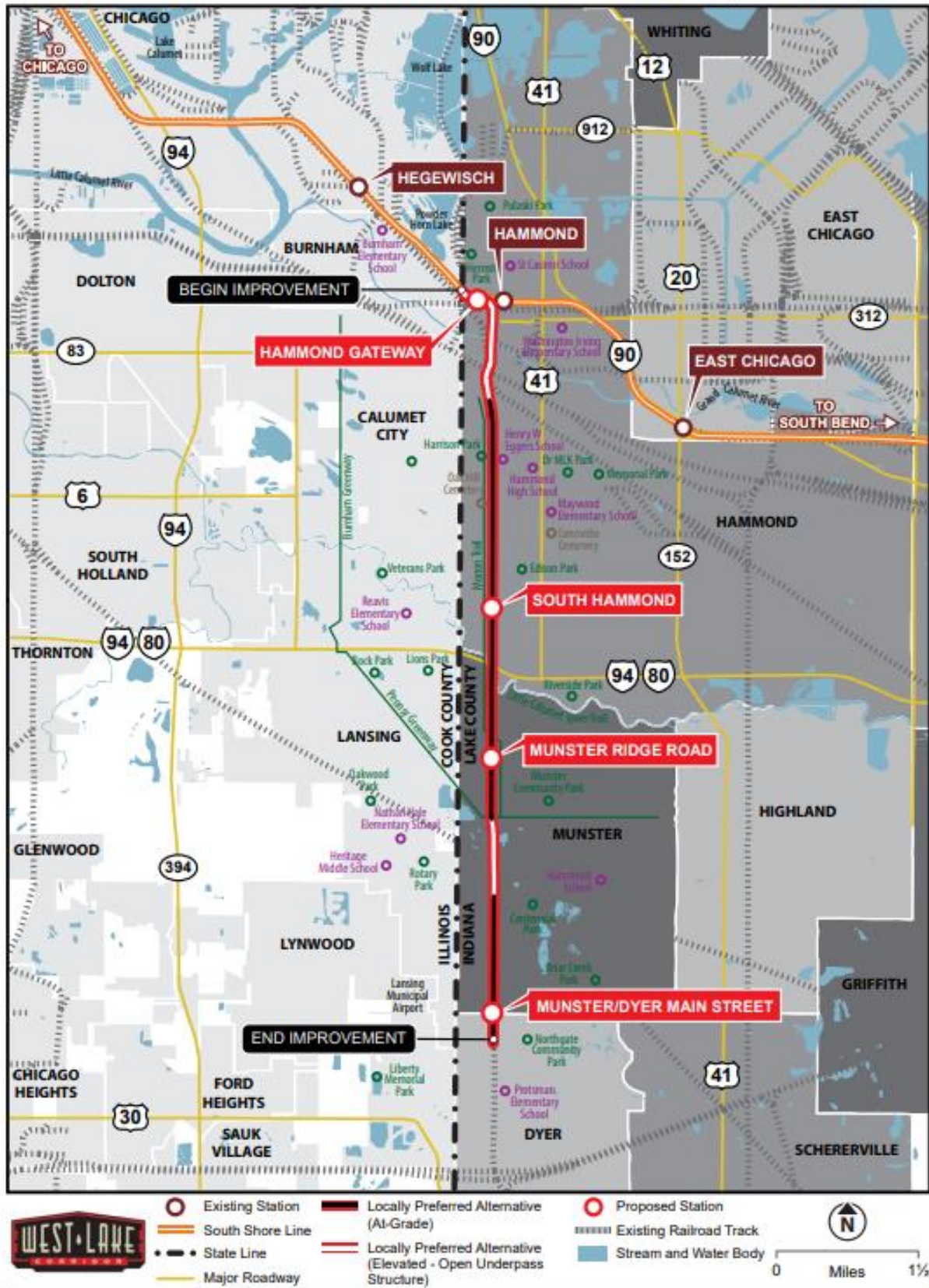
St. Joseph County, Indiana

Carl Baxmeyer
Secretary

Administration

Michael Noland, President
Christine Dearing, Chief Financial Officer
Patrick Guest, Chief Information Officer
Kevin Gebhardt, Chief Mechanical Officer
Jessie Watts, Jr., Chief of Police
Bjarne Henderson, Director of HR & Labor Relations
Kristen Coslet, Director of Safety & Training

WEST LAKE CORRIDOR PROJECT MAP - HAMMOND, IN TO DYER, IN



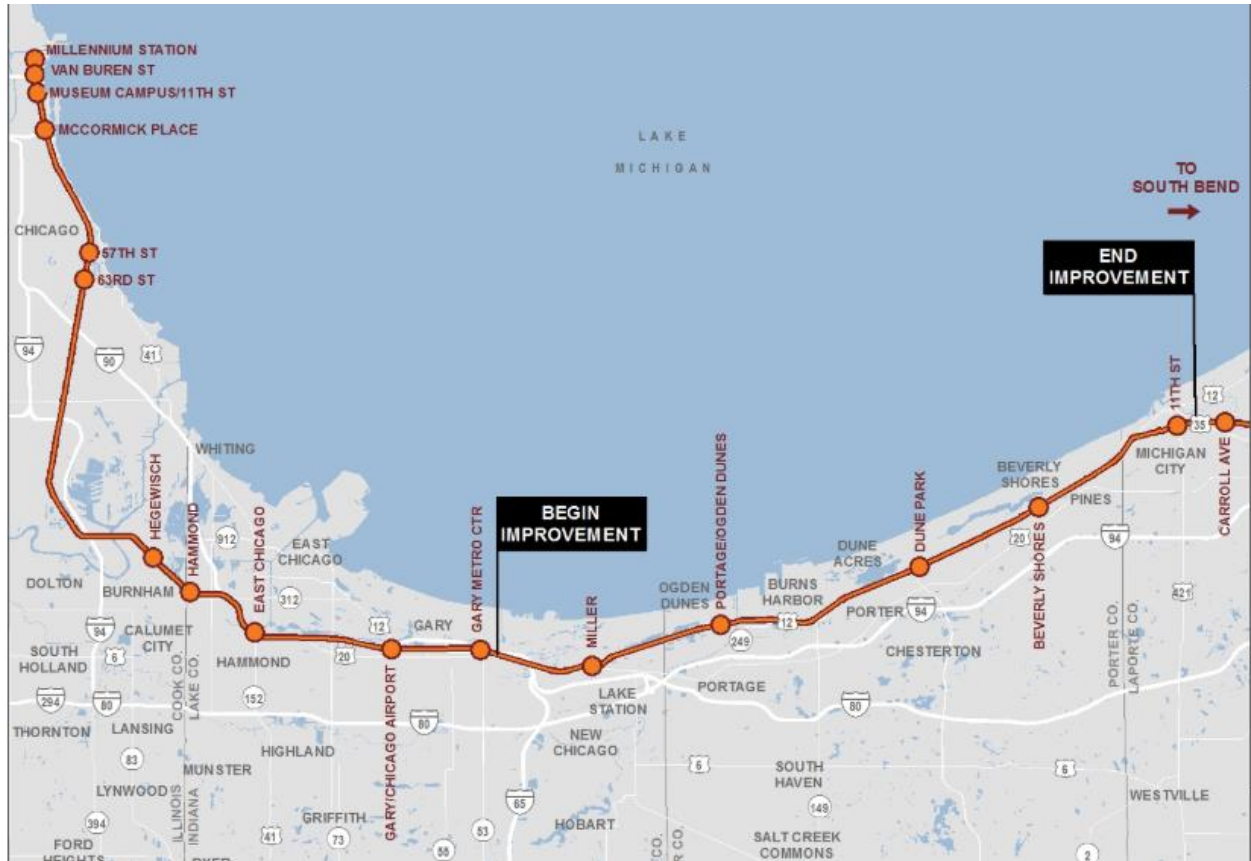
West Lake Corridor Project

Approximate 8 mile extension of the South Shore Line between Hammond and Dyer, Indiana



Groundbreaking ceremony of the West Lake Corridor Project
October 28, 2020

DOUBLE TRACK N·W·I



Double Track Northwest Indiana Project
25-mile second track between Gary and Michigan City



Double Track Northwest Indiana groundbreaking ceremony
June 20, 2022

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Northern Indiana Commuter
Transportation District
Chesterton, Indiana

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

We have audited the financial statements of the Northern Indiana Commuter Transportation District (NICTD), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise NICTD's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of NICTD as of December 31, 2022 and the change in financial position and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 NICTD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, NICTD has adopted GASB Statement No. 87, *Leases* for the year ended June 30, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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 NICTD's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

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 opinion. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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, but not for the purpose of expressing an opinion on the effectiveness of NICTD's internal control. Accordingly, no such opinion is expressed.
- 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 NICTD'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, schedule of NICTD's proportionate share of the net pension liability – PERF, schedule of NICTD's contributions – PERF, and schedule of changes in NICTD's total OPEB liability and related ratios as shown on the table of contents 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.

(Continued)

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise NICTD's basic financial statements. The schedules of expenses and the 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* are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenses and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2023 on our consideration of NICTD'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 NICTD's 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 NICTD's internal control over financial reporting and compliance.



Crowe LLP

Indianapolis, Indiana
April 6, 2023

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2022 and 2021
 (In thousands of dollars)

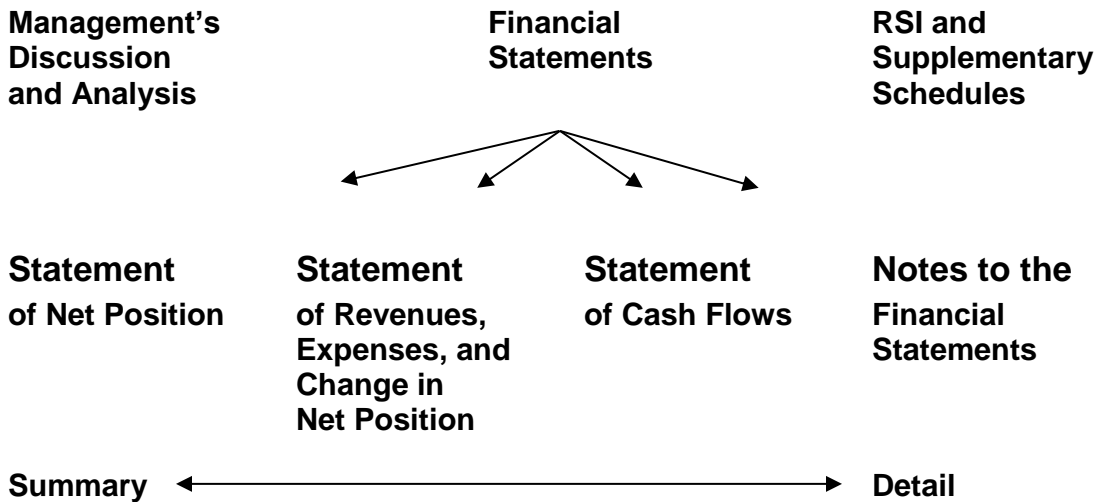
The following discussion and analysis of the Northern Indiana Commuter Transportation District's (NICTD's) financial performance provides an overview of NICTD's financial activities for the year ended December 31, 2022 and 2021.

Overview of the Financial Statements

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

Figure A-1

Required Components of Northern Indiana Commuter Transportation District's Annual Financial Report



The Statement of Net Position include all of NICTD's assets and liabilities and deferred outflows and inflows of resources, and provide information about the nature and amounts of investments in resources (assets) and the obligations to NICTD creditors (liabilities). It also provides the basis for evaluating the capital structure of NICTD and assessing the liquidity and financial flexibility of NICTD.

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

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

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022 and 2021
(In thousands of dollars)

Financial Highlights

- NICTD reported a \$358,508 increase to Net Position for 2022. This increase is primarily due to additional federal and regional funding for the West Lake and Double Track projects.
- Operating revenues climbed by 45.13% in 2022 to \$9,201 as NICTD began to see a recovery in ridership.
- Operating loss increased by \$6,107 or 8.20% in 2022 primarily due to increased maintenance expenses and depreciation costs from recently capitalized projects.
- Loss before capital contributions increased by \$7,679 or 57.29% in 2022 due in part to the depletion of Federal CARES Act funding.
- Capital contributions increased by 155.55% or \$231,052 in 2022 due primarily to federal and regional government capital contributions received to fund NICTD's two Capital Investment Grant projects, Double Track Northwest Indiana and West Lake Corridor.

Statements of Net Position

Total net position increased by \$358,508 in 2022. (see Figure A-2). The largest portion of net position is net investment in capital assets, which increased \$351,254 in 2022 through capital improvements, which were funded by bond proceeds and contributions from federal, state, and regional governmental agencies.

Figure A-2
Condensed Statements of Net Position

	<u>2022</u>	<u>2021</u>	<u>Difference</u>	<u>Percent Change</u>
Current assets	\$ 192,534	\$ 75,877	\$ 116,657	153.74%
Capital assets (net)	998,586	632,481	366,105	57.88
Other noncurrent assets	<u>96,824</u>	<u>56,576</u>	<u>40,248</u>	<u>71.14</u>
Total assets	1,287,944	764,934	523,010	68.37
Deferred outflows of resources	589	637	(48)	(7.54)
Current liabilities	172,094	38,053	134,041	352.25
Long-term liabilities	110,922	84,140	26,782	31.83
Other liabilities	<u>1,346</u>	<u>1,171</u>	<u>175</u>	<u>14.94</u>
Total liabilities	284,362	123,364	160,998	130.51
Deferred inflows of resources	4,102	646	3,456	534.98
Net investment in capital assets	893,181	541,927	351,254	64.82
Restricted for debt service	45,550	12,036	33,514	278.45
Restricted for capital projects	5,522	3,396	2,126	62.60
Unrestricted	<u>55,816</u>	<u>84,202</u>	<u>(28,386)</u>	<u>(33.71)</u>
Total net position	<u>\$ 1,000,069</u>	<u>\$ 641,561</u>	<u>\$ 358,508</u>	<u>55.88%</u>

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022 and 2021
(In thousands of dollars)

Statements of Revenues, Expenses and Changes in Net Position

Operating revenues increased in 2022 by \$2,861 (see Figure A-3a). Ridership experienced a significant decrease in 2020 due to the coronavirus, COVID-19. Ridership is climbing but continues to see these effects.

	<u>2022</u>	<u>2021</u>
Operating revenue	\$ <u>9,201</u>	\$ <u>6,340</u>
Commuter ridership	728	473
Off-peak ridership	<u>679</u>	<u>552</u>
Total ridership	<u><u>1,407</u></u>	<u><u>1,025</u></u>

Operating expenses increased by \$8,968 in 2022 due to an increase in maintenance expenses and depreciation costs. The capitalization and subsequent depreciation of the Catenary Renewal III Project was the main driver of the depreciation increase. Total non-operating revenues/expenses decreased by \$1,572 in 2022 due primarily to the depletion of Federal CARES Act Revenue.

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

	<u>2022</u>	<u>2021</u>	<u>Difference</u>	<u>Percent Change</u>
Operating revenue	\$ 9,201	\$ 6,340	\$ 2,861	45.13%
Operating expenses	<u>(89,822)</u>	<u>(80,854)</u>	<u>(8,968)</u>	<u>11.09</u>
Operating loss	(80,621)	(74,514)	(6,107)	8.20
Non-operating revenues/expenses	<u>59,538</u>	<u>61,110</u>	<u>(1,572)</u>	<u>(2.57)</u>
Loss before contributions	(21,083)	(13,404)	(7,679)	57.29
Capital contributions	<u>379,591</u>	<u>148,539</u>	<u>231,052</u>	<u>155.55</u>
Increase in net position	358,508	135,135	223,373	165.30
Net position, beginning of year	<u>641,561</u>	<u>506,426</u>	<u>135,135</u>	<u>26.68</u>
Net position, end of year	<u><u>\$ 1,000,069</u></u>	<u><u>\$ 641,561</u></u>	<u><u>\$ 358,508</u></u>	<u><u>55.88%</u></u>

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022 and 2021
(In thousands of dollars)

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

Figure A-3b
Schedule of Revenues and Expenses

	<u>2022</u>	<u>2021</u>
Operating revenue		
Passenger fares (net of refunds)	\$ 9,189	\$ 6,340
Parking lot collections	<u>12</u>	<u>-</u>
Total operating revenues	<u>\$ 9,201</u>	<u>\$ 6,340</u>
Operating expenses		
Transportation	\$ 20,224	\$ 20,028
Maintenance of way	7,678	7,947
Maintenance of equipment	15,900	15,758
Claims and insurance	5,129	4,920
General and administrative	<u>9,509</u>	<u>9,112</u>
	58,440	57,765
Depreciation	<u>31,382</u>	<u>23,089</u>
Total operating expenses	<u>\$ 89,822</u>	<u>\$ 80,854</u>
Nonoperating revenues (expenses)		
Federal maintenance grant	\$ 21,996	\$ -
Federal CARES Act funding	-	30,669
State operating assistance	17,271	13,833
Other local funds	5,420	5,241
Other revenue	1,238	931
Interest expense	(2,957)	(3,054)
Indefinite Situs tax	<u>16,570</u>	<u>13,490</u>
Total nonoperating revenues (expenses)	<u>\$ 59,538</u>	<u>\$ 61,110</u>

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022 and 2021
(In thousands of dollars)

Statements of Cash Flows

Cash flow used in operating activities in 2022 increased by \$6,595 (see Figure A-4). Cash flow provided by capital and related financing activities increased by \$18,884 due to an increase in capital contributions. Cash from investing activities decreased by \$5,706.

Figure A-4
Condensed Statements of Cash Flows

	<u>2022</u>	<u>2021</u>	<u>Difference</u>	<u>Percent Change</u>
Net cash flows used in operating activities	\$ (51,757)	\$ (45,162)	\$ (6,595)	14.60%
Net cash flows provided by noncapital financing activities	49,443	53,299	(3,856)	7.23
Net cash flows provided by (used in) Capital and related financing activities	14,241	(3,241)	17,482	539.40
Net cash flows provided by investing activities	<u>458</u>	<u>6,164</u>	<u>(5,706)</u>	<u>(92.57)</u>
Net increase in cash and cash equivalents	12,385	11,060	1,325	11.98
Cash and equivalents, beginning of year	<u>72,823</u>	<u>61,763</u>	<u>11,060</u>	<u>17.91</u>
Cash and equivalents, end of year	<u>\$ 85,208</u>	<u>\$ 72,823</u>	<u>\$ 12,385</u>	<u>17.01%</u>

Capital Assets

NICTD maintains a minimum five-year Capital Improvements Program (CIP) that is presented to the board annually. Development of the CIP is based on NICTD's current facilities plan and recommendations from the annual inspection of tracks, catenary, traffic signals, and bridge facilities. NICTD's current plan covers years from 2023 through 2028. NICTD expects to invest \$200,823 in capital improvements during 2023 - 2023. NICTD will utilize grants and non-operating revenues to fund these improvements. Work will include upgrades along the right of way, new equipment, railcar improvements, bridge improvements, and substation improvements.

NICTD is also proposing to fund the West Lake Corridor (WLC) expansion project and Double Track Northwest Indiana (DT-NWI) project during 2023-2025. See table below for funding sources. 2022 spending amounted to \$96,369 for West Lake and \$214,826 for Double Track.

Planned Funding Sources for 2023 – 2025:

West Lake*	State/RDA/Local funding	Federal funding	Total funding
Project Costs	\$271,897	\$54,573	\$326,470
Double Track*	State/RDA/Local funding	Federal funding	Total funding
Project Costs	\$87,088	\$22,364	\$109,452

* Amounts subject to change based on actual activity.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2022 and 2021
 (In thousands of dollars)

NICTD submitted a formal ratings package for the West Lake Corridor Project (WLC) in September 2018 to the Federal Transit Administration (FTA) within the Capital Investment Grants (CIG) program as a New Starts project. NICTD secured a Full Funding Grant Agreement (FFGA) on October 28, 2020. The Double Track Northwest Indiana (DT-NWI) New Starts Project formally requested a Project Rating and Entry into Engineering phase of the FTA's Capital Investment Grant (CIG) Program in June, 2019. FTA awarded FFGA for DT-NWI January 7, 2021.

Net capital assets were \$998,586 for 2022 and \$632,481 for 2021. For detailed information related to Capital Asset activity, see Note 4 to the financial statements.

Debt Administration

At December 31, 2022 and 2021, NICTD had \$75,955 and \$78,430 principal outstanding for the Series 2016 Bonds. The original bond issue was \$89,100 to finance the implementation of the Positive Train Control project. The bond premium at December 31, 2022 and 2021 was \$7,530 and \$8,185. The original bond premium was \$11,844.

The following reflects resources and debt service paid during the two-year period:

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

	<u>2022</u>	<u>2021</u>	<u>Difference</u>	<u>Percent Change</u>
Situs Tax Restricted for Debt Service	\$ 14,953	\$ 13,551	\$ 1,402	10.35%
Debt Payments - Series 2016 Bonds	6,150	6,149	1	0.01

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

Economic Factors and Next Year's Business Plans and Fares

NICTD carried over 1.4 million passengers in 2022; an increase of 37.2% from 2021. Annual ridership has experienced a decline since 2016, but the COVID-19 (coronavirus) pandemic caused a severe decline in overall ridership for 2020 and continues to affect it. NICTD will continue to closely monitor ridership compared to the pre-pandemic ridership of 2019. 2022's ridership is down 57.2% from 2019. NICTD continues to disinfect railcars, passenger stations, and other public common areas to further aid in protecting staff as well as ensuring the safety of our valued commuters. NICTD continues to analyze potential impacts on expense and revenue sources. NICTD remains hopeful that ridership will continue to rise to pre-pandemic levels.

Operating revenue increased by 45.13% in 2022. Operating and maintenance expenses for 2023 are expected to remain consistent with 2022 levels.

Contacting NICTD's Financial Management

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

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2022
(In thousands of dollars)

	<u>2022</u>
ASSETS	
Current assets	
Cash and cash equivalents, unrestricted (Note 2)	\$ 9,697
Cash and cash equivalents, restricted (Note 2)	2,998
Investments, restricted (Note 2)	3,438
Receivables:	
Federal capital and planning assistance	99,959
State assistance	21,696
Leases receivable (Note 3)	272
RDA/IFA receivables	42,483
Other	<u>2,123</u>
Total receivables	166,533
Materials and supplies inventory	6,607
Prepaid expenses	<u>3,261</u>
Total current assets	192,534
Noncurrent assets	
Cash and cash equivalents, unrestricted (Note 2)	39,832
Cash and cash equivalents, restricted (Note 2)	32,681
Investments, unrestricted (Note 2)	269
Investments, restricted (Note 2)	3,114
Right-to-use lease asset, net (Note 3)	17,417
Leases receivable (Note 3)	3,511
Capital assets not being depreciated	722,117
Capital assets being depreciated	701,168
Less accumulated depreciation	<u>(424,699)</u>
Capital assets being depreciated, net	<u>276,469</u>
Total capital assets, net (Note 4)	<u>998,586</u>
Total noncurrent assets	<u>1,095,410</u>
Total assets	<u>1,287,944</u>
DEFERRED OUTFLOWS OF RESOURCES	
Other Post-Employment Benefits (OPEB) (Note 6)	309
Pension (Note 7)	<u>280</u>
Total deferred outflows of resources	<u>589</u>
Total assets and deferred outflows of resources	<u>\$1,288,533</u>

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
STATEMENT OF NET POSITION

December 31, 2022
(In thousands of dollars)

	<u>2022</u>
LIABILITIES	
Current liabilities	
Accounts payable:	
Trade	\$ 1,112
Due to RDA/IFA	75,249
Capital projects	63,104
Retainage	10,288
Payroll taxes and withholdings	604
Accrued interest	1,791
Unearned revenue	2,731
Accrued injuries and damages (Note 1)	1,569
Other accrued expenses	4,456
Lease liabilities – current portion (Note 3)	8,590
Bonds payable – current portion (Note 5) (payable from restricted assets)	2,600
Total current liabilities	172,094
Noncurrent liabilities	
Long-term liabilities	
Retainage payable	21,210
Lease liabilities (Note 3)	8,827
Long-term debt - bonds payable (Note 5)	80,885
Total long-term liabilities	110,922
Other liabilities	
Total OPEB liability (Note 6)	701
Net pension liability (Note 7)	645
Total other liabilities	1,346
Total noncurrent liabilities	112,268
Total liabilities	284,362
DEFERRED INFLOWS OF RESOURCES	
Leases (Note 3)	3,783
OPEB (Note 6)	233
Pension (Note 7)	86
Total deferred inflows of resources	4,102
NET POSITION (Note 1)	
Net investment in capital assets	893,181
Restricted for debt service	45,550
Restricted for capital projects	5,522
Unrestricted	55,816
Total net position	1,000,069
Total liabilities, deferred inflows of resources, and net position	\$1,288,533

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
Year ended December 31, 2022
(In thousands of dollars)

	<u>2022</u>
Operating revenue	
Passenger fares (net of refunds)	\$ 9,189
Parking lot collections	<u>12</u>
	<u>9,201</u>
Operating expenses	
Transportation	20,224
Maintenance of way	7,678
Maintenance of equipment	15,900
Claims and insurance	5,129
General and administrative	<u>9,509</u>
	58,440
Depreciation	<u>31,382</u>
	<u>89,822</u>
Operating loss	<u>(80,621)</u>
Nonoperating revenues (expenses)	
Federal maintenance grant	21,996
State operating assistance	17,271
Other local funds (Note 8)	5,420
Other revenue (Note 8)	1,238
Interest expense (Note 8)	(2,957)
Indefinite Situs tax	<u>16,570</u>
	<u>59,538</u>
Loss before capital contributions	<u>(21,083)</u>
Capital contributions	
Federal	209,229
State	2,171
Regional governments	<u>168,191</u>
	<u>379,591</u>
Change in net position	358,508
Net position at beginning of year	<u>641,561</u>
Net position at end of year	<u>\$1,000,069</u>

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
STATEMENT OF CASH FLOWS
Year ended December 31, 2022
(In thousands of dollars)

	<u>2022</u>
Cash flows from operating activities	
Cash receipts from customers	\$ 11,342
Cash payments for salaries and benefits	(37,845)
Cash payments for insurance	(4,549)
Cash paid for goods and services	<u>(20,705)</u>
Net cash flows used in operating activities	<u>(51,757)</u>
Cash flows from noncapital financing activities	
State operating assistance	18,426
Federal maintenance grant	21,996
Other local assistance	4,933
Metra operating subsidy	2,368
Trackage rights - ROI subsidy	<u>1,720</u>
Net cash flows provided by noncapital financing	<u>49,443</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(323,848)
Capital contributions	329,051
Interest paid	(3,674)
Indefinite Situs tax	15,168
Proceeds from asset disposition	32
Payment on capital note liability	(13)
Payment on bonds	<u>(2,475)</u>
Net cash flows provided by capital and related financing activities	<u>14,241</u>
Cash flows from investing activities	
Purchase of investments	(138)
Interest received on cash equivalents and investments	<u>596</u>
Net cash flows provided by investing activities	<u>458</u>
Net increase in cash and cash equivalents	12,385
Cash and cash equivalents at beginning of year	<u>72,823</u>
Cash and cash equivalents at end of year	<u>\$ 85,208</u>

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
STATEMENT OF CASH FLOWS
Year ended December 31, 2022
(In thousands of dollars)

	<u>2022</u>
Reconciliation of operating loss to net cash flows used in operating activities	
Operating loss	\$ (80,621)
Adjustments to reconcile operating loss to net cash flows used in operating activities:	
Depreciation expense	31,382
Gain on sale of fixed assets	(27)
Change in assets and liabilities	
Receivables	(500)
Leases receivable	(273)
Right-to-use lease asset, net	8,361
Materials and supplies inventories	197
Prepaid expenses	68
Deferred outflows of resources – pension and OPEB	48
Accounts payable – trade	(5,353)
Unearned revenue	2,641
Total OPEB liability	378
Accrued injuries and damages	508
Accrued and withheld items	52
Lease liabilities	(8,361)
Net pension liability	(203)
Deferred inflows of resources – leases	273
Deferred inflows of resources – pension and OPEB	<u>(327)</u>
Net cash flows used in operating activities	<u>\$ (51,757)</u>
Noncash capital and related financing activities	
Capital assets included in accounts payable and retainage payable	
End of year	\$ 94,602
Beginning of year	20,958
Capital assets included in capital note payable	
End of year	\$ -
Beginning of year	13
Capital contributions included in accounts receivable	
End of year	\$ 142,442
Beginning of year	16,783

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents: Cash and Cash Equivalents consist of bank deposits in accounts that are federally insured. For purposes of the statement of cash flows, NICTD considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. NICTD has not incurred any losses from the deposits.

Restricted Assets: Funds deposited in the Bond Fund represent Indefinite Situs tax revenue and bond proceeds. Use of these funds is limited to the repayment of debt and acquisition of capital assets.

When both restricted and unrestricted resources are available for use, generally it is NICTD's policy to use restricted resources first, and then unrestricted resources when they are needed. Further, NICTD elects to internally reserve funds designated as unrestricted in the accompanying financial statements.

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

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

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

Included with NICTD's machinery and equipment capital assets, NICTD has capitalized an intangible asset, computer software. NICTD follows the same capitalization policy and estimated useful life for its intangible asset as it does for its machinery and equipment capital assets. NICTD also amortizes the intangible asset utilizing the straight-line method.

The funding sources of capital assets are tracked and depreciation on the portion of the cost of assets attributable to federal, state, and local capital grants is internally transferred to the respective capital grant fund balance within unrestricted net position.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Materials and Supplies Inventory: Material and supplies inventory is stated at cost.

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

Lease Receivable: NICTD, as lessor, has entered into various agreements relating to the right to use of its land. An associated lease receivable is recognized if the present value of payments expected to be received over the term of the agreement exceeds twenty thousand dollars.

Right-to-use Lease Assets and Lease Liabilities: NICTD, as lessee, has entered into an agreement which resulted in the reporting of right-to-use lease assets and lease liabilities. These are calculated at the present value of the fixed lease payments expected over the term of the lease and remeasured for any change in lease payment or lease modification. The right-to-use lease assets amortize over the life of the lease. The lease liabilities decrease as payments are made and interest expense is recognized for the period.

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

Total Other Post Employment Benefit (OPEB) Liability: NICTD has recorded a total OPEB liability related to a single employer OPEB plan for employees. The contribution requirements are based on upon projected pay-as-you-go basis and funding for future benefits. NICTD recognizes expense, deferred outflows of resources, and deferred inflows of resources related to OPEB that result in changes in the components of the total OPEB liability.

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

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

Deferred Inflows of Resources of Leases: Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s). These amounts will not be recognized as expense or revenue until the applicable period. NICTD's activities should be measured at the value of the lease receivable plus any payments received at or before the commencement of the term that relate to future periods.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Unrestricted Net Position: This represents the balance of net position which use has not been restricted for debt service nor invested in capital assets. It includes amounts internally designated for accident claims and capital asset reserves.

Insurance: NICTD has insurance coverage for property and casualty losses to electrical substations and related equipment. In addition, NICTD is responsible for the retention portion on the following insured risks: the first \$500 - \$2,000 of loss on cars and trucks; \$2 million per occurrence on rolling stock; and the first \$100 thousand of loss on all other property.

NICTD is responsible for catastrophic liability claims up to \$3 million. Claims in excess of \$3 million are covered by commercial insurance carriers up to a maximum of \$320 million. The coverage from \$3 million to \$320 million is with several insurance carriers. During 2022, all such layers of coverage have been subscribed. There is no guarantee that such coverage will continue to be fully subscribed in the future. There were no significant reductions in insurance coverage during 2022 and there were no settlements that exceeded insurance coverage during the past three years for those risks that NICTD purchased insurance.

Accrued injuries and damages claims activity for the year ended December 31, 2022, and 2021 was as follows in thousands of dollars:

	<u>2022</u>	<u>2021</u>
Unpaid claims, beginning of year	\$ 1,061	\$ 1,050
Incurred claims and changes in claim estimates	623	500
Claim payments	<u>(115)</u>	<u>(489)</u>
Unpaid claims, end of year	<u>\$ 1,569</u>	<u>\$ 1,061</u>

Adoption of New Accounting Pronouncements: For the year ended December 31, 2022, NICTD adopted the following accounting pronouncement.

GASB Statement No. 87, *Leases* ("GASB 87") increases the usefulness of financial statements by requiring recognition of certain assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The adoption of this statement requires NICTD, as lessee, to recognize a lease liability and an intangible right-to-use lease asset for qualifying lease transactions. It also requires NICTD, as lessor, to recognize a lease receivable and a deferred inflow of resources for qualifying lease transactions. NICTD implemented this standard in 2022 and incorporated any required changes to their financial reporting.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a result of implementation, NICTD reported lessor activity of \$4,057,000 leases receivable and deferred inflows of resources – lease for the same amount as of January 1, 2022.

As a result of implementation, NICTD reported lessee activity of \$25,780,000 right-to-use lease asset and a lease liability for the same amount as of January 1, 2022.

There was no net impact on beginning net position as a result of implementation for lessee and lessor transactions.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

	<u>2022</u>
Unrestricted	
General fund	\$ 9,697
Accident claims reserve	6,910
Capital asset reserve	<u>32,922</u>
Total unrestricted	49,529
 Restricted	
Bond proceeds/local grants restricted for acquisition of capital assets	5,082
Indefinite Situs tax restricted for debt repayment	<u>30,597</u>
Total restricted	<u>35,679</u>
	 <u>\$ 85,208</u>

Investments at December 31, 2022 are as follows in thousands of dollars:

<u>Description</u>	<u>2022 Amount</u>
Government agency securities, unrestricted	\$ 269
Taxable Money Market Funds, restricted	3,438
Government agency securities, restricted	<u>3,114</u>
	<u>\$ 6,821</u>

U.S. Treasury securities and Government Agency securities are measured at fair value based on quoted prices for similar assets in active markets and inputs that are observable for the asset, either directly or indirectly for substantially the full term of the investment and as such are classified as Level 2 investments.

As of December 31, 2022 all investment maturities are less than one year. Interest rate ranges for 2022 are 0.07% to 4.36%.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

Investments are allocated as follows in thousands of dollars:

	2022
Unrestricted	
Deferred benefit plan reserve	\$ 269
Total unrestricted	269
Restricted	
Bond proceeds/local grants restricted for acquisition of capital assets	3,114
Indefinite Situs tax restricted for debt repayment	3,438
Total restricted	6,552
	\$ 6,821

Cash and Investment Deposits: NICTD maintains deposits with seven area financial institutions. A summary of these deposits as of December 31, 2022 is as follows in thousands of dollars:

	2022	
	Carrying Amount	Balance Per Bank
On hand	\$ 20	\$ -
On deposit		
Insured by FDIC	1,000	1,000
Insured by IPDIF	84,188	85,608
Held in US Treasury/Gov't Agency	6,821	6,821
	\$ 92,029	\$ 93,429

The investments which NICTD may purchase are limited by Indiana law. NICTD's cash deposits at year-end were entirely covered by Federal Deposit Insurance Corporation (FDIC) or by Indiana Public Deposits Insurance Fund (IPDIF). The IPDIF is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12. Government securities are rated AAA by Standard and Poor's or Aaa by Moody's Investor's Service.

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

NOTE 3 - LEASES

Lessor Activity:

NICTD, as lessor, has entered into various agreements for the right to use its land for aerial cables, tunnels, buried pipelines, and buried fiber optic cables. These agreements qualify as leases for accounting purposes and have been recorded at the present value of the future minimum payments if the aggregate qualifying payments over the life of the lease are \$20,000 or more. Agreement terms range from 5 years to 99 years. If options to extend are reasonably expected, the calculations include the extended years.

Agreements with terms of one year or less and leases with aggregate future minimum lease payments of less than \$20,000 are not included in the measurement of leases receivable.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3 – LEASES (Continued)

Upon implementation of GASB 87, NICTD recognized leases receivable and deferred inflow of resources in the Statement of Net Position. Leases receivable are initially measured at the present value of payments expected to be received over the life of the leases using incremental borrowing rates. Subsequently, the leases receivable are reduced by the principal portion of the payments received.

In 2022, NICTD recognized \$308 in lease revenue and \$45 in lease-related interest revenue. An amount of \$126 of the recognized lease revenue was attributable to other payments not previously included in the measurement of the leases receivable.

Future Lease and Interest Receivables (in thousands) are scheduled to be received as follows:

<u>Year Ending December 31</u>	<u>Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	272	46	318
2024	274	48	322
2025	273	49	322
2026	274	51	325
2027	276	52	328
2028-2032	1,027	246	1,273
2033-2037	716	181	897
2038-2042	463	50	513
2043-2047	56	18	74
2048-2052	37	13	50
2053-2057	13	11	24
2058-2062	9	10	19
2063-2067	9	9	18
2068-2072	11	8	19
2073-2077	12	7	19
2078-2082	13	6	19
2083-2087	14	4	18
2088-2092	14	3	17
2093-2097	14	1	15
2098-2099	6	-	6
	<u>\$ 3,783</u>	<u>\$ 813</u>	<u>\$ 4,596</u>

Lessee Activity:

NICTD, as a lessee, has entered into an agreement with Metra and agreed to a Trackage Rights Agreement whereby NICTD pays Metra for operating over Metra's tracks and other services between Kensington and Millennium Station. The agreement is reviewed and amended as NICTD's and Metra's needs change. The existing Trackage Rights Agreement expires December 31, 2024. NICTD recognized \$8.361 million in total trackage rights expense for 2022. The total value of the right-to-use asset, net as of December 31, 2022, was \$17.417 million and had accumulated amortization of \$8.361 million. The total value of the lease liability as of December 31, 2022, is \$17.417 million.

Future principal payments (in thousands) as of December 31, 2022, were as follows:

2023	\$ 8,590
2024	8,827
Total	<u>\$ 17,417</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4 - CAPITAL ASSETS

	Balance January 1, <u>2022</u>	<u>Changes During Year</u>		Balance December 31, <u>2022</u>
		<u>Additions</u>	<u>Reductions</u>	
Capital assets not being depreciated:				
Land	\$ 8,617	\$ -	\$ -	\$ 8,617
Construction in progress	<u>343,701</u>	<u>397,498</u>	<u>(27,699)</u>	<u>713,500</u>
Total capital assets not being depreciated	<u>352,318</u>	<u>397,498</u>	<u>(27,699)</u>	<u>722,117</u>
Capital assets being depreciated:				
Rolling stock (including capital spare parts)	208,164	-	-	208,164
Buildings and improvements	222,969	20,850	-	243,819
Track work and substations	59,863	-	-	59,863
Positive train control	105,713	6,504	-	112,217
Bridges and crossings	57,129	-	-	57,129
Machinery and equipment	12,714	231	(61)	12,884
Information system and office equipment	1,911	10	-	1,921
Autos and trucks	<u>5,145</u>	<u>98</u>	<u>(72)</u>	<u>5,171</u>
Total capital assets being depreciated	673,608	27,693	(133)	701,168
Less accumulated depreciation:				
Rolling stock (including capital spare parts)	156,058	3,621	-	159,679
Buildings and improvements	175,255	15,487	-	190,742
Track work and substations	7,565	1,778	-	9,343
Positive train control	7,935	7,302	-	15,237
Bridges and crossings	33,449	1,620	-	35,069
Machinery and equipment	9,002	773	(61)	9,714
Information system and office equipment	825	178	-	1,003
Autos and trucks	<u>3,356</u>	<u>623</u>	<u>(67)</u>	<u>3,912</u>
Total accumulated depreciation	<u>393,445</u>	<u>31,382</u>	<u>(128)</u>	<u>424,699</u>
Total capital assets being depreciated, net	<u>280,163</u>	<u>(3,689)</u>	<u>(5)</u>	<u>276,469</u>
Total capital assets, net	<u>\$ 632,481</u>	<u>\$ 393,809</u>	<u>\$ (27,704)</u>	<u>\$ 998,586</u>

Construction in progress (CIP) includes activities for the development and placement of capital assets into service. Both the West Lake Corridor expansion project and Double Track Northwest Indiana project are in process and included in CIP, accounting for a majority of the 2022 additions. Reductions to CIP in 2022 of \$27,699 thousand were comprised of \$27,693 thousand transfers to capital assets and \$6 thousand of expensed CIP projects. A summary of changes in capital assets is as follows in thousands of dollars:

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2022 is as follows (in thousands of dollars):

	January 1, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	December 31, <u>2022</u>	Due Within <u>One Year</u>	Long-Term <u>Portion</u>
Bonds payable:						
Bonds payable – 2016	\$ 78,430	\$ -	\$ (2,475)	\$ 75,955	\$ 2,600	\$ 73,355
Premium on bonds payable	<u>8,185</u>	-	<u>(655)</u>	<u>7,530</u>	-	<u>7,530</u>
Total bonds payable	86,615	-	(3,130)	83,485	2,600	80,885
Capital note payable	<u>13</u>	-	<u>(13)</u>	-	-	-
Total	<u>\$ 86,628</u>	<u>\$ -</u>	<u>\$ (3,143)</u>	<u>\$ 83,485</u>	<u>\$ 2,600</u>	<u>\$ 80,885</u>

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

This issuance required a Principal and Interest payment account and a Reserve account. Both of these accounts are at Bank of New York Mellon, which is acting as the Paying Agent for all principal and interest payments. The 2016 P&I account was funded through 2016 bond proceeds. This represented the July 1, 2016 scheduled payment. Subsequent funding of the P&I account each year will occur upon the receipt of NICTD's Indefinite Situs Tax funds. The amount to be funded represents amounts due within the next calendar year. The Reserve account represents 50% of the required maximum annual debt service payment. This was funded through the 2016 Bond proceeds. Those funds will remain in the Reserve account until debt retirement.

The debt service requirements to maturity for the 2016 Bonds are as follows (in thousands of dollars):

Year Ending <u>December 31</u>	<u>2016 Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	2,600	3,549	6,149
2024	2,695	3,452	6,147
2025	2,830	3,317	6,147
2026	2,975	3,175	6,150
2027	3,120	3,027	6,147
2028-2032	17,895	12,848	30,743
2033-2037	22,040	8,705	30,745
2038-2041	<u>21,800</u>	<u>2,791</u>	<u>24,591</u>
	<u>\$ 75,955</u>	<u>\$ 40,864</u>	<u>\$ 116,819</u>

Interest expense was \$2,957 thousand at December 31, 2022. Total interest paid was \$3,674 thousand for 2022.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Pledged Revenues: NICTD receives Indefinite Situs Tax funding from the State of Indiana. These funds are restricted for debt service and capital match of federally funded projects. This is pursuant to IC 6-1.1; IC 8-3, "Commuter rail service fund provides that a commuter transportation district may use money deposited in the commuter rail fund that is revenue derived from the taxation of indefinite-situs distributable property of railroad companies to (1) satisfy any debt service; and (2) provide state matching funds for federal transportation capital grants." Additionally, NICTD receives a Sales Tax portion of Commuter Rail Service funding (CRSF) and Electric Rail Service funding from the State of Indiana. These funds have been pledged for the payment of the Series 2016 Bonds principal and interest. As of December 31, 2022, NICTD has \$42.231 million in cash and investments restricted for debt service and capital projects.

Annual Funds Pledged and cash received include the following (in thousands of dollars):

	<u>2022</u>
CRSF – Indefinite Situs Tax Funds Received	\$ 14,953
CRSF – Sales Tax Funds Received	12,886
Electric Rail Service Funds Received	440

Pledged funds used include the following (in thousands of dollars):

	<u>2022</u>
Debt Service Payments – 2016 Bonds	\$ 6,150

Capital Note Payable: On October 28, 2019, NICTD entered into a capital note agreement for \$43 thousand with Canon Solutions America, Inc., for the purpose of utilizing eight copy machines. The agreement term was 36 months and had an end of term purchase option for \$1. NICTD exercised this option at the end of 2022. The interest rate was 3%.

NOTE 6 - EMPLOYEES' POSTRETIREMENT HEALTH PLANS (OPEB)

Plan Description: On December 30, 2003, NICTD adopted a single-employer postretirement health plan. In January 2016, this plan was amended to change entry level age to 60 for eligible retirees and dependents with coverage ceasing at age 65. The plan covers all management employees over the age of 60 with 15 years of service. Employees contribute 30 - 60%, based on years of qualifying service, of the COBRA rate while under the age of 65. NICTD makes contributions for retired employees on a pay as you go basis. This plan is not funded; however, approximately \$579 thousand of NICTD's unrestricted cash and cash equivalents is designated for this health plan. Approximately 90 retired and active employees are covered under this plan. The plan does not issue separate audited financial statements.

Total OPEB Liability: NICTD recognized a decrease of \$203 thousand in postretirement health plan obligations for 2022. The total OPEB liability was \$701 thousand as of December 31, 2022.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 6 - EMPLOYEES' POSTRETIREMENT HEALTH PLANS (OPEB) (Continued)

Actuarial assumptions: The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

- Measurement Date – January 1, 2022
 - Actuarial Valuation Date – January 1, 2022
 - Discount Rate – 2.25% as of January 1, 2022
 - Payroll Growth – 2.00%
 - Inflation – 3.00%
 - Cost Method – Allocation of actuarial present value of future benefits for services prior and after the measurement date was determined using Entry Age Normal Level % of Salary method where:
 - Service cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
 - Annual service cost is a constant percentage of the participant's salary that is assumed to increase according to the payroll growth.
 - Health care Trend Rates –

FYE	Medical / RX	FYE	Medical / RX
2023	7.0%	2026	5.5%
2024	6.5%	2027	5.0%
2025	6.0%	2028+	4.5%
- Dental and vision premiums are expected to increase at a constant rate of 4% each year.
- Retiree Contributions – Retiree contributions are assumed to increase according to health care trend rates.

The discount rate was based on the yield for 20-year tax-exempt general obligation municipal bonds as of January 1, 2022. The municipal bond rate is derived from a range of indices including the Bond Buyer Go 2-Bond Municipal Bond Index, S&P Municipal Bond 20-Year High Grade Rate Index, and the Fidelity 20-Year Go Municipal Bond Index.

Changes in Assumptions from the Prior Year:

The discount rate increased from 2.12% as of January 1, 2021 to 2.25% as of January 1, 2022.

Total OPEB Liability (in thousands),	<u>2022</u>
Balance at beginning of year	\$ 904
Service cost	58
Interest	20
Changes in assumptions	(6)
Differences between expected and actual experience	(192)
Benefit payments	(83)
Net changes	<u>(203)</u>
Balance at end of year	<u>\$ 701</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 6 - EMPLOYEES' POSTRETIREMENT HEALTH PLANS (OPEB) (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents NICTD's Net OPEB liability (in thousands) calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

	<u>1% Decrease 1.25%</u>	<u>Current Rate 2.25%</u>	<u>1% Increase 3.25%</u>
2022	\$ 747	\$ 701	\$ 658

Sensitivity of the total OPEB liability to changes in the health care cost trend rate: The following presents NICTD's Net OPEB liability (in thousands) calculated using the health care trend rates assumed and what it would be using a 1% higher and 1% lower discount rate.

	<u>1% Decrease (6.5% decreasing to 3.5%)</u>	<u>Current Rate (7.5% decreasing to 4.5%)</u>	<u>1% Increase (8.5% decreasing to 5.5%)</u>
2022	\$ 635	\$ 701	\$ 779

OPEB expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB:
 For the year ended December 31, 2022, NICTD recognized OPEB expense of \$5 thousand.

At December 31, 2022, NICTD reported deferred outflows of resources and deferred inflows of resources (in thousands) related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 140	\$ (228)
Changes in assumptions	86	(5)
Contributions subsequent to the measurement date	<u>83</u>	<u>-</u>
Total	<u>\$ 309</u>	<u>\$ (233)</u>

Amounts reported as deferred outflows / (inflows) of resources will be recognized in OPEB expense as follows (in thousands):

<u>Year ended December 31,</u>	
2023	\$ 14
2024	14
2025	14
2026	14
2027	(14)
Thereafter	<u>(49)</u>
	<u>\$ (7)</u>

(Continued)

NOTE 7 - EMPLOYEES' RETIREMENT PLANS

Public Employees' Retirement Fund (PERF):

NICTD contributes to the Public Employees' Retirement Fund (PERF), which is administered by the Indiana Public Retirement System (INPRS).

Public Employees' Retirement System - Defined Benefit Plan

Plan Description: PERF Defined Benefit (DB) is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability, and survivor benefits to fulltime employees of the State of Indiana 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, and 35 IAC 1.2 and other Indiana pension law. PERF DB is a component of the Public Employees Hybrid plan (PERF Hybrid).

PERF Hybrid consists of two components: PERF DB, the employer-funded monthly defined benefit component, along with the Public Employees' Hybrid Members Defined Contribution Account (see Defined Contribution Plans section), a member-funded account. First time new employees hired by the State or a participating political subdivision who offers a choice, have a one-time election to join either the PERF Hybrid or the PERF My Choice: Retirement Savings Plan for Public Employees (PERF MC DC) which is covered in the Defined Contribution Plans section. A new hire that is an existing member of PERF Hybrid and was not given the option for PERF MC DC is given the option to elect PERF MC DC or remain in PERF Hybrid.

Members who have at least one year of service in both PERF DB and the Teachers Retirement Fund (TRF Pre-'96 DB or TRF '96 DB) have the option of choosing from which of these funds they would like to retire.

Retirement benefits provided:

Full Retirement Benefit -

- At age 65 with at least 10 years of creditable service (eight years for certain elected officials).
- At age 60 with at least 15 years of creditable service.
- At age 55 if age and creditable service total at least 85 ("Rule of 85").
- At age 55 with 20 years of creditable service and active as an elected official in the PERF-covered position.
- At age 70 with 20 years of creditable service and still active in the PERF-covered position.

Early Retirement Benefit - Age 50 and minimum of 15 years of creditable service (44 percent of full benefit at age 50, increasing five percent per year up to 89 percent 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 their disability (minimum of \$180 per month).

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 - EMPLOYEES' RETIREMENT PLANS (Continued)

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 Five Year Certain & Life, Joint with 100 percent Survivor Benefits, Joints with Two-Thirds Benefits, or Joint with One-Half Survivor Benefits.

The lifetime annual benefit equals years of creditable service multiplied by the average highest five year annual salary multiplied by 1.1 percent (minimum of \$180 per month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than \$2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12-4 and administered by the INPRS Board. For the year ended June 30, 2022, postretirement benefits of \$4.1 million were issued to members as a COLA.

Contributions: Contributions are determined by the INPRS Board of Trustees based on an actuarial valuation. During fiscal year 2022, all participating employers were required to contribute 11.2 percent of covered payroll for Hybrid members, with 0.44 percent funding a supplemental reserve account for postretirement benefits. Contributions from employers with PERF MC DC plan members, who either currently offer or have offered PERF Hybrid, fund PERF DB's unfunded liability at 8.0 percent of covered payroll for the State and 7.2 percent for political subdivisions. No member contributions are required.

NICTD made payments equal to their annual required contribution of 11.2% for the year (in thousands of dollars):

<u>Year Ended</u> <u>December 31</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2022	\$ 126	100%

Financial Report: INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Actuarial Assumptions: The total pension liability is determined by INPRS actuaries in accordance with

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 - EMPLOYEES' RETIREMENT PLANS (Continued)

GASB No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

- Measurement Date – June 30, 2022
- Asset valuation date – June 30, 2022
- Liability valuation date – June 30, 2021 – The TPL as of June 30, 2022 was determined based on an actuarial valuation prepared as of June 30, 2021 rolled forward one year to June 30, 2022, using the following key assumptions and other inputs, such as benefit accruals and actual benefits payments during that time period.
- Actuarial cost method (accounting) – Entry age normal (level percent of payroll)
- Experience study date – Period of 5 years ended June 30, 2019
- Investment rate of return – 6.25%, includes inflation and net of investment expenses
- COLA – Members in pay were granted a 1.0% COLA on January 1, 2022 and no COLA on January 1, 2023. Therefore, the COLA assumption will be 0.4% beginning on January 1, 2024, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039.
- Future salary increases, including inflation – 2.65% - 8.65% based on service
- Inflation – 2.00%
- Mortality assumptions – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

There were no changes in assumptions from the prior year measurement date.

The most recent comprehensive experience study, based on member experience between June 30, 2014 and June 30, 2019 was completed in February 2020. The demographic assumptions were approved by the Board in June 2020 and were used beginning with the June 30, 2020 actuarial valuation. Economic assumptions were updated and approved by the Board in May 2021 following the completion of an Asset-Liability student and first used in the June 30, 2021 actuarial valuation.

Legislation granted a 1.00% cost-of-living adjustment effective January 1, 2022 to be paid from the Supplemental Reserve Account. No supplement benefits were granted for fiscal year 2023. This replaces the COLA assumption of 0.4% for Fiscal Years 2022 and 2023 but does not change the assumption for future years.

The long-term return expectation for the INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.25% selected by the Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 7 - EMPLOYEES' RETIREMENT PLANS (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	<u>Target Asset Allocation</u>	<u>Geometric Basis Long-Term Expected Real Rate of Return</u>
	<u>2022</u>	<u>2022</u>
Public Equity	20.0%	3.6%
Private Equity	15.0%	7.7%
Fixed Income – ExInflation-Linked	20.0%	1.4%
Fixed Income – Inflation-Linked	15.0%	(0.3%)
Commodities	10.0%	0.9%
Real Estate	10.0%	3.7%
Absolute Return	5.0%	2.1%
Risk Parity	20.0%	3.8%
Cash and Cash Overlay	N/A	(1.7%)

Discount rate: Total pension liability for each defined benefit pension plan was calculated using the discount rate of 6.25 percent for 2022. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.25 percent for 2022). Based on these assumptions, the PERF defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for the plan.

Sensitivity of NICTD's proportionate share of the net pension liability to changes in the discount rate: 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 defined benefit pension plan calculated using the discount rate of 6.25 percent for 2022, 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, or one percentage point higher than the current rate (in thousands of dollars):

	<u>1% Decrease (5.25%)</u>	<u>Current Rate (6.25%)</u>	<u>1% Increase (7.25%)</u>
2022	\$ 1,089	\$ 645	\$ 274

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in a stand-alone financial report of INPRS that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 - EMPLOYEES' RETIREMENT PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (in thousands of dollars): At December 31, 2022, NICTD reported a liability of \$645 thousand for its proportionate share of the net pension liability. NICTD's proportionate share of the net pension liability was based on NICTD's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2022 measurement date was 0.02044% compared to 0.02026% at June 30, 2021.

For the year ended December 31, 2022, NICTD recognized pension expense of \$17 thousand, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$(65). At December 31, 2022, NICTD reported deferred outflows of resources and deferred inflows of resources (in thousands) related to the PERF Hybrid Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 14	\$ 2
Net difference between projected and actual earnings on pension plan investments	80	-
Changes in assumptions	87	28
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>38</u>	<u>56</u>
Total that will be recognized in pension expense (income) based on table below	219	86
Pension contributions subsequent to measurement date	<u>61</u>	<u>-</u>
Total	<u>\$ 280</u>	<u>\$ 86</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 7 - EMPLOYEES' RETIREMENT PLANS (Continued)

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2022 measurement date is recognized as a reduction of net pension liability in the year ending December 31, 2022. Deferred inflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over a 5 year period. A change in an employer's proportionate share: represents the change as of the current year measurement date versus the prior year measurement date, and is amortized over the average expected remaining service lives of the plan. The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31, 2022 (in thousands)	<u>Amount</u>
2023	\$ 33
2024	28
2025	(12)
2026	84
2027	-
	<u>\$ 133</u>

Public Employees' Retirement Fund - Defined Contribution Plan

PERF DC is a multiple-employer defined contribution plan providing retirement benefits to full-time employees of the State of Indiana 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 in accordance with IC 5-10.2, IC 5-10.3, 35 IAC 1.2 and other Indiana pension law.

The plan provides supplemental defined contribution benefits under the PERF Hybrid plan.

First time new employees hired by the State of Indiana or a political subdivision that offers a choice have a one-time election to join either the PERF Hybrid Plan or PERF My Choice. A state rehire that is an existing member of the PERF Hybrid Plan and was not given the option for PERF My Choice is given the option to elect PERF My Choice or remain in PERF Hybrid.

PERF DC consists of two tiers:

The Public Employees' Hybrid Members Defined Contribution Account (PERF Hybrid DC) is the defined contribution component of the Public Employees' Hybrid Plan. The Public Employees' Defined Benefit Account (see Defined Benefit Plans section) is the other component of the Public Employees' Hybrid Plan. Member contributions are set by statute at three percent of compensation, and the employer may choose to make these contributions on behalf of the member. Members are 100 percent vested in their account balance, which includes all contributions and earnings.

My Choice: Retirement Savings Plan for Public Employees (My Choice) is for members who are full-time employees of the State of Indiana or a participating political subdivision that elected to become members of My Choice. Member contributions are set by statute at three percent of compensation, plus these members may receive additional employer contributions in lieu of the Public Employees' Defined Benefit Account.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 7 - EMPLOYEES' RETIREMENT PLANS (Continued)

Members are 100 percent vested in all member contributions and are vested in employer contributions (see Contributions section), which includes all employer contributions and earnings as follows:

One (1) year of participation	20%
Two (2) years of participation	40%
Three (3) years of participation	60%
Four (4) years of participation	80%
Five (5) years of participation	100%

My Choice

The My Choice retirement and termination benefit is that after a 30 day separation from employment, the member is entitled to the sum total of vested contributions plus earnings. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements). Upon providing proof of the member's qualification for social security disability benefits, the member is entitled to the sum total of vested contributions plus earnings. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements).

The survivor benefit is that the beneficiary is entitled to the sum total of vested contributions plus earnings. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements).

Investments in the members' accounts are self-directed as participants direct the investment of their account balances among several investment options of varying degrees of risk and return potential. There are eight investment options available to My Choice members: Stable Value Fund, Fixed Income Fund, Inflation-Linked Fixed Income Fund, Money Market Fund, Small/Mid Cap Equity Fund, Large Cap Equity Index Fund, International Equity Fund and Target Date Funds. Members may make changes to their investment directions daily, and investments of the plan are reported at fair value.

PERF Hybrid DC and My Choice members contribute three percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension for PERF Hybrid. For PERF Hybrid, the employer may elect to make the contributions on behalf of the member. NICTD pays the member's contributions on behalf of the member employed by NICTD that participate in My Choice. Political subdivisions may choose to pay part or all of the member's contributions on behalf of the member for My Choice. In addition, members of PERF Hybrid and My Choice may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts, political subdivisions that participate in My Choice may elect to match voluntary contributions at a rate of 50 percent.

NICTD made payments on behalf of employees of 3% of covered payroll for the year as follows (in thousands of dollars):

<u>Year Ended</u> <u>December 31</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2022	\$ 34	100%

(Continued)

NOTE 7 - EMPLOYEES' RETIREMENT PLANS (Continued)

Federal Railroad Retirement Act:

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

NICTD Supplemental Pension Plans and Trusts:

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

The Plan requires contributions by NICTD to be made at the rate of 5% of Class I employees' compensation and 8% of Class II employees' compensation. Contributions for 2022 by NICTD amounted to \$309 thousand (5% of covered payroll) for Class I employees and \$78 thousand (8% of covered payroll) for Class II employees.

Covered payroll for 2022 amounted to \$6,174 thousand for Class I employees and \$979 thousand for Class II employees.

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

Contributions are made by NICTD as follows: \$1.00 per qualifying hour for clerks, \$1.00 per qualifying hour worked for dispatchers, \$1.00 per qualifying hour for collectors/conductors and, and \$0.15 per qualifying hour worked for carmen, cleaners, and machinists. Contributions for 2022 by NICTD amounted to \$31 thousand for clerks, \$15 thousand for dispatchers, \$136 thousand for collectors/conductors and engineers, and \$28 thousand for car men, cleaners, and machinists. Qualifying hours for 2022 were 31 thousand for clerks, 15 thousand for dispatchers, 136 thousand for collectors/conductors and engineers, and 187 thousand for car men, cleaners, and machinists.

Both plans are administered by NICTD. Benefit terms are established or amended by the plans' trustees. The trustees hold the assets, and the individual participants control and direct investments in their accounts. There were no securities of, or loans to, NICTD or related parties in the Plan assets.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 7 - EMPLOYEES' RETIREMENT PLANS (Continued)

Hoosier S.T.A.R.T Deferred Compensation Plan:

In 2020, NICTD offered a deferred compensation plan to all full-time employees under a plan administered by the State of Indiana, public employee deferred compensation plan (Hoosier S.T.A.R.T.). The plan is established in accordance with Internal Revenue Code 457. Employees are permitted to defer a portion of their salary until future years. Only upon terminations, retirements, deaths, or an unforeseen emergency is the deferred compensation available to the employee. Federal House Bill 3448 mandates all Internal Revenue Code Section 457 plan assets must be held in a qualified trust for the benefit of participants and their beneficiaries. Because these assets are held by a custodian for the specific benefit of participants and their beneficiaries, they are not reflected in the financial statements and are free from claims of NICTD's creditors. The fair market value of Hoosier S.T.A.R.T. investments held by the State of Indiana for participants was \$353 thousand at December 31, 2022.

NOTE 8 - OTHER NONOPERATING REVENUE (EXPENSE)

Other local funds, other revenue, and other expense at December 31, 2022 consists of the following in thousands of dollars:

	<u>2022</u>
Other local funds revenue	
Metra Purchase of Service Fee	\$ 3,700
Chicago South Shore and South Bend Railroad (ROI fees)	<u>1,720</u>
Total other local funds revenue	<u>\$ 5,420</u>
Other revenue	
Interest – unreserved	\$ 638
Rental income	308
Sale of maintenance services	3
Sale of scrap material	160
Advertising activities	99
Miscellaneous	<u>30</u>
Total other revenue	<u>\$ 1,238</u>
Other expense	
Interest expense	<u>\$ 2,957</u>
Total other expense	<u>\$ 2,957</u>

NOTE 9 - TRACKAGE RIGHTS

Beginning in 1991, as a result of NICTD's acquisition of the "Joint Assets," including all track, ties, ballast, switches, real estate, and other similar items, NICTD is to receive an "annual fee" for the use of its track. This annual fee has two components: (1) a reimbursement of maintenance of way costs (the MOW fee) and (2) a payment for the right to use the track (the ROI fee). Both components of the annual fee are calculated in accordance with formulas incorporated in the purchase agreement between NICTD and the South Shore Acquisition Company (SSA). NICTD recognized \$3.30 million in MOW fees in 2022. These amounts have been recorded as reductions to the related maintenance of way expense in the accompanying statements of revenue and expense and changes in net position. For 2022, \$1,720 thousand, in ROI fees were recognized and reported as part of "other local funds revenue" in the accompanying statement of revenue and expense and change in net position.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 10 - METRA TRANSACTIONS

NICTD and Metra agreed to a Purchase of Service Agreement whereby Metra reimburses NICTD annually for the provision of passenger service along a certain section of the former Chicago South Shore (CSS) line. The existing Purchase of Service expires December 31, 2024. The operating subsidy for 2022 amounted to \$3.7 million. This amount is reported in "Other local funds revenue."

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The following summarizes the significant commitments and contingencies at December 31, 2022:

- (a) During the course of its operations, NICTD is involved in incidents which could result in claims for personal injury. Estimated losses as a result of such incidents have been provided for in the accompanying financial statements, as applicable.
- (b) NICTD has a self-funded health insurance plan for its management employees. Benefits Administrative Systems, LLC provides certain administrative services for the plan. An insurance company provides specific and aggregate stop loss coverage. NICTD is responsible for the funding of all claims up to \$90 thousand (aggregate specific deductible) per individual per policy year and up to approximately \$1,713 thousand (attachment point/minimum aggregate deductible) per year for the group as a whole. A liability of \$110 thousand has been recorded by NICTD at December 31, 2022 to estimate payment of claims pending on that date. Group insurance expense related to this plan totaled \$1,819 thousand for the year ended December 31, 2022. Approximately 300 union employees are covered under a separate national multi-employer railroad plan. Total health insurance expenses for the year ended December 31, 2022 totaled \$6,980 thousand.
- (c) NICTD has received Federal and State financial assistance in the form of grants that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agency for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of District management, such disallowances, if any, would not be significant.
- (d) NICTD had the following significant contractual capital commitments as of December 31 (in thousands of dollars):

<u>Project</u>	<u>2022</u>
Track Equipment	\$ 1,676
Track Improvements	5,893
Station & Facility Improvements	939
Railcar Rehabilitation	6,700
Vehicles	325
Bridges	146
West Lake Corridor Project	419,507
Double Track Project	48,402
Substations	1,678
Others	<u>4,849</u>
Total	<u>\$ 490,115</u>

REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NICTD'S TOTAL
 OPEB LIABILITY AND RELATED RATIOS (in thousands)
 December 31, 2022

Total OPEB liability	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 58	\$ -	\$ 47	\$ 32	\$ 30	\$ 29
Interest	20	-	27	24	20	20
Changes in benefit terms	-	-	2	-	-	-
Changes in assumptions	(6)	19	56	67	(24)	13
Differences between expected and actual experience	(192)	74	(86)	166	-	-
Benefit payments	<u>(83)</u>	<u>-</u>	<u>(50)</u>	<u>(43)</u>	<u>(33)</u>	<u>(28)</u>
Net change in total OPEB liability	(203)	93	(4)	246	(7)	34
Total OPEB liability - beginning	904	811	815	569	576	542
Total OPEB liability – ending	<u>\$ 701</u>	<u>\$ 904</u>	<u>\$ 811</u>	<u>\$ 815</u>	<u>\$ 569</u>	<u>\$ 576</u>
Covered employee payroll	7,248	6,908	6,341	5,755	5,903	5,055
Total OPEB liability as a percentage of covered-employee payroll	9.7%	13.1%	12.8%	14.2%	9.6%	11.4%

Notes:

There are no assets accumulated in a trust to pay related benefits.

Changes of benefit terms. Vision coverage was added January 1, 2020.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2022	2.25%
2021	2.12%
2020	2.12%
2019	3.26%
2018	4.10%
2017	3.44%

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

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF NICTD'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY (in thousands)
 December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
NICTD's proportion of the net pension liability	0.0204%	0.0203%	0.0236%	0.0195%	0.0286%
NICTD's proportionate share of the net pension liability	\$ 645	\$ 267	\$ 714	\$ 644	\$ 971
NICTD's covered payroll	\$ 1,176	\$ 1,117	\$ 1,276	\$ 1,015	\$ 1,459
NICTD's proportion of the net pension liability as a percentage of its covered payroll	54.8%	23.9%	56.0%	63.4%	66.6%
Plan fiduciary net position as a percentage of the total pension liability	82.5%	92.5%	81.4%	80.1%	78.9%

Notes: The amounts presented for each calendar year were determined as of the June 30 fiscal year-end that occurred within the calendar year.

- Asset valuation date – June 30, 2022
- Liability valuation date – June 30, 2021 – The TPL as of June 30, 2022 was determined based on an actuarial valuation prepared as of June 30, 2021 rolled forward one year to June 30, 2022, using the following key assumptions and other inputs, such as benefit accruals and actual benefits payments during that time period.
- Actuarial cost method (accounting) – Entry age normal (level percent of payroll)
- Experience study date – Period of 5 years ended June 30, 2019
- Investment rate of return – 6.25%
- COLA – Members in pay were granted a 1.0% COLA on January 1, 2022 and no COLA on January 1, 2023. Therefore, the COLA assumption will be 0.4% beginning on January 1, 2024, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039.
- Future salary increases, including inflation – 2.65% - 8.65% based on service
- Inflation – 2.00%
- Mortality assumptions – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

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

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

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF NICTD'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY (in thousands)
 December 31, 2022

	<u>2017</u>	<u>2016</u>	<u>2015</u>
NICTD's proportion of the net pension liability	0.0303%	0.0282%	0.0302%
NICTD's proportionate share of the net pension liability	\$ 1,350	\$ 1,278	\$ 1,230
NICTD's covered payroll	\$ 1,552	\$ 1,299	\$ 1,447
NICTD's proportion of the net pension liability as a percentage of its covered payroll	87.0%	98.4%	85.0%
Plan fiduciary net position as a percentage of the total pension liability	72.7%	71.2%	73.3%

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

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF NICTD'S CONTRIBUTIONS – PERF (in thousands)
 December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 126	\$ 127	\$ 128	\$ 142	\$ 135
Contributions in relation to the statutorily required contribution	<u>(126)</u>	<u>(127)</u>	<u>(128)</u>	<u>(142)</u>	<u>(135)</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NICTD's contributions as a percentage of statutorily required contribution for pension	100%	100%	100%	100%	100%
NICTD's covered payroll	\$ 1,126	\$ 1,136	\$ 1,138	\$ 1,266	\$ 1,205
Contributions as a percentage of its covered payroll	11.2%	11.2%	11.2%	11.2%	11.2%

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

Valuation date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

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

Amortization method: Level dollar

Remaining amortization period: 20 years, closed

Asset valuation method: 5 year smoothing of gains and losses on the market value of assets subject to a 20% corridor.

Inflation: 2.0%

Salary increases: 2.65% - 8.65% based on service

Investment rate of return: 6.25%

Mortality: Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

Other information:

The INPRS Board sets, at its discretion, the State's employer contribution rate upon considering the results of the actuarial valuation and other analysis as appropriate. The employer contribution rate for the year ended June 30, 2022 was 11.20%.

Member census data as of the prior year end was used in the valuation and adjusted, where appropriate, to reflect changes during the current fiscal year. Standard actuarial roll forward techniques were then used to project the liabilities computed as of prior year end to the current year measurement date.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF NICTD'S CONTRIBUTIONS – PERF (in thousands)
 December 31, 2022

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 173	\$ 159	\$ 147
Contributions in relation to the statutorily required contribution	<u>(173)</u>	<u>(159)</u>	<u>(147)</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NICTD's contributions as a percentage of statutorily required contribution for pension	100%	100%	100%
NICTD's covered payroll	\$ 1,542	\$ 1,416	\$ 1,309
Contributions as a percentage of its covered payroll	11.2%	11.2%	11.2%

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

SUPPLEMENTARY SCHEDULES

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENSES
Year ended December 31, 2022
(In thousands of dollars)

	<u>2022</u>
TRANSPORTATION	
Salaries and wages	\$ 6,271
Fringe benefits and payroll taxes	5,029
Repairs and maintenance materials	3
Operating costs	8,540
Utilities	237
Other services	48
Office supplies	32
Administration	61
Rents and leases	3
	<u>20,224</u>
MAINTENANCE OF WAY EXPENSES	
Salaries and wages	3,538
Fringe benefit and payroll taxes	3,666
Equipment expense	124
Repairs and maintenance materials	1,437
Traction power	1,631
Operating costs	(2,987)
Utilities	409
Professional services	1,043
Other services	503
Office supplies	21
Administration	(1,722)
Rents and leases	15
	<u>7,678</u>
MAINTENANCE OF EQUIPMENT EXPENSES	
Salaries and wages	6,607
Fringe benefit and payroll taxes	6,585
Equipment expense	38
Repairs and maintenance materials	3,541
Operating costs	59
Utilities	121
Professional services	13
Other services	769
Office supplies	5
Administration	(1,838)
	<u>15,900</u>
CLAIMS AND INSURANCE	<u>5,129</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENSES
Year ended December 31, 2022
(In thousands of dollars)

	<u>2022</u>
GENERAL AND ADMINISTRATIVE EXPENSES	
Salaries and wages	\$ 2,680
Fringe benefit and payroll taxes	3,417
Equipment expense	11
Repairs and maintenance materials	40
Operating costs	82
Utilities	606
Professional services	1,618
Other services	342
Office supplies	67
Administration	635
Rents and leases	<u>11</u>
	<u>9,509</u>
 DEPRECIATION	
Depreciation on assets acquired with federal funds	18,194
Depreciation on assets acquired with state and local funds	<u>13,188</u>
	<u>31,382</u>
	<u>\$ 89,822</u>

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2022

Federal Grantor/Program or Cluster Title	Federal ALN No.	Grant No.	Federal Expenditures
U.S. Department of Transportation			
Federal Transit Cluster			
Direct Awards:			
Federal Transit Capital Investment Grants (COVID-19)	20.500	IN-2022-002 ARP	\$ 43,971,185
Federal Transit Capital Investment Grants (COVID-19)	20.500	IN-2022-003 ARP	24,585,403
Federal Transit Capital Investment Grants	20.500	IN-2021-020	875,604
Federal Transit Capital Investment Grants	20.500	IN-2021-002	87,396,496
Federal Transit Capital Investment Grants	20.500	IN-2020-040	44,489,331
Total Federal Transit Capital Investment Grants			<u>201,318,019</u>
Federal Transit Formula Grants	20.507	IN-2022-027	21,995,982
Federal Transit Formula Grants (COVID-19)	20.507	IN-2020-012	101,321
Total Federal Transit Formula Grants			<u>22,097,303</u>
Federal Transit State of Good Repair Grants	20.525	IN-2022-027	4,083,448
Federal Transit State of Good Repair Grants	20.525	IN-2019-026	421,611
Federal Transit State of Good Repair Grants	20.525	IN-2018-024	874,170
Federal Transit State of Good Repair Grants	20.525	IN-2017-023	2,367,013
Federal Transit State of Good Repair Grants	20.525	IN-2016-020	62,770
Total Federal Transit State of Good Repair Grants			<u>7,809,012</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 231,224,334</u>

See accompanying note to schedule of expenditures of federal awards.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of NICTD under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of NICTD, it is not intended to and does not present the statements of net position, statements of revenues, expenses and changes in net position, or statements of cash flows of NICTD.

Basis of Accounting and Cost Principles: Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to NICTD's financial statements. Such expenditures are recognized following cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. NICTD has not elected to use the 10-percent de-minimis indirect cost rate as allowed under the Uniform Guidance. NICTD's indirect cost rate for 2022 was 141%.

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

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

STATISTICAL SECTION

Statistical Section

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

Financial Trends P.46-47

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

Revenue Capacity P.48-57

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

Debt Capacity P.58-59

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

Demographic and Economic Information P.60-61

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

Operating Information P.63-65

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

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
NET POSITION										
Net investment in capital assets	\$ 234,580	\$ 233,493	\$ 245,477	\$ 273,034	\$ 291,178	\$ 301,574	\$ 326,144	\$ 408,169	\$ 541,927	\$ 893,181
Restricted for debt service	17,854	21,892	13,373	19,345	13,459	1,230	2,163	6,469	12,036	45,550
Restricted for capital projects	6,237	6,239	6,241	5,204	3,127	4,713	3,335	4,957	3,396	5,522
Unrestricted	45,092	44,728	46,840	27,255	41,448	52,242	61,637	86,831	84,202	55,816
TOTAL NET POSITION	<u>\$ 303,763</u>	<u>\$ 306,352</u>	<u>\$ 311,931</u>	<u>\$ 324,838</u>	<u>\$ 349,212</u>	<u>\$ 359,759</u>	<u>\$ 393,279</u>	<u>\$ 506,426</u>	<u>\$ 641,561</u>	<u>\$ 1,000,069</u>

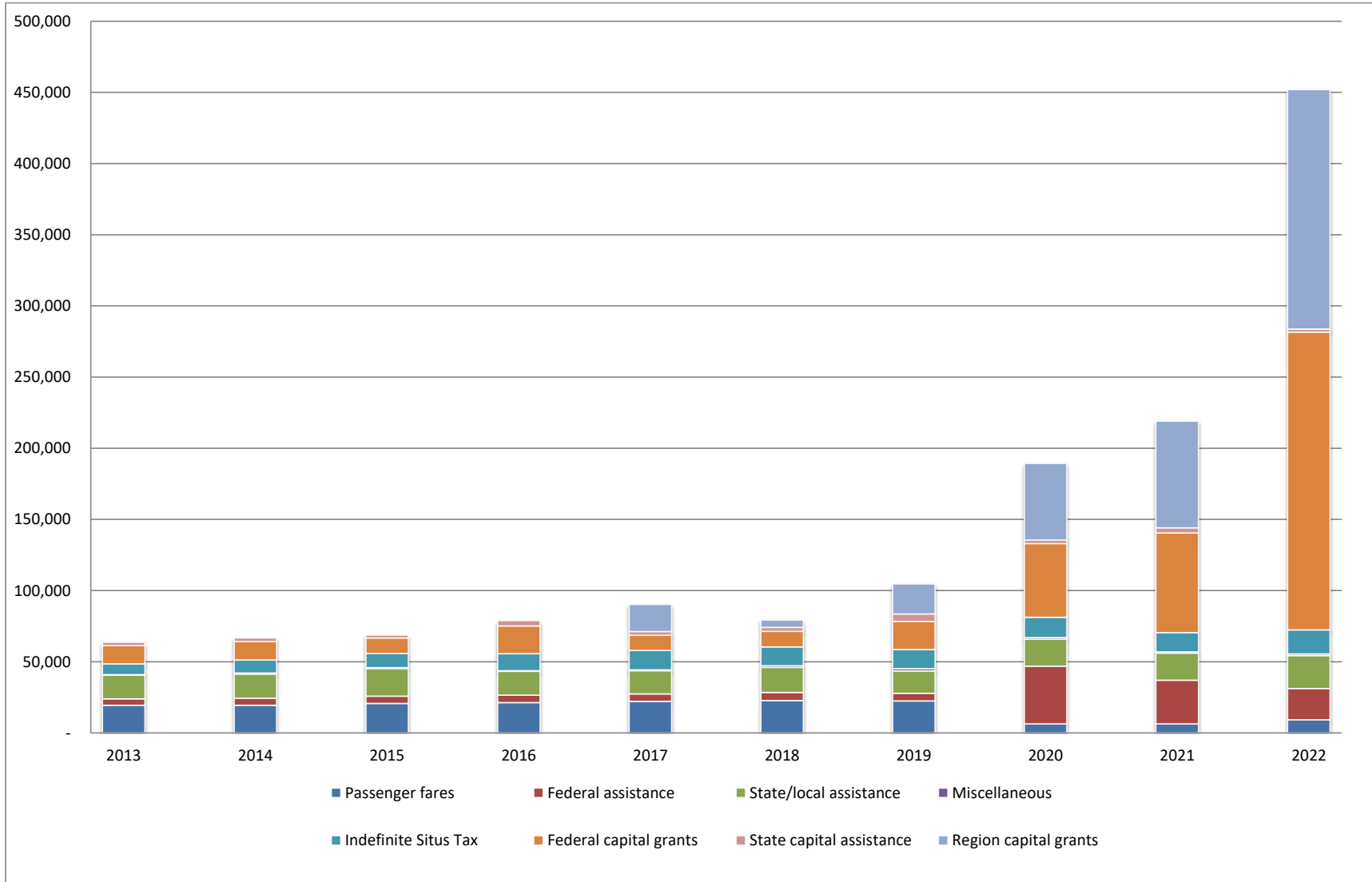
NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
Changes in Net Position
Last Ten Fiscal Years
(In thousands of dollars)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
OPERATING REVENUE										
Passenger fares (net of refunds)	\$ 19,341	\$ 19,371	\$ 20,698	\$ 21,358	\$ 22,178	\$ 22,788	\$ 22,509	\$ 6,329	\$ 6,340	\$ 9,189
Parking lot collections	41	45	36	35	35	35	35	9	-	12
Total operating revenue	<u>19,382</u>	<u>19,416</u>	<u>20,734</u>	<u>21,393</u>	<u>22,213</u>	<u>22,823</u>	<u>22,544</u>	<u>6,338</u>	<u>6,340</u>	<u>9,201</u>
OPERATING EXPENSES										
Transportation	15,835	15,937	16,958	17,811	18,518	19,036	19,755	19,570	20,028	20,224
Maintenance of Way	5,611	6,689	6,400	7,237	7,005	6,951	8,825	6,166	7,947	7,678
Maintenance of Equipment	10,077	12,497	12,345	12,759	12,030	13,706	12,397	14,806	15,758	15,900
Claims and Insurance	1,639	1,601	1,352	1,692	1,731	1,495	1,851	3,491	4,920	5,129
General and administrative	6,392	7,716	7,494	7,855	9,342	10,137	9,165	8,568	9,112	9,509
Depreciation	20,078	17,545	17,974	17,712	17,287	17,389	17,623	20,534	23,089	31,382
Total operating expenses	<u>59,632</u>	<u>61,985</u>	<u>62,523</u>	<u>65,066</u>	<u>65,913</u>	<u>68,714</u>	<u>69,616</u>	<u>73,135</u>	<u>80,854</u>	<u>89,822</u>
NONOPERATING REVENUES (EXPENSES)										
Maintenance grant	4,586	4,947	5,064	5,177	5,201	5,589	5,421	-	-	21,996
Federal CARES Act funding	-	-	-	-	-	-	-	40,653	30,669	-
State operating assistance	11,666	11,820	12,951	11,288	11,240	12,681	10,537	13,704	13,833	17,271
Local subsidies	4,891	5,215	6,410	5,452	5,030	4,945	5,151	5,171	5,241	5,420
Interest - unreserved	48	40	155	91	90	180	810	235	60	638
Interest - reserved for accident claims	6	6	4	-	-	-	-	-	-	-
Rental income	133	166	196	191	254	390	344	364	337	308
Sale of maintenance services	3	2	7	4	3	3	3	3	4	3
Sale of scrap material	44	326	281	59	108	340	212	346	421	160
Advertising activities	143	135	83	128	103	84	112	153	109	99
Miscellaneous	6	6	9	16	55	170	139	10	-	30
Interest and bond issuance expense	(1,409)	(1,292)	(661)	(964)	(29)	(120)	(1,631)	(3,145)	(3,054)	(2,957)
Indefinite Situs tax	7,590	9,163	9,989	11,902	13,649	13,256	13,327	14,324	13,490	16,570
Total nonoperating revenues, net	<u>27,707</u>	<u>30,534</u>	<u>34,488</u>	<u>33,344</u>	<u>35,704</u>	<u>37,518</u>	<u>34,425</u>	<u>71,818</u>	<u>61,110</u>	<u>59,538</u>
CAPITAL CONTRIBUTIONS										
Federal	12,886	12,953	10,885	19,551	10,646	10,959	19,779	51,806	69,910	209,229
State	2,218	2,514	1,995	3,685	2,637	2,742	5,175	2,398	3,633	2,171
Region	-	-	-	-	19,087	5,219	21,213	53,922	74,996	168,191
	<u>15,104</u>	<u>15,467</u>	<u>12,880</u>	<u>23,236</u>	<u>32,370</u>	<u>18,920</u>	<u>46,167</u>	<u>108,126</u>	<u>148,539</u>	<u>379,591</u>
Change in net position	<u>2,561</u>	<u>3,432</u>	<u>5,579</u>	<u>12,907</u>	<u>24,374</u>	<u>10,547</u>	<u>33,520</u>	<u>113,147</u>	<u>135,135</u>	<u>358,508</u>
Adjustment per GASB 68	-	(843)	-	-	-	-	-	-	-	-
Net position beginning of year	<u>301,202</u>	<u>303,763</u>	<u>306,352</u>	<u>311,931</u>	<u>324,838</u>	<u>349,212</u>	<u>359,759</u>	<u>393,279</u>	<u>506,426</u>	<u>641,561</u>
Net position end of year	<u>\$ 303,763</u>	<u>\$ 306,352</u>	<u>\$ 311,931</u>	<u>\$ 324,838</u>	<u>\$ 349,212</u>	<u>\$ 359,759</u>	<u>\$ 393,279</u>	<u>\$ 506,426</u>	<u>\$ 641,561</u>	<u>\$ 1,000,069</u>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
OPERATING REVENUE										
Passenger fares (net of refunds)	\$ 19,341	\$ 19,371	\$ 20,698	\$ 21,358	\$ 22,178	\$ 22,788	\$ 22,509	\$ 6,329	\$ 6,340	\$ 9,189
Parking lot collections	41	45	36	35	35	35	35	9	-	12
Total operating revenue	<u>19,382</u>	<u>19,416</u>	<u>20,734</u>	<u>21,393</u>	<u>22,213</u>	<u>22,823</u>	<u>22,544</u>	<u>6,338</u>	<u>6,340</u>	<u>9,201</u>
NONOPERATING REVENUES										
Maintenance grant	4,586	4,947	5,064	5,177	5,201	5,589	5,421	-	-	21,996
Federal CARES Act funding	-	-	-	-	-	-	-	40,653	30,669	-
State operating assistance	11,666	11,820	12,951	11,288	11,240	12,681	10,537	13,704	13,833	17,271
Other local funds	4,891	5,215	6,410	5,452	5,030	4,945	5,151	5,171	5,241	5,420
Other revenue	383	681	735	489	613	1,167	1,620	1,111	931	1,238
Indefinite Situs tax	7,590	9,163	9,989	11,902	13,649	13,266	13,327	14,324	13,490	16,570
Total nonoperating revenues before capital grants	<u>29,116</u>	<u>31,826</u>	<u>35,149</u>	<u>34,308</u>	<u>35,733</u>	<u>37,648</u>	<u>36,056</u>	<u>74,963</u>	<u>64,164</u>	<u>62,495</u>
CAPITAL CONTRIBUTIONS										
Federal capital grants	12,886	12,953	10,885	19,551	10,646	10,959	19,779	51,806	69,910	209,229
State capital grants	2,218	2,514	1,995	3,685	2,637	2,742	5,175	2,398	3,633	2,171
Region capital grants	-	-	-	-	19,087	5,219	21,213	53,922	74,996	168,191
Total nonoperating revenues	<u>44,220</u>	<u>47,293</u>	<u>48,029</u>	<u>57,544</u>	<u>68,103</u>	<u>56,568</u>	<u>82,223</u>	<u>183,089</u>	<u>212,703</u>	<u>442,086</u>
TOTAL REVENUES	<u>\$ 63,602</u>	<u>\$ 66,709</u>	<u>\$ 68,763</u>	<u>\$ 78,937</u>	<u>\$ 90,316</u>	<u>\$ 79,391</u>	<u>\$ 104,767</u>	<u>\$ 189,427</u>	<u>\$ 219,043</u>	<u>\$ 451,287</u>

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



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

TRANSPORTATION INDUSTRY (1)

Year	<u>Operating and Other Revenue</u>			<u>Operating Assistance</u>			<u>Totals</u>
	Passenger	Other	Total	State & Local	Federal	Total	Total All Revenues
2013	32.5%	10.2%	42.7%	48.4%	8.9%	57.3%	100.0%
2014	32.0%	10.8%	42.8%	48.6%	8.6%	57.2%	100.0%
2015	32.5%	11.6%	44.1%	47.6%	8.3%	55.9%	100.0%
2016	31.3%	11.7%	43.0%	49.0%	8.0%	57.0%	100.0%
2017	31.4%	11.9%	43.3%	48.2%	8.5%	56.7%	100.0%
2018	30.7%	11.5%	42.2%	49.2%	8.6%	57.8%	100.0%
2019	29.5%	12.7%	42.2%	49.9%	7.9%	57.8%	100.0%
2020	*	*	*	*	*	*	*
2021	*	*	*	*	*	*	*
2022	*	*	*	*	*	*	*

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT (2)

Year	<u>Operating and Other Revenue</u>			<u>Operating Assistance</u>			<u>Totals</u>
	Passenger	(3) Other	Total	State & Local	Federal	Total	Total All Revenues
2013	47.4%	12.9%	60.3%	28.5%	11.2%	39.7%	100.0%
2014	46.1%	14.0%	60.1%	28.1%	11.8%	39.9%	100.0%
2015	45.2%	15.6%	60.8%	28.2%	11.0%	39.2%	100.0%
2016	48.8%	13.6%	62.4%	25.8%	11.8%	37.6%	100.0%
2017	50.1%	12.7%	62.8%	25.4%	11.8%	37.2%	100.0%
2018	48.3%	12.9%	61.2%	26.9%	11.9%	38.8%	100.0%
2019	49.8%	15.0%	64.8%	23.3%	11.9%	35.2%	100.0%
2020	9.5%	9.4%	18.9%	20.5%	60.7%	81.1%	100.0%
2021	11.1%	10.8%	21.9%	24.3%	53.9%	78.1%	100.0%
2022	16.8%	12.1%	28.9%	31.3%	39.9%	71.1%	100.0%

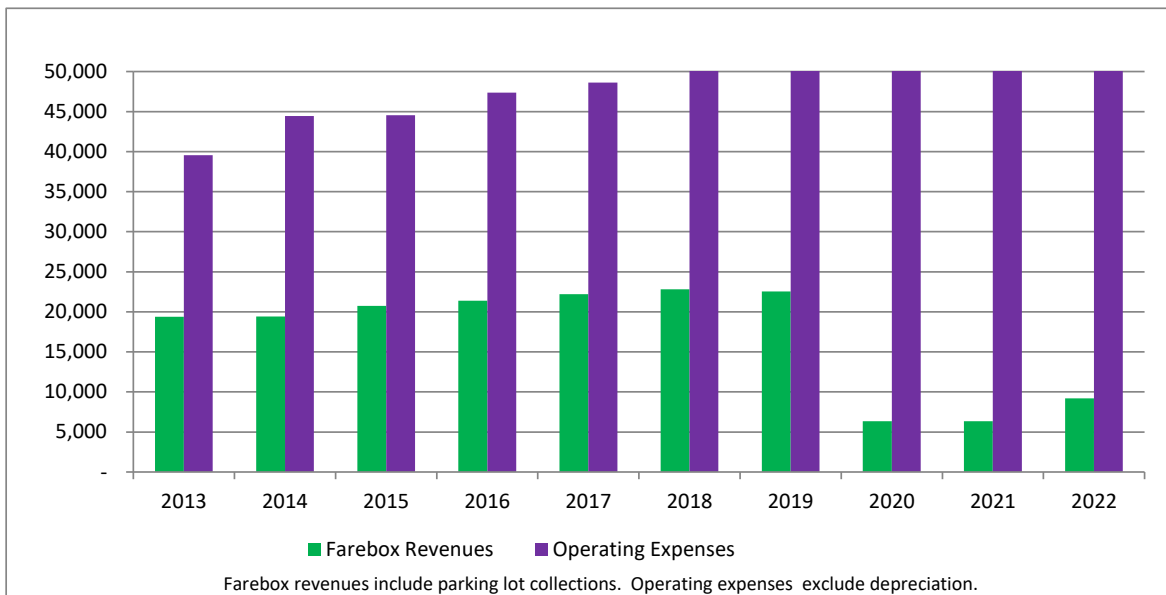
* Information not yet available

- (1) Source: The American Public Transit Association. 2021 APTA Transit Fact Book, Appendix A Table 87 (2020/2021/2022 data not yet available)
- (2) Percentages are derived from the District's independently audited annual financial statements
- (3) Includes interest income, advertising, sale of scrap material and miscellaneous revenue

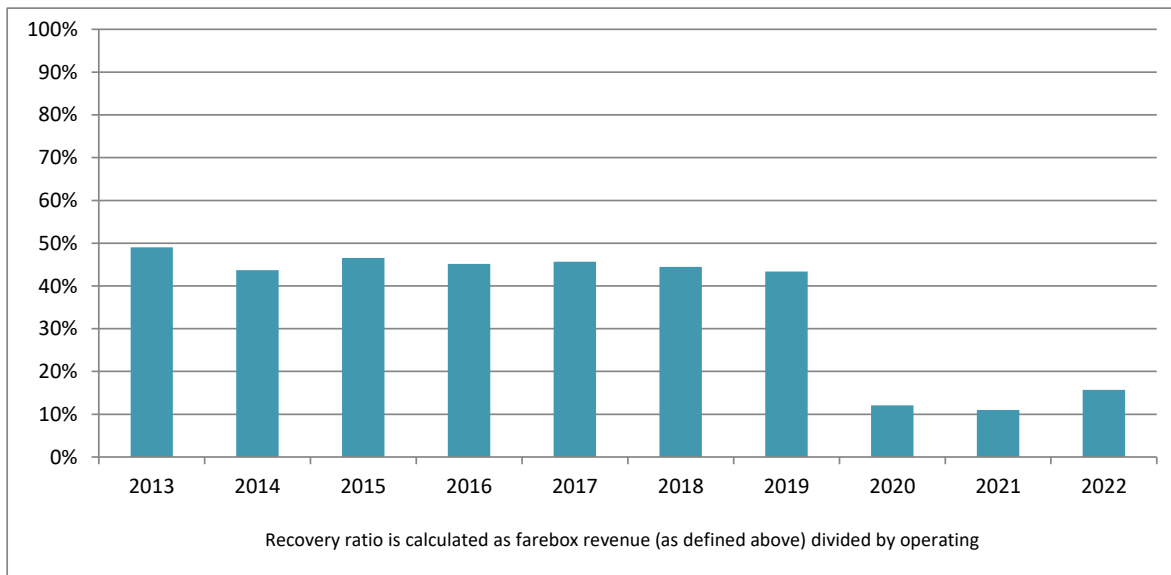
NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
System Recovery Ratio
Last Ten Fiscal Years
(In thousands of dollars)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
OPERATING REVENUE										
Passenger fares (net of refunds)	\$ 19,341	\$ 19,371	\$ 20,698	\$ 21,358	\$ 22,178	\$ 22,788	\$ 22,509	\$ 6,329	\$ 6,340	\$ 9,189
Parking lot collections	41	45	36	35	35	35	35	9	-	12
Total operating revenue for recovery ratio calculation (A)	\$ 19,382	\$ 19,416	\$ 20,734	\$ 21,393	\$ 22,213	\$ 22,823	\$ 22,544	\$ 6,338	\$ 6,340	\$ 9,201
OPERATING EXPENSES										
Transportation	\$ 15,835	\$ 15,937	\$ 16,958	\$ 17,811	\$ 18,518	\$ 19,036	\$ 19,755	\$ 19,570	\$ 20,028	\$ 20,224
Maintenance of Way	5,611	6,689	6,400	7,237	7,005	6,951	8,825	6,166	7,947	7,678
Maintenance of Equipment	10,077	12,497	12,345	12,759	12,030	13,706	12,397	14,806	15,758	15,900
Claims and Insurance	1,639	1,601	1,352	1,692	1,731	1,495	1,851	3,491	4,920	5,129
General and administrative	6,392	7,716	7,494	7,855	9,342	10,137	9,165	8,568	9,112	9,509
Total operating expenses for recovery ratio calculation (B)	\$ 39,554	\$ 44,440	\$ 44,549	\$ 47,354	\$ 48,626	\$ 51,325	\$ 51,993	\$ 52,601	\$ 57,765	\$ 58,440
Recovery ratio (A/B)	49.0%	43.7%	46.5%	45.2%	45.7%	44.5%	43.4%	12.0%	11.0%	15.7%

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



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



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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
OPERATING EXPENSES										
OTHER THAN DEPRECIATION										
Salaries and wages	\$ 13,802	\$ 14,481	\$ 15,519	\$ 16,404	\$ 16,944	\$ 17,684	\$ 18,257	\$ 18,904	\$ 19,406	\$ 19,096
Fringe benefits and payroll taxes	11,549	11,997	12,354	12,897	15,645	15,520	15,859	16,220	18,867	18,697
Equipment expense	52	57	104	60	181	99	163	149	146	173
Repair and maintenance materials	3,368	5,123	4,204	4,417	3,507	4,680	4,152	3,952	4,645	5,021
Operating costs	4,893	4,989	5,178	5,686	5,758	5,779	5,861	5,898	5,762	5,694
Utilities	681	859	752	761	899	948	841	862	931	1,373
Other services	1,226	1,766	1,520	1,844	1,506	1,627	1,850	2,143	2,189	1,667
Office supplies	281	263	367	282	312	190	428	261	145	125
Administration	(815)	(429)	(67)	(536)	(1,865)	(1,936)	(1,709)	(2,680)	(2,933)	(2,864)
Rents and leases	52	79	62	128	167	128	225	37	37	29
Traction power	2,095	2,092	2,086	2,054	2,245	2,232	2,199	1,686	1,927	1,631
Claims and insurance	1,639	1,601	1,352	1,692	1,731	1,495	1,851	3,491	4,920	5,124
Professional services	731	1,562	1,118	1,665	1,596	2,879	2,016	1,678	1,723	2,674
Total	<u>39,554</u>	<u>44,440</u>	<u>44,549</u>	<u>47,354</u>	<u>48,626</u>	<u>51,325</u>	<u>51,993</u>	<u>52,601</u>	<u>57,765</u>	<u>58,440</u>
DEPRECIATION	<u>20,078</u>	<u>17,545</u>	<u>17,974</u>	<u>17,712</u>	<u>17,287</u>	<u>17,389</u>	<u>17,623</u>	<u>20,534</u>	<u>23,089</u>	<u>31,382</u>
Total operating expenses	59,632	61,985	62,523	65,066	65,913	68,714	69,616	73,135	80,854	89,822
NONOPERATING EXPENSES										
Interest and bond issuance expense	<u>1,409</u>	<u>1,292</u>	<u>661</u>	<u>964</u>	<u>29</u>	<u>120</u>	<u>1,631</u>	<u>3,145</u>	<u>3,054</u>	<u>2,957</u>
TOTAL EXPENSES	<u>\$ 61,041</u>	<u>\$ 63,277</u>	<u>\$ 63,184</u>	<u>\$ 66,030</u>	<u>\$ 65,942</u>	<u>\$ 68,834</u>	<u>\$ 71,247</u>	<u>\$ 76,280</u>	<u>\$ 83,908</u>	<u>\$ 92,779</u>

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

TRANSPORTATION INDUSTRY (1)

Year	Vehicle Operations	Vehicle Maintenance	Non-Vehicle Maintenance	General Administration	Purchased Transportation	Total Operating Expenses
2013	44.2%	15.9%	10.5%	15.7%	13.7%	100.0%
2014	43.5%	16.2%	10.9%	15.7%	13.7%	100.0%
2015	42.8%	16.1%	10.8%	16.1%	14.2%	100.0%
2016	42.2%	16.4%	11.0%	16.7%	13.7%	100.0%
2017	41.8%	16.4%	11.7%	15.9%	14.2%	100.0%
2018	42.0%	16.0%	11.1%	16.4%	14.5%	100.0%
2019	41.6%	15.6%	11.3%	16.5%	15.0%	100.0%
2020	*	*	*	*	*	*
2021	*	*	*	*	*	*
2022	*	*	*	*	*	*

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT (2)

Year	Vehicle Operations	Vehicle Maintenance	Non-Vehicle Maintenance	General Administration (3)	Purchased Transportation	Total Operating Expenses
2013	40.0%	25.5%	14.2%	20.3%	-	100.0%
2014	35.9%	28.1%	15.0%	21.0%	-	100.0%
2015	38.1%	27.7%	14.4%	19.8%	-	100.0%
2016	37.6%	26.9%	15.3%	20.2%	-	100.0%
2017	38.1%	24.7%	14.4%	22.8%	-	100.0%
2018	37.1%	26.7%	13.5%	22.7%	-	100.0%
2019	38.0%	23.8%	17.0%	21.2%	-	100.0%
2020	37.2%	28.1%	11.8%	22.9%	-	100.0%
2021	34.7%	27.3%	13.7%	24.3%	-	100.0%
2022	34.6%	27.2%	13.1%	25.1%	-	100.0%

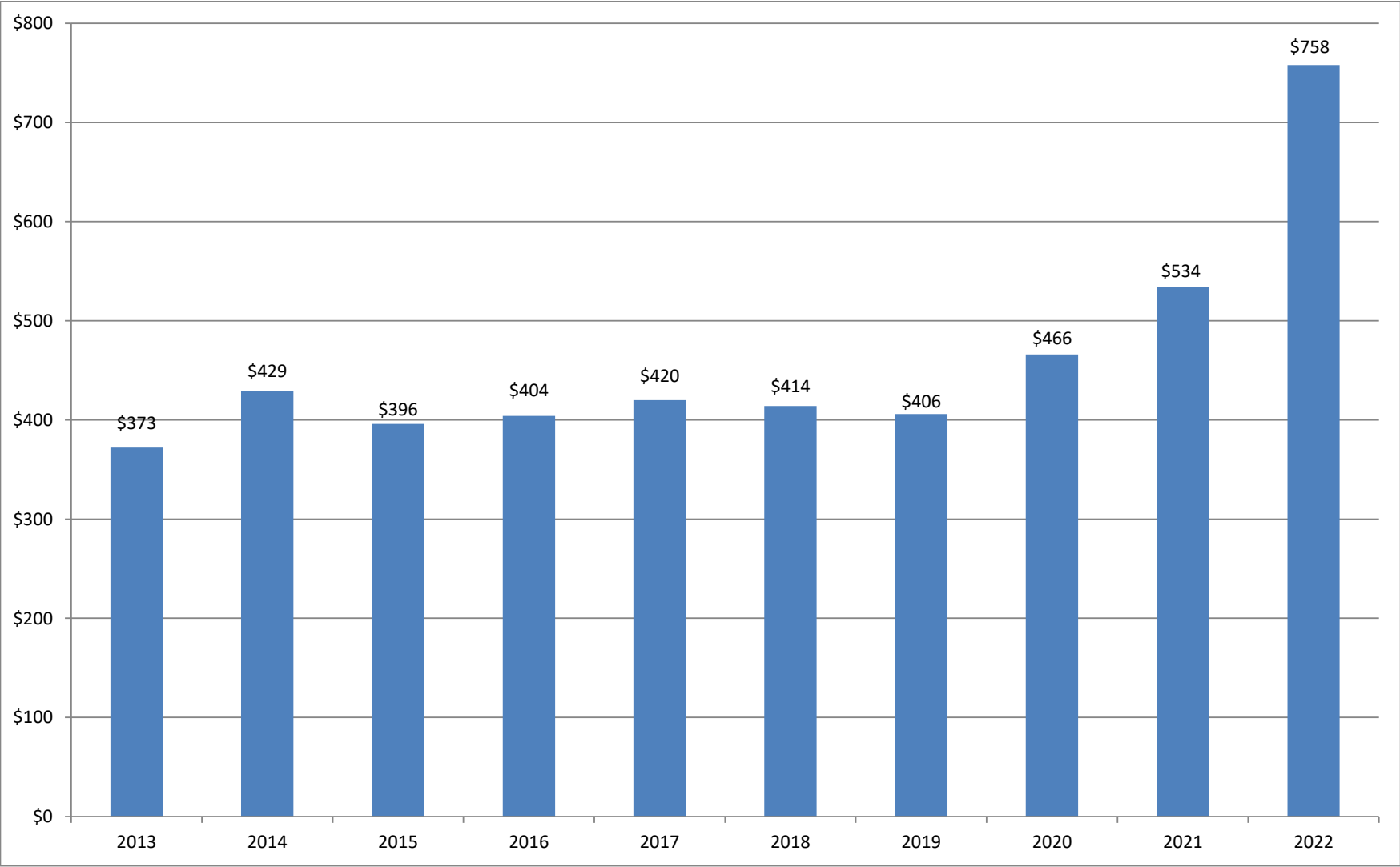
* Information not yet available

(1) Source: The American Public Transit Association. 2021 APTA Transit Fact Book, Appendix A Table 69 (2020/2021/2022 not yet available)

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

(3) Includes claims and insurance

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



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

Limited Obligation Revenue Bonds (2018 Bond Issuance):

Fiscal Year	Commuter Rail Service Fund		Debt Service		Coverage Ratio
	Indefinite Situs		Principal	Interest	
	<u>Tax Receipts</u>		<u>Principal</u>	<u>Interest</u>	
2018	\$ 12,615,310	\$ 7,500,000	\$ 33,688		1.67 *

* Series 2018 Bonds were fully redeemed in December 2018.

Limited Obligation Revenue Bonds (2016 Bond Issuance):

Fiscal Year	Commuter Rail Service Fund		Electric Rail	Debt Service		Coverage Ratio
	Indefinite Situs	Sales Tax	Service Fund	Principal	Interest	
	<u>Tax Receipts</u>	<u>Receipts</u>	<u>Receipts</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 10,402,260	\$ 9,494,994	\$ 152,270	\$ -	\$ 1,259,903	15.91
2017	12,015,215	8,472,327	143,939	1,910,000	4,238,925	3.36
2018	12,615,310	9,656,627	201,016	2,030,000	4,118,050	3.66
2019	12,936,480	10,006,433	172,906	2,135,000	4,015,175	3.76
2020	13,623,128	10,280,758	207,670	2,240,000	3,907,175	3.92
2021	13,551,425	11,688,648	280,285	2,355,000	3,793,800	4.15
2022	14,953,018	12,885,953	440,025	2,475,000	3,674,550	4.60

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

Fiscal Year	Commuter Rail Service Fund		Debt Service		Coverage Ratio
	Indefinite Situs	Capital Grant	Principal	Interest	
	<u>Tax Receipts</u>	<u>Receipts</u>	<u>Principal</u>	<u>Interest</u>	
2013	\$ -	\$ 2,904,238	\$ 2,294,000	\$ 610,238	1.00
2014	-	2,905,203	2,352,000	553,203	1.00
2015	-	2,905,738	2,411,000	494,738	1.00
2016	-	2,905,798	2,471,000	434,797	1.00 **

** Series 2007 Bonds were fully redeemed in December 2016.

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

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

<u>Fiscal Year</u>	Commuter Rail Service Fund Indefinite Situs		Capital Grant Receipts	Debt Service		Coverage Ratio
	<u>Tax Receipts</u>			<u>Principal</u>	<u>Interest</u>	
2013	\$ 6,760,730	\$ -	\$ 1,735,000	\$ 863,178	2.60	
2014	7,953,373	-	1,800,000	799,850	3.06	
2015	8,960,512	-	-	366,175	24.47 ***	

*** Series 2004 Bonds were fully redeemed in July 2015.

**CONSOLIDATED TABLE FOR ALL DEBT COVERAGE:
2004 Bond Series, 2007 Bond Series, 2016 Bond Series, and 2018 Series**

<u>Fiscal Year</u>	Commuter Rail Service Fund Indefinite Situs		Sales Tax Receipts	Electric Rail Service Fund Receipts	Capital Grant Receipts	Debt Service		Coverage Ratio
	<u>Tax Receipts</u>					<u>Principal</u>	<u>Interest</u>	
2013	\$ 6,760,730	\$ -	\$ -	\$ -	\$ 2,904,238	\$ 4,029,000	\$ 1,473,416	1.76
2014	7,953,373	-	-	-	2,905,203	4,152,000	1,353,053	1.97
2015	8,960,512	-	-	-	2,905,738	2,411,000	860,913	3.63
2016	10,402,260	9,494,994	152,270	2,905,798	2,471,000	1,694,700		5.51 ***
2017	12,015,215	8,472,327	143,939	-	1,910,000	4,238,925		3.36 **
2018	12,615,310	9,656,627	201,016	-	2,030,000	4,118,050		3.66
2019	12,936,480	10,006,433	172,906	-	2,135,000	4,015,175		3.76 *
2020	13,623,128	10,280,758	207,670	-	2,240,000	3,907,175		3.92
2021	13,551,425	11,688,648	280,285	-	2,355,000	3,793,800		4.15
2022	14,953,018	12,885,953	440,025	-	2,475,000	3,674,550		4.60

*** Series 2004 Bonds were fully redeemed in July 2015.

** Series 2007 Bonds were fully redeemed in December 2016.

* Series 2018 Bonds were fully redeemed in December 2018.

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

Business-Type Activities

Fiscal Year	2016 Series- Revenue Bonds	2007 Series- Revenue Bonds	2004 Series- Special Program Bonds	Premium on Bonds Payable	Total	Outstanding Debt Per Capita	Outstanding Debt as a Percentage of Per Capita Personal Income
2013	\$ -	\$ 22,976,000	\$ 16,820,000	\$ 376,000	\$ 40,172,000	\$ 31.92	0.08%
2014	-	20,624,000	15,020,000	299,000	35,943,000	28.56	0.07%
2015	-	18,213,000	-	-	18,213,000	14.50	0.03%
2016	89,100,000	-	-	11,844,000	100,944,000	80.66	0.18%
2017	87,190,000	-	-	11,062,000	98,252,000	78.81	0.16%
2018	85,160,000	-	-	10,307,000	95,467,000	76.91	0.15%
2019	83,025,000	-	-	9,575,000	92,600,000	74.87	0.15%
2020	80,785,000	-	-	8,867,000	89,652,000	72.91	0.13%
2021	78,430,000	-	-	8,185,000	86,615,000	69.51	0.12%
2022	75,955,000	-	-	7,530,000	83,485,000	*	*

* Information not yet available

Source: Bureau of Economic Analysis, Average of counties serviced

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

Lake County, Indiana

Fiscal Year	Population	Personal Income in thousands	Per Capita Personal Income	Unemployment Rate
2013	491,909	\$ 18,443,660	\$ 37,494	9.2
2014	491,259	\$ 19,011,535	\$ 38,700	8.1
2015	488,195	\$ 19,728,563	\$ 40,411	6.6
2016	486,381	\$ 20,260,852	\$ 41,656	5.9
2017	484,834	\$ 20,899,264	\$ 43,106	4.8
2018	484,918	\$ 21,935,622	\$ 45,236	4.9
2019	486,244	\$ 22,354,492	\$ 45,974	4.9
2020	487,536	\$ 24,001,036	\$ 49,229	6.4
2021	498,558	\$ 26,513,928	\$ 53,181	2.5
2022	*	*	*	4.4

LaPorte County, Indiana

Fiscal Year	Population	Personal Income in thousands	Per Capita Personal Income	Unemployment Rate
2013	111,452	\$ 4,060,629	\$ 36,434	9.4
2014	111,774	\$ 4,143,821	\$ 37,073	7.7
2015	110,884	\$ 4,203,577	\$ 37,910	6.4
2016	110,331	\$ 4,326,954	\$ 39,218	5.7
2017	109,958	\$ 4,459,074	\$ 40,553	4.2
2018	110,134	\$ 4,652,941	\$ 42,248	4.4
2019	110,044	\$ 4,739,021	\$ 43,065	4.2
2020	109,663	\$ 5,074,533	\$ 46,274	5.9
2021	112,390	\$ 5,564,165	\$ 49,508	1.9
2022	*	*	*	3.3

Porter County, Indiana

Fiscal Year	Population	Personal Income in thousands	Per Capita Personal Income	Unemployment Rate
2013	166,538	\$ 7,462,093	\$ 44,807	7.2
2014	167,242	\$ 7,691,822	\$ 45,992	6.3
2015	167,439	\$ 7,924,688	\$ 47,329	5.4
2016	167,616	\$ 8,153,899	\$ 48,646	4.7
2017	168,568	\$ 8,613,566	\$ 51,098	3.7
2018	169,647	\$ 9,079,485	\$ 53,520	3.8
2019	170,599	\$ 9,351,166	\$ 54,814	3.6
2020	170,980	\$ 9,857,612	\$ 57,654	4.2
2021	174,243	\$ 10,672,325	\$ 61,250	1.4
2022	*	*	*	2.9

St. Joseph County, Indiana

Fiscal Year	Population	Personal Income in thousands	Per Capita Personal Income	Unemployment Rate
2013	267,188	\$ 10,502,619	\$ 39,308	8.8
2014	268,023	\$ 11,090,206	\$ 41,378	6.7
2015	268,567	\$ 11,782,838	\$ 43,873	4.6
2016	270,042	\$ 11,803,625	\$ 43,710	4.1
2017	270,219	\$ 12,375,498	\$ 45,798	3.3
2018	270,961	\$ 12,929,747	\$ 47,718	3.6
2019	271,695	\$ 13,107,730	\$ 48,244	3.4
2020	271,484	\$ 13,883,877	\$ 51,141	5
2021	272,212	\$ 15,277,028	\$ 56,122	1.4
2022	*	*	*	2.9

Cook County, Illinois

Fiscal Year	Population	Personal Income in thousands	Per Capita Personal Income	Unemployment Rate
2013	5,252,513	\$ 261,965,033	\$ 49,874	9.6
2014	5,254,108	\$ 281,734,111	\$ 53,622	7.4
2015	5,243,371	\$ 296,606,188	\$ 56,568	5.7
2016	5,223,386	\$ 298,747,988	\$ 57,194	5.7
2017	5,199,582	\$ 308,258,726	\$ 59,285	5
2018	5,171,007	\$ 328,313,740	\$ 63,491	4.0
2019	5,145,326	\$ 338,650,193	\$ 65,817	2.9
2020	5,108,284	\$ 357,246,062	\$ 69,935	9.3
2021	5,173,146	\$ 380,521,307	\$ 73,557	5
2022	*	*	*	4.6

* Information not yet available

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

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

<u>Employer</u>	2022			2013		
	Chicago	Rank	Percentage	Chicago	Rank	Percentage of
	Employees		of Total	Employees		Total County
			County			Labor Force
	Employees	Rank	Labor Force	Employees	Rank	Labor Force
U.S. Government	52,315	1	1.99%	49,860	1	1.86%
Chicago Public Schools	41,469	2	1.57%	39,094	2	1.46%
City of Chicago	30,216	3	1.15%	30,340	3	1.13%
Amazon.com Inc.	28,994	4	1.10%	-	-	-
Advocate Health	26,841	5	1.02%	18,512	5	0.69%
Northwestern Memorial Healthcare	24,120	6	0.92%	-	-	-
University of Chicago	21,618	7	0.82%	15,452	7	0.58%
Cook County	19,263	8	0.73%	21,482	4	0.80%
Walgreens Boots Alliance Inc.	17,344	9	0.66%	-	-	-
Walmart Inc.	17,300	10	0.66%	-	-	-
State of Illinois	-	-	-	14,731	8	0.55%
JP Morgan Chase	-	-	-	16,045	6	0.60%
United Continental Holdings	-	-	-	14,000	9	0.52%
AT&T Inc.	-	-	-	14,000	9	0.52%
	279,480		10.61%	233,516		8.72%

Source: Crain's Chicago Business Largest Employers 2022 and 2013

Percentage of Total County Employment based on Cook County Labor Force figures pulled from LAUS, Bureau of Labor Statistics, US Department of Labor 2022 and 2013 Labor Force

Northern Indiana Commuter Transportation District
 Statistical Information (Unaudited)
 Fare Rate Structure
 12/31/2022

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

Zone	Station	Fare Type	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 10
	The South Shore may not carry passengers between Zones 1 and 2 - Use Metra instead		Millennium Station Van Buren St. Museum Campus/11th St. McCormick Place	63rd St. 57th St.							
3	Hegewisch	One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	6.25 59.50 140.75 181.25 3.00 75.00	5.50 52.25 123.75 159.50 2.75 68.75							
4	Hammond East Chicago	One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	7.00 66.50 157.50 197.25 3.50 87.50	6.75 64.25 152.00 184.50 3.25 81.25	4.25 40.50 152.00 144.50 2.00 50.00	4.00 38.00 95.75 132.50 2.00 50.00					
5	Gary Gary/Chicago Airport Metro Center Miller	One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	7.50 71.25 168.75 211.75 3.75 93.75	7.25 69.00 163.25 200.50 3.50 87.50	6.00 57.00 135.00 164.75 3.00 75.00	4.50 42.75 101.25 140.25 2.25 56.25	4.00 38.00 90.00 129.25 2.00 50.00				
6	Portage/Ogden Dunes Dune Park	One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	9.00 85.50 202.50 251.75 4.50 112.50	8.00 76.00 180.00 227.00 4.00 100.00	7.25 69.00 163.25 203.75 3.50 87.50	6.50 61.75 146.25 179.25 3.25 81.25	6.25 59.50 140.75 167.75 3.00 75.00	4.00 38.00 90.00 131.25 2.00 50.00			
7	Beverly Shores	One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	10.00 95.00 225.00 284.75 5.00 125.00	9.25 88.00 208.25 261.75 4.50 112.50	8.00 76.00 180.00 225.25 4.00 100.00	7.50 71.25 168.75 214.50 3.75 93.75	7.25 69.00 163.25 203.00 3.50 87.50	6.25 59.50 140.75 167.00 3.00 75.00			
8	Michigan City 11th St. Carroll Ave.	One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	10.25 97.50 230.75 296.75 5.00 125.00	10.00 95.00 225.00 283.00 5.00 125.00	9.00 85.50 202.50 249.50 4.50 112.50	8.00 76.00 180.00 224.75 4.00 100.00	7.50 71.25 168.75 213.50 3.75 93.75	6.50 61.75 146.25 177.50 3.25 81.25	4.50 42.75 101.25 141.75 2.25 56.25	3.75 35.75 84.50 119.25 1.75 43.75	
10	Hudson Lake	One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	13.00 123.50 292.50 365.25 6.50 162.50	12.25 116.50 275.75 343.00 6.00 150.00	11.00 104.50 247.50 307.25 5.50 137.50	10.25 97.50 230.75 296.25 5.00 125.00	10.00 95.00 225.00 282.50 5.00 125.00	9.00 85.50 202.50 249.00 4.50 112.50	7.50 71.25 168.75 213.00 3.75 93.75	6.50 61.75 146.25 177.00 3.25 81.25	
11	South Bend	One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	14.25 135.50 320.75 402.25 7.00 175.00	13.25 126.00 298.25 377.75 6.50 162.50	12.25 116.50 275.75 343.75 6.00 150.00	11.75 111.75 264.50 332.75 5.75 143.75	11.00 104.50 247.50 308.25 5.50 137.50	10.00 95.00 225.00 283.00 5.00 125.00	9.00 85.50 202.50 249.50 4.50 112.50	7.50 71.25 168.75 213.50 3.75 93.75	6.25 59.50 140.75 166.25 3.00 75.00

(Continued)

FARE INFORMATION

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

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

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

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

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

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operating Statistics:										
Annual System Trips	3,606,926	3,614,252	3,616,660	3,504,080	3,455,842	3,400,197	3,283,603	995,049	1,024,745	1,406,684
Average Weekday System Trips	12,049	12,045	12,056	11,723	11,467	11,352	10,962	3,348	3,116	4,418
Average Saturday System Trips	5,630	5,675	5,538	5,183	5,565	5,264	5,092	1,437	2,306	2,738
Average Sunday System Trips	4,244	4,484	4,343	4,138	4,279	4,075	3,938	1,173	1,898	2,298
Passenger Miles	104,204,092	104,415,740	104,159,808	113,035,111	112,953,766	110,846,662	108,385,897	32,750,046	34,944,971	47,423,227
Assets in Passenger Car Fleet:										
Total Passenger Cars in Fleet	82	82	82	82	82	82	82	82	82	82
Passenger Car Revenue Miles	3,736,383	3,694,590	4,026,813	4,233,598	4,184,136	4,211,197	4,393,966	3,923,145	3,821,360	2,687,265
Passenger Car Revenue Hours	105,928	103,661	112,543	117,214	115,659	124,044	128,077	112,835	108,239	77,127

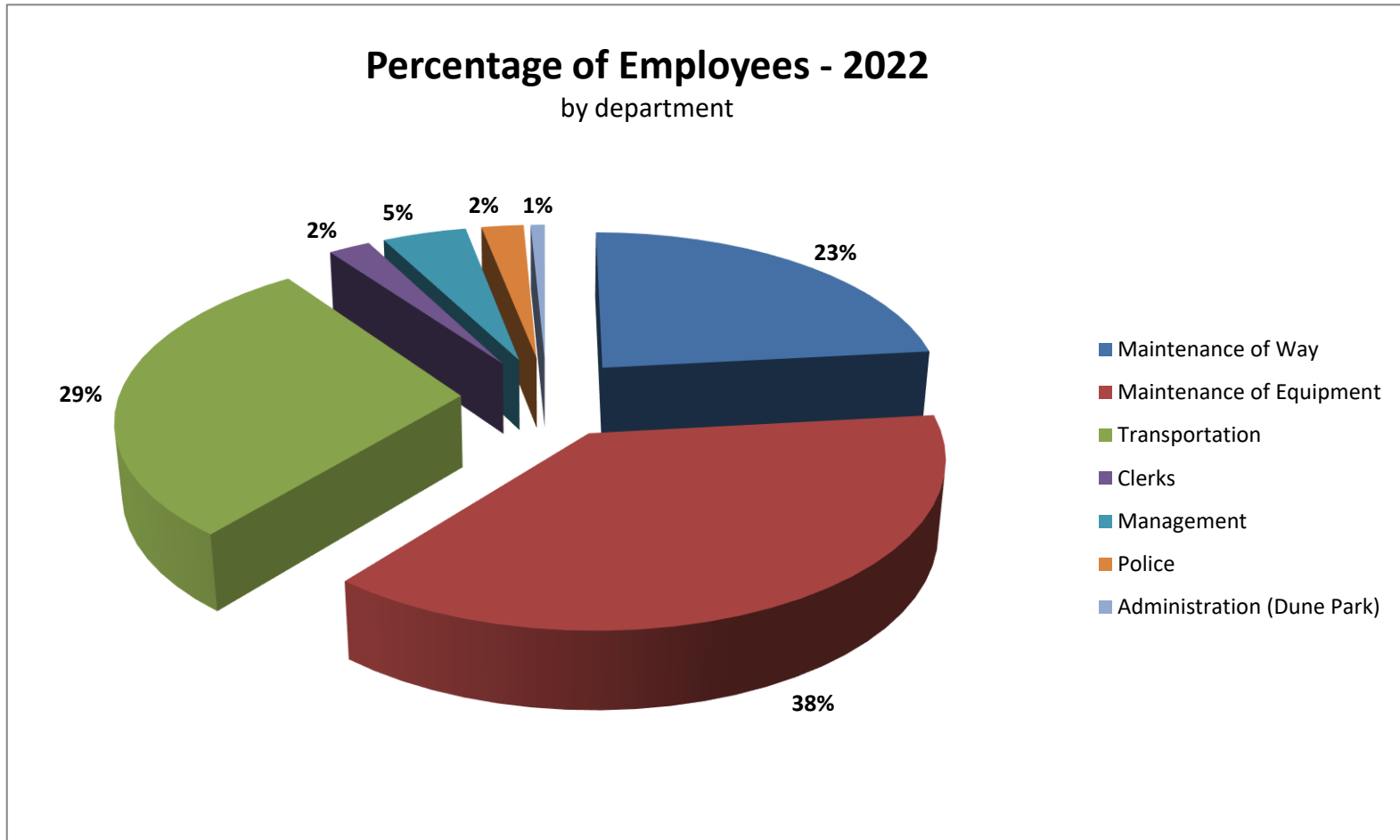
Source: The District's annual *National Transit Database Report*, filed with the Federal Transit Administration

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

	<u>2013</u>		<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017</u>	
	Salary	Contract	Salary	Contract	Salary	Contract	Salary	Contract	Salary	Contract
<u>Michigan City Cost Center</u>										
Maintenance of Way	13	53	12	52	12	58	18	58	22	59
Maintenance of Equipment	7	92	9	95	10	102	11	92	11	102
Transportation	6	93	6	90	7	106	8	96	9	102
Clerks	-	8	-	8	-	8	-	8	-	8
Management	8	-	11	-	10	-	12	-	13	-
<u>Dune Park Cost Center</u>										
Police	7	-	7	-	8	-	8	-	8	-
Administration (Dune Park)	11	-	9	-	8	-	8	-	7	-
Subtotal	52	246	54	245	55	274	65	254	70	271
TOTAL LABOR	298		299		329		319		341	
<u>2018</u>										
	Salary	Contract	Salary	Contract	Salary	Contract	Salary	Contract	Salary	Contract
<u>Michigan City Cost Center</u>										
Maintenance of Way	26	62	29	64	29	61	33	60	33	58
Maintenance of Equipment	11	116	13	110	15	143	15	138	16	131
Transportation	11	105	10	102	12	100	12	103	12	102
Clerks	-	9	-	9	-	9	-	9	-	9
Management	15	-	15	-	18	-	18	-	18	-
<u>Dune Park Cost Center</u>										
Police	9	-	9	-	9	-	9	-	9	-
Administration (Dune Park)	5	-	5	-	4	-	4	-	3	-
Subtotal	77	292	81	285	87	313	91	310	91	300
TOTAL LABOR	369		366		400		401		391	

Source: The District's Payroll Journals

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
Percentage of Employees by Department
For the Year Ended December 31, 2022



COMPLIANCE SECTION

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

Board of Trustees
Northern Indiana Commuter
Transportation District
Chesterton, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Northern Indiana Commuter Transportation District (NICTD) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise NICTD's basic financial statements, and have issued our report thereon dated April 6, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NICTD's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NICTD's internal control. Accordingly, we do not express an opinion on the effectiveness of NICTD's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NICTD'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 financial statements. 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*.

(Continued)

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.

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Crowe LLP

Indianapolis, Indiana
April 6, 2023

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

Board of Trustees
Northern Indiana Commuter
Transportation District
Chesterton, Indiana

Report on Compliance for Major Federal Program***Opinion on Major Federal Program***

We have audited the Northern Indiana Commuter Transportation District's (NICTD) 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 NICTD's major federal program for the year ended December 31, 2022. NICTD's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, NICTD complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on 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 NICTD 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 the major federal program. Our audit does not provide a legal determination of NICTD'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 NICTD's federal programs.

(Continued)

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 NICTD'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 NICTD's compliance with the requirements of the 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 NICTD'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 NICTD'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 NICTD'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.

(Continued)

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.

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and fluid.

Crowe LLP

Indianapolis, Indiana
April 6, 2023

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes X No

Identification of major federal programs:

Assistance Listing Number

Name of Federal Program or Cluster

20.500, 20.507, 20.525

Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

 X Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

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