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Board of Directors
Northwest Indiana Regional Development Authority
9800 Connecticut Drive
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We have reviewed the audit report prepared by Whittaker & Company, PLLC, Independent Public Accountants, for the period January 1, 2011 to December 31, 2011. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Northwest Indiana Regional Development Authority, as of December 31, 2011 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS
DECEMBER 31, 2012 and 2011

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northwest Indiana Regional Development Authority:

We have audited the accompanying financial statements of the Northwest Indiana Regional Development Authority (the "RDA" or the "Authority"), as of December 31, 2012 and 2011, and the related statements of changes in net assets and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2012 and 2011, and the results of its operations, and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information and Supplementary Information

The Management's Discussion and Analysis on pages 3 through 9 and Budgetary Schedule on page 25 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures that consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we express no opinion or any other form of assurance on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed in the foregoing table of contents, which is also the responsibility of the Authority's management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such additional information (page 24) has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly presented, in all material respects, when considered in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Whittaker & Company PLLC".

Gary, Indiana

Whittaker & Company PLLC

March 8, 2013

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010**

The following discussion and analysis of Northwest Indiana Regional Development Authority's (the "Authority") financial performance provides an introduction and overview of the Authority's financial activities for the fiscal year ended December 31, 2012. Please read this discussion in conjunction with the Authority's financial statements and the notes to financial statements immediately following this section.

FINANCIAL HIGHLIGHTS

2012

- Operating revenues for 2012 of \$27,598,942 decreased by \$162,028 compared to fiscal year 2011. This decrease is primarily due to the Authority receiving less federal funding from the USDA Forest Service program to fund the Valparaiso PES project.
- Operating expenses for 2012 of \$31,702,377 increased by \$23,391,976 compared to fiscal year 2011. This increase is primarily due to the Authority approving a grant for an Airport expansion project and other smaller funded projects.

2011

- Operating revenues for 2011 of \$27,760,970 increased by \$260,970 compared to fiscal year 2010. This increase is due to receiving a refund from the Valparaiso Express Bus grant and the RDA being the recipient of USDA Forest Service grant monies. The RDA is serving as the fiscal agent for the USDA Forest Service grant and makes payments directly to the contractor for their services related to this grant. Altogether, these statutory operating revenues continue to be affected by the growing receivables for the City of Gary, due to that unit's well documented fiscal crisis.
- Operating expenses for 2011 of \$8,310,400 decreased by \$12,133,320 compared to fiscal year 2010. This decrease is primarily due to the Authority approving fewer projects as compared to fiscal year 2010.

2010

- Operating revenues for 2010 of \$27,500,000 remained the same compared to fiscal year 2009. These statutory operating revenues continue to be affected by the growing receivables for the City of Gary, due to that unit's well documented fiscal crisis.
- Operating expenses for 2010 of \$20,443,720 decreased by \$42,446,124 (51.8 percent) compared to fiscal year 2009. This decrease is primarily due to the Authority approving fewer projects as compared to fiscal year 2009.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010**

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

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

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

The *Notes to Financial Statements* are an integral part of the financial statements; accordingly, such disclosures are essential to a full understanding of the information provided in the financial statements. The Notes to Financial Statements begin on page 13.

In addition to the basic financial statements, this report includes Additional Information. The Additional Information section presents the 2012 Supplemental Schedule for Supporting Services on page 24.

FINANCIAL ANALYSIS

The RDA receives substantially all of its revenue from state, city and county agencies. Beginning in 2006, the fiscal officer of each city and county described in IC 36-7.5-2-(b) (other than the (2) largest cities in a county described in IC 36-7.5-2-3 (b) (1) (Lake County, Porter County, East Chicago, Gary, and Hammond) shall each transfer three million five hundred thousand dollars (\$3,500,000) each year to the Authority for deposit in the Authority's fund.

In 2012, 2011 and 2010, the state of Indiana provided \$10,000,000 of funding to the Authority. Revenue is ear-marked for projects targeted for development in the RDA Comprehensive Strategic Development Plan. Based on this plan the following projects were identified:

- The Regional Bus Authority – To increase opportunities for senior citizens, the handicapped community and Hoosiers without their own transportation.
- The Gary/Chicago International Airport Runway Expansion and EJ&E Railroad Re-Routing Plan – To provide access to Chicago's business districts, Northwest Indiana, and surrounding Midwest states. The 715 acre site has an FAA approved expansion plan adding 320 acres ensuring long term growth for the airport and the Northwest Indiana economy.
- Commuter Rail Transportation – Plans to extend the South Shore rail line to Lowell and Valparaiso are being reviewed.
- Lake Michigan Shoreline Development – A reinvestment strategy for the Lake Michigan shoreline to provide balance between nature, industry, restoration and redevelopment while reclaiming the shoreline for public access.

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010**

A comparative condensed summary of the Authority's net assets at December 31, 2012, 2011, and 2010 is as follows:

Current assets	\$ 80,965,650	\$ 92,079,835	\$ 85,935,430
Total current assets	<u>80,965,650</u>	<u>92,079,835</u>	<u>85,935,430</u>
Property and equipment			
Furniture & Fixtures, net	<u>6,883</u>	<u>7,885</u>	<u>11,935</u>
Long-term assets	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Total assets	<u>86,972,533</u>	<u>98,087,720</u>	<u>91,947,365</u>
Current liabilities	<u>52,758,029</u>	<u>59,975,385</u>	<u>45,501,565</u>
Total current liabilities	<u>52,758,029</u>	<u>59,975,385</u>	<u>45,501,565</u>
Long-term liabilities			
Grants payable	<u>0</u>	<u>0</u>	<u>28,001,133</u>
Total long-term liabilities	<u>0</u>	<u>0</u>	<u>28,001,133</u>
Total liabilities	<u>52,758,029</u>	<u>59,975,385</u>	<u>73,502,698</u>
Unrestricted	<u>34,214,504</u>	<u>38,112,335</u>	<u>18,444,667</u>
Total liabilities and net assets	<u>\$ 86,972,533</u>	<u>\$ 98,087,720</u>	<u>\$ 91,947,365</u>

2012

Current assets decreased by \$11,114,185 primarily due to an increase in the overall amount of funds the Authority used on current projects.

The 2012 decrease in current liabilities \$7,217,356 was due to a decrease in accounts payable and grants payable.

The 2012 long-term assets remained the same as the prior fiscal year due to the outstanding loan to the Little Calumet River Basin Development Commission not having been repaid.

The 2012 long-term liabilities remained the same as the prior fiscal year according to the schedule of grants payable.

2011

Current assets increased by \$6,144,405 primarily due to a decrease in the overall amount of funds the Authority used on current projects. The Authority also experienced an increase of \$475,000 in the accounts receivable from the City of Gary.

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010**

The 2011 increase in current liabilities of \$14,473,820 was due to the Authority approving projects in the current and prior fiscal years and payments being due within one year according to grant schedules which were approved at the time of awarding the grant.

The 2011 long-term assets remained the same as the prior fiscal year due to the outstanding loan to the Little Calumet River Basin Development Commission not having been repaid.

The 2011 decrease in long-term liabilities of \$28,001,133 is due to a decrease in grants payable according to the schedule of draws from the grantees.

2010

Current assets increased by \$13,571,043 primarily due to a decrease in the overall amount of funds the Authority used on current projects. The Authority also experienced an increase of \$2,500,000 in the accounts receivable from the City of Gary, which at year end stands at \$7,350,000.

The 2010 increase in current liabilities of \$14,498,492 was due to the Authority approving projects in the current and prior fiscal years and payments being due within one year according to grant schedules which were approved at the time of awarding the grant.

The 2010 long-term assets remained the same as the prior fiscal year due to the outstanding loan to the Little Calumet River Basin Development Commission not having been repaid.

The 2010 decrease in long-term liabilities of \$8,370,601 is due to a decrease in grants payable according to the schedule of draws from the grantees.

	2012	2011	2010
Operating revenues	\$ 27,598,942	\$ 27,760,970	\$ 27,500,000
Operating expenses	31,702,377	8,310,401	20,443,720
Operating income	<u>(4,103,435)</u>	<u>19,450,569</u>	<u>7,056,280</u>
Non-operating revenue	<u>149,401</u>	<u>217,100</u>	<u>285,497</u>
Period Restatement	56,202	0	0
Change in net assets	<u><u>\$ (3,897,832)</u></u>	<u><u>\$ 19,667,669</u></u>	<u><u>\$ 7,341,777</u></u>

2012

Operating revenues for year 2012 were \$27,598,942. Operating expenses for 2012 were \$31,702,377. Operating income for 2012 was (\$4,103,435). This decrease was primarily due to an increase in the Authority's program expenses.

Non-operating revenue of \$149,401 was due to investment interest income. Period restatement in the amount of \$56,202 was made to properly report grants payable for grants which closed.

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010**

2011

Operating revenues for year 2011 were \$27,760,970. Operating expenses for 2011 was \$8,310,401. Operating income for 2011 was \$19,450,569 resulting in an increase of \$12,394,289 from prior fiscal year 2010. This increase in operating income was primarily due to a decrease in the Authority's program services expenses.

Non-operating revenue of \$217,100 was due to investment interest income.

2010

Operating revenues for years 2010 and 2009 were \$27,500,000 each year. Operating expenses for 2010 was \$20,443,720. Operating income for 2010 was \$7,056,280 resulting in an increase of \$42,416,214 from prior fiscal year 2009. This increase in operating income was primarily due to a decrease in the Authority's program services expenses.

Non-operating revenue of \$285,497 was due to investment interest income.

	Operating Expenses		
	2012	2011	2010
Salaries and wages	\$ 437,054	\$ 362,259	\$ 317,430
Contractual services and commodities	764,708	699,307	572,344
Program Services	30,393,942	7,165,936	19,445,000
Other	106,673	82,899	108,946
Total operating expenses	\$ 31,702,377	\$ 8,310,401	\$ 20,443,720

2012

The increase in salaries and wages of \$74,795 in 2012 was due to staffing the Communication Manager position.

The increase in contractual services in 2012 of \$65,401 is due to the Authority's increased use of project planning and due diligence services.

2011

The increase in salaries and wages of \$44,829 in 2011 was due to a contract employee who began service in September 2011. Additionally, a payment to the State Budget Agency to settle a negative balance was made in June 2011.

The increase in contractual services in 2011 of \$126,963 is due to the Authority's increase in project related oversight and planning for new projects. Also, the Authority engaged consultants for federal grant writing purposed in 2011.

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010**

2010

The increase in salaries and wages of \$76,029 in 2010 was due to an additional salaried employee with an employment start date of March 8, 2010.

The increase in contractual services in 2010 of \$278,259 is partly due to an increase in legal services related to the Porter County litigation. Also, the Authority broadened the scope of services for the compliance and special consultants resulting in an increase in the contract amount.

Changes in Cash Flows

	2012	2011	2010
Cash from activities:			
Operating	\$ (13,012,875)	\$ 7,263,924	\$ 11,670,601
Investing	<u>146,277</u>	<u>217,175</u>	<u>285,508</u>
Net change in cash	(12,866,598)	7,481,099	11,943,430
Cash:			
Beginning of the year	<u>85,188,916</u>	<u>77,707,817</u>	<u>65,764,387</u>
End of the year	<u><u>\$ 72,322,318</u></u>	<u><u>\$ 85,188,916</u></u>	<u><u>\$ 77,707,817</u></u>

2012

As of December 31, 2012, the Authority's available cash of \$72,322,318 decreased by \$12,866,598 compared to December 31, 2011. This decrease in cash is due to the increase in the outlay of cash to fund program services.

2011

As of December 31, 2011, the Authority's available cash of \$85,188,916 increased by \$7,481,099 compared to December 31, 2010. This increase in cash is due to a decrease in the outlay of cash to fund program services.

2010

As of December 31, 2010, the Authority's available cash of \$77,707,817 increased by \$11,943,484 compared to December 31, 2009. This increase in cash is due to a decrease in the outlay of cash to fund program services.

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010**

FACTORS BEARING ON THE FUTURE

The Authority will continue to entertain funding applications from its four targeted investment areas as well as other qualifying economic development projects. The Authority expects to receive funding applications from the Town of Portage, City of East Chicago, Challenge applications, and proposals from IEDC to fund economic development projects in northwest Indiana.

Contracts will be awarded in fiscal year 2013; therefore, the contract amount may increase/decrease depending on the firm(s) chosen.

During its 2012 legislative session, the Indiana General Assembly passed and the Governor signed on March 16, 2012, Public Law 106 – 2012 which established a revenue mechanism for the Little Calumet River Basin Development Commission and a repayment schedule for the Commission's \$6 million, "no interest" loan currently outstanding from the RDA. Providing that no "fiscal emergency" [as defined in IC 14-13-2-18.6 (g)] exists for the Commission, the repayment schedule is as follows: on July 1, 2013, \$2,430,000; on July 1, 2014, \$1,460,000; on July 1, 2015, \$920,000; on July 1, 2016, \$690,000; and on July 1, 2017, \$500,000."

REQUESTS FOR INFORMATION

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

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	\$ 72,322,318	\$ 85,188,916
Accounts receivable (Note 1)	8,625,000	6,875,000
Prepaid expenses	18,332	15,919
Total current assets	<u>80,965,650</u>	<u>92,079,835</u>
Property and equipment		
Furniture, fixtures & leasehold improvements (Note 3)	49,157	46,033
Total property and equipment	49,157	46,033
Accumulated depreciation	(42,274)	(38,148)
Total property and equipment (net)	<u>6,883</u>	<u>7,885</u>
Long-term assets		
Note receivable (Note 5)	6,000,000	6,000,000
Total long-term assets	6,000,000	6,000,000
Total assets	<u><u>86,972,533</u></u>	<u><u>98,087,720</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	58,144	79,291
Grants payable -Due within one year (Note 6)	52,719,885	59,896,094
Total current liabilities	<u>52,778,029</u>	<u>59,975,385</u>
Net assets		
Unrestricted	34,194,504	38,112,336
Total net assets	<u>34,194,504</u>	<u>38,112,336</u>
Total liabilities and net assets	<u><u>\$ 86,972,533</u></u>	<u><u>\$ 98,087,720</u></u>

See accompanying notes to the basic financial statements

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Unrestricted Net Assets		
Support		
Indiana Finance Authority	\$ 10,000,000	\$ 10,000,000
City of East Chicago	3,500,000	3,500,000
Lake County	3,500,000	3,500,000
City of Gary	3,500,000	3,500,000
City of Hammond	3,500,000	3,500,000
Porter County	3,500,000	3,500,000
USDA Forest Service (PES Grant)	73,942	250,936
Other	25,000	10,034
Total Support	<u>27,598,942</u>	<u>27,760,970</u>
Expenses		
Program Services		
Town of Porter	-	3,915,000
Regional Bus Authority	-	3,000,000
USDA Forest Service (PES Grant)	93,942	250,936
Town of Pines	200,000	-
NIRPC	100,000	-
Gary/Chicago International Airport	30,000,000	-
Total Program Services	<u>30,393,942</u>	<u>7,165,936</u>
Supporting Services		
Salaries & professional services	1,201,762	1,061,566
Operating expenses	106,673	82,899
Total Supporting Services	<u>1,308,435</u>	<u>1,144,466</u>
Total Expenses	<u>31,702,377</u>	<u>8,310,401</u>
Non-operating revenue (expense)		
Interest expense	-	(74)
Interest Income	149,401	217,175
Total non-operating revenue (expense)	<u>149,401</u>	<u>217,101</u>
Change in Net Assets	(3,954,034)	19,667,669
Net Unrestricted Assets - Beginning of Year	38,112,336	18,444,667
Period Restatement (Note 8)	<u>36,202</u>	<u>-</u>
Net Unrestricted Assets - End of Year	<u>\$ 34,194,504</u>	<u>\$ 38,112,336</u>

See accompanying notes to the basic financial statements

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Fee revenue	\$ 26,722,521	\$ 29,110,970
Payments to employees for services	(437,054)	(362,259)
Payments to grantees for awarded contracts	(38,407,539)	(20,704,950)
Payments to other suppliers for goods and services	(890,803)	(779,837)
Cash flows from operating activities	<u>(13,012,875)</u>	<u>7,263,924</u>
Cash flows from investing activities		
Investment interest income	<u>149,401</u>	<u>217,175</u>
Net cash from investing activities	149,401	217,175
Cash flows from financing activities		
Purchase of fixed assets and leasehold improvements	<u>(3,124)</u>	-
Net cash from investing activities	(3,124)	-
Net change in cash and cash equivalents	(12,866,598)	7,481,099
Cash and cash equivalents at beginning of year	<u>85,188,916</u>	<u>77,707,817</u>
Cash and cash equivalents at end of year	<u><u>\$ 72,322,318</u></u>	<u><u>\$ 85,188,916</u></u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (3,917,832)	\$ 19,667,770
Interest Income	(149,401)	(217,175)
Depreciation expense	4,127	4,050
Changes in assets and liabilities		
(Increase)/Decrease in accounts receivable	(1,750,000)	1,350,000
(Increase) in prepaid expenses	(2,412)	(13,308)
(Decrease) in accounts payable and other accruals	(21,148)	(1,358,261)
(Decrease) in grants payable	<u>(7,176,209)</u>	<u>(12,168,152)</u>
Cash flows from operating activities	<u><u>\$ (13,012,875)</u></u>	<u><u>\$ 7,264,924</u></u>

See accompanying notes to the basic financial statements

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 2012 AND 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

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

Mission

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

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

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

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

Power and Duties

- Assist in the coordination of local efforts concerning projects
- Assist a commuter district, airport authority, shoreline development commission and regional bus authority in coordinating regional transportation and economic development
- Fund projects identified in the article
- Fund bus services and projects related to bus services (facilities)

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 2012 AND 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- May issue grants, make loans and loan guarantees, issue bonds or enter into a lease of a project
- Developed a Comprehensive Strategic Development Plan which identified the following:
 - Projects to be funded
 - Timeline and budget
 - Return on investment
 - Need for ongoing subsidy
 - Expected federal matching funds

Financing

The following identifies the sources of funding for the RDA:

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

Reporting Entity

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

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 2012 AND 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange Transactions

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

Measurement Focus and Basis of Accounting

The accounting policies of the Authority are based upon accounting principles generally accepted in the United States of America, as prescribed by the Government Accounting Standards Board (GASB). For the year ended December 31, 2008, the Authority adopted GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Disclosures*. The primary impact of adopting these GASB statements is the presentation of net assets, which replaces the previous fund equity section of contributed capital and retained earnings, the presentation of Management’s Discussion and Analysis (MD&A) as required supplementary information, and the addition of a statement of cash flows. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounts of the Authority are reported using the flow of economic resources measurement focus.

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

Management’s Use of Estimates

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

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 2012 AND 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue

The RDA receives substantially all of its support revenue from state, city and county agencies. Beginning in 2006, the fiscal officer of each city and county described in IC 36-7.5-2-(b) (other than the two largest cities in a county described in IC 36-7.5-2-3 (b) (1) (Lake County, Porter County, East Chicago, Gary, Hammond) shall each transfer three million five hundred thousand dollars (\$3,500,000) each year to the development authority for deposit in the development authority fund. The State of Indiana will provide \$110 million over ten years. A specific amount of \$20 million was specifically designated for the Gary/Chicago International Airport and was paid during fiscal year 2007.

The IC 8-15-2-14.7 provides that an appropriation made by the general assembly to the Authority may be distributed to the Authority only if all transfers required from cities and counties to the Authority under IC 36-7.5-4-2 have been made.

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

- The Regional Bus Authority – To increase opportunities for senior citizens, the handicapped community and Hoosiers without their own transportation.
- The Gary/Chicago International Airport Runway Expansion and EJ&E Railroad Re-Routing Plan – To provide access to Chicago's business districts, Northwest Indiana, and surrounding Midwest states. The 715 acre site has an FAA approved expansion plan adding 320 acres ensuring long term growth for the airport and the Northwest Indiana economy.
- Commuter Rail Transportation – Plans to extend the South Shore rail line to Lowell and Valparaiso are being reviewed.
- Lake Michigan Shoreline Development – A reinvestment strategy for the Lake Michigan shoreline to provide balance between nature, industry, restoration and redevelopment while reclaiming the shoreline for public access and projects related to the Lake Michigan Marina and Shoreline Development Commission. IC36-7.5-2-1 identifies the types of projects eligible for RDA funding.

The RDA was the fiscal agent and recipient of federal funds under the Urban and Community Forestry program sponsored by the United States Department of Agriculture. The funded project is considered a Great Lakes Restoration Initiative (GLRI). The overall grant award at December 31, 2012 and 2011 was \$73,924 and \$250,936, respectively, which leveraged local matches from the RDA.

Accounts Receivable

At December 31, 2012 the RDA had outstanding receivables in the amount of \$8,625,000 which related to the city of Gary and the city of Hammond being delinquent on installments in the amounts of \$6,875,000 and \$1,750,000, respectively.

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 2012 AND 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable (Continued)

At December 31, 2011 the RDA had outstanding receivables in the amount of \$6,875,000 which comprised of the city of Gary being delinquent on installments.

In accordance with IC 8-15-2-14.7 and IC 36-7.5-4-2, the City of Gary's delinquency could result in the State of Indiana no longer making payments to the RDA. At the time of the issuance of the financial statements, there were no indications that the State of Indiana had such intention.

Prepaid Expenses

Prepaid expenses represent payments to vendors, which will reflect costs applicable to subsequent accounting periods.

Accounts payable

The December 31st accounts payable balance relates to materials, supplies, taxes or services provided to the Authority during one calendar year, and not paid until the following calendar year. At December 31, 2012 and 2011, the Authority had accounts payable in the amounts of \$58,144 and \$79,291, respectively.

Grants Payable and other related accruals

The Authority is committed to various governmental organizations for reimbursement-based grants in which the organization had fulfilled the terms of the grant and submitted for reimbursement from the Authority. At December 31, 2012 and 2011, the total grants payable amounts were \$52,719,885 and 59,896,094 respectively.

Beginning Balance	Increase	(Decrease)	Ending Balance	Due within one year
\$ 59,896,094	\$ 30,300,000	\$ (37,476,209)	\$ 52,719,885	\$52,719,885

Operating Revenue, Operating Expenses, and Non-Operating Revenue and Expenses

The principal operating revenue of the Authority is fee revenue. Operating expenses for the Authority include contractual and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 2012 AND 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

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

Cash and Cash Equivalents

The RDA considers all investments with maturities of three months or less, when purchased, to be cash equivalents. Cash and cash equivalents are stated at fair value and consist of cash bank accounts and Certificates of Deposits.

Furniture and Equipment

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

Net Assets

Net Assets are comprised of the net earnings from operating and non-operating revenues, expenses and capital contributions. Net assets are displayed in three components – invested in capital assets, net of related debt; restricted for debt service, capital projects, passenger facility charges, airport use agreement and other requirements; and unrestricted. Invested in capital assets, net of related debt consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt net of debt service reserve and unspent proceeds.

Restricted net assets consist of net assets for which constraints are placed thereon by external parties (such as lenders and grantors) and laws, regulations and enabling legislation. Unrestricted net assets consist of all other net assets not categorized as either of the above.

At December 31, 2012 and 2011, there were no restricted assets as all assets are unrestricted.

Budgetary Information

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

Staff and Payroll

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

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 2012 AND 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tuition Expense

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

Operating Leases

The agency has a 1-year rental agreement for office space and supply reimbursement with a two year option to renew. The amount to be paid in fiscal year 2013 is approximately \$44,678.

Deposits and Investments

State statutes authorize the RDA to invest in obligations of the U.S. agency, U.S. government securities, U.S. instrumentality obligations, certain highly-rated commercial paper, institutional money market mutual funds, corporate bonds, and repurchase agreements. Changes in fair value of investments are recorded as investment income.

NOTE 2 - CONCENTRATIONS

At December 31, 2012 and 2011, \$1,000,000 of the RDA's cash and cash equivalents was insured by the Federal Depositary Insurance Corporation ("FDIC"), and therefore classified under Risk Category 1. The Public Deposit Insurance Fund ("PDIF") was created by the Acts of 1937 in the state of Indiana to protect the public funds of the state and its political subdivisions deposited in approved financial institutions. The PDIF insures those public funds deposited in approved financial institutions which exceed the limits of coverage provided by any FDIC. The RDA has funds deposited in PDIF approved financial institutions. At December 31, 2012 and 2011, respectively, the remaining portion of \$71,322,318 and \$84,188,916 is covered by the PDIF and is also considered to be classified in Risk Category 1.

NOTE 3 – PROPERTY AND EQUIPMENT

All furniture & equipment is depreciated using the 5-year straight line method. Depreciation expense at December 31, 2012 and 2011 was \$4,127 and \$4,050, respectively. Property and Equipment at December 31st consist of the following:

		<u>2012</u>	<u>2011</u>
Furniture & Fixtures		\$ 37,655	\$ 34,531
Leasehold Improvements		11,502	11,502
Less: Accumulated Depreciation		(42,274)	(38,148)
Net Furniture & Fixtures		<u>\$ 6,883</u>	<u>\$ 7,885</u>

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 2012 AND 2011**

NOTE 4 – PUBLIC EMPLOYEES’ RETIREMENT FUND

The organization also offers a Health Savings Plan and PERF. To provide retirement benefits for its full-time employees, the Authority participates in the Public Employees’ Retirement Fund of Indiana (PERF), cost-sharing, multiple employer public employees’ retirement system. The contribution requirement, which was made by the Authority for employees covered by the PERF, was \$8,011. The Authority is required to and did contribute 3% of their employee’s compensation to the PERF. The contribution requirement, which was made by the Authority to fund retirement benefits, was \$24,565. These contributions represent 9.7% of covered payroll for 2012. The payroll for employees covered by the PERF was \$418,029. To obtain more information please visit the Public Employees’ Retirement Fund at www.in.gov/perf.

NOTE 5 – NOTE RECEIVABLE

The RDA agreed to loan \$6,000,000 to the Little Calumet River Basin Development Commission. The amount due to the Authority from the Little Calumet River Basin Development Commission at December 31, 2012 and 2011 was \$6,000,000.

During its 2012 legislative session, the Indiana General Assembly passed and the Governor signed on March 16, 2012, Public Law 106 – 2012 which established a revenue mechanism for the Little Calumet River Basin Development Commission and a repayment schedule for the Commission’s \$6,000,000, “no interest” loan currently outstanding from the RDA. Providing that no “fiscal emergency” [as defined in IC 14-13-2-18.6 (g)] exists for the Commission, the repayment schedule is as follows: on July 1, 2013, \$2,430,000; on July 1, 2014, \$1,460,000; on July 1, 2015, \$920,000; on July 1, 2016, \$690,000; and on July 1, 2017, \$500,000.

NOTE 6 - COMMITMENTS

Since the inception of the RDA, there have been contracts awarded for approved projects within Northwest Indiana. Because not all awarded contracts have been completed, the RDA has remaining commitments of \$52,719,885 at December 31, 2012 as follows:

Project Name:	Shoreline Park Gateway & Community Gateway
Nature of Project:	Shoreline Restoration
Date Awarded:	03/25/2008
Initial Total Project Cost:	\$3,900,000
Add-ons or Change Orders:	N/A
Cost Through 12-31-2012:	\$1,483,604.10
Remaining balance at 12-31-2012:	\$2,416,395.90
Percent (%) Complete as of 12-31-2012:	38%
Expected Completion Date:	December 2013

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 2012 AND 2011**

NOTE 6 – COMMITMENTS (Continued)

Project Name:	Water Filtration Plant Demolition
Nature of Project:	Shoreline Restoration
Date Awarded:	11/13/2008
Initial Total Project Cost:	\$1,980,000
Add-ons or Change Orders:	N/A
Cost Through 12-31-2012:	\$ 225,000
Remaining balance at 12-31-2012:	\$1,755,000
Percent (%) Complete as of 12-31-2012:	11%
Expected Completion Date:	December 2013

Project Name:	Hammond Lakes Area
Nature of Project:	Shoreline Restoration
Date Awarded:	January 8, 2009
Initial Total Project Cost:	\$31,480,000
Add-ons or Change Orders:	N/A
Cost Through 12-31-2012:	\$22,311,822.77
Remaining balance at 12-31-2012:	\$ 9,168,177.23
Percent (%) Complete as of 12-31-2012:	71%
Expected Completion Date:	December 2013

Project Name:	Marquette Park Lakefront East
Nature of Project:	Shoreline Restoration
Date Awarded:	June 23, 2009
Initial Total Project Cost:	\$28,190,000
Add-ons or Change Orders:	N/A
Cost Through 12-31-2012:	\$21,994,282
Remaining balance at 12-31-2012:	\$ 6,195,718
Percent (%) Complete as of 12-31-2012:	81%
Expected Completion Date:	June 2013

Project Name:	Porter Gateway to the Dunes
Nature of Project:	Shoreline Restoration
Date Awarded:	November 17, 2009
Initial Total Project Cost:	\$1,816,500
Add-ons or Change Orders:	N/A
Cost Through 12-31-2012:	\$1,673,082
Remaining balance at 12-31-2012:	\$ 143,418
Percent (%) Complete as of 12-31-2012:	92%
Expected Completion Date:	December 2013

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 2012 AND 2011**

NOTE 6 – COMMITMENTS (Continued)

Project Name:	Porter Gateway to the Dunes (Grant 2)
Nature of Project:	Shoreline Restoration
Date Awarded:	July 7, 2011
Initial Total Project Cost:	\$3,915,000
Add-ons or Change Orders:	N/A
Cost Through 12-31-2012:	\$ 546,652
Remaining balance at 12-31-2012:	\$3,368,348
Percent (%) Complete as of 12-31-2012:	14%
Expected Completion Date:	December 2013

Project Name:	Whiting Lakefront Park
Nature of Project:	Shoreline Restoration
Date Awarded:	April 20, 2010
Initial Total Project Cost:	\$19,445,000
Add-ons or Change Orders:	N/A
Cost Through 12-31-2012:	\$ 6,548,369.21
Remaining balance at 12-31-2012	\$12,896,630.79
Percent (%) Complete as of 12-31-2012:	34%
Expected Completion Date:	October 2012

Project Name:	Gary International Airport
Nature of Project:	Runway Expansion/Railroad Relocation
Date Awarded:	December 14, 2012
Initial Total Project Cost:	\$30,000,000
Add-ons or Change Orders:	N/A
Cost Through 12-31-2012:	\$13,423,801.05
Remaining balance at 12-31-2012	\$16,576,198.95
Percent (%) Complete as of 12-31-2012:	44%
Expected Completion Date:	December 2013

Project Name:	Town of Pines
Nature of Project:	Challenge Grant – Studies/Due Diligence
Date Awarded:	November 20, 2012
Initial Total Project Cost:	\$200,000
Add-ons or Change Orders:	N/A
Cost Through 12-31-2012:	\$ 0.00
Remaining balance at 12-31-2012	\$200,000.00
Percent (%) Complete as of 12-31-2012:	0%
Expected Completion Date:	December 2013

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 2012 AND 2011**

NOTE 7 – OTHER MATTERS

The City of Gary remains delinquent in payment of its membership assessment to the RDA. The City of Gary has been designated a “distressed unit” under IC 6-1.1-20.3 and the Distressed City Governing Board has required Gary to employ an outside monitor to assist in resolving the city’s ongoing financial problems. The monies owed to the RDA are included in the overall financial plan for alleviating Gary’s financial problems. A “workout” plan for incremental payment of the delinquent membership assessment has been adopted and is being implemented.

NOTE 8 – PERIOD RESTATEMENT

During the period, several adjustments were made to various accounts to properly report grants payable. The net affect of the adjustments amounts to \$36,202 to net assets.

NOTE 9 – SUBSEQUENT EVENTS

In accordance with FASB ASC Topic 855, *Subsequent Events*, the Organization has evaluated subsequent events through March 8, 2013 which is the date these financial statements were issued. All subsequent events, if any, requiring recognition as of December 31, 2012 have been incorporated into these financial statements herein.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
SUPPLEMENTAL SCHEDULE OF SUPPORTING SERVICES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Salaries & Professional Services

	<u>2012</u>	<u>2011</u>
Professional Fees		
Salaries and related personnel costs	\$ 437,054	\$ 362,259
Legal	75,483	65,812
Accounting	29,750	28,916
Special consultants	595,976	566,479
Compliance consultant	63,500	38,100
Total Salaries & Professional Services	<u>\$ 1,201,762</u>	<u>\$ 1,061,566</u>

Operating Expenses

Bank charges	\$ 111	\$ 98
Office supplies	13,634	8,451
Membership dues	520	500
Conferences	817	-
Insurance	12,998	-
Background check	68	-
Meals and entertainment	8,723	7,831
Depreciation expense	4,127	4,050
Rent, Telephone, & Technical Support	43,604	38,864
Travel	12,594	13,430
Tuition reimbursement	9,477	9,675
	<u>\$ 106,673</u>	<u>\$ 82,899</u>

See accompanying notes to basic financial statements

Northwest Indiana Regional Development Authority
BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL
For the Year Ended December 31, 2012

	Budget	Actual	Variance
<u>Revenue by Source</u>			
State	\$ 10,000,000	\$ 10,000,000	\$ -
City of East Chicago	3,500,000	3,500,000	-
City of Hammond	3,500,000	3,500,000	-
City of Gary	3,500,000	3,500,000	-
Lake County	3,500,000	3,500,000	-
Porter County	3,500,000	3,500,000	-
USDA	73,924	73,924	-
Private Foundation	25,000	25,000	-
Total Revenue by Source	27,598,924	27,598,924	-
<u>Program Expenses</u>			
Town of Pines	200,000	200,000	-
NIRPC	100,000	100,000	-
Gary/Chicago International Airport	30,000,000	30,000,000	-
Total Program Expenses	30,300,000	30,300,000	-
<u>Administrative Expenses</u>			
Professional Services	792,950	764,708	(28,242)
Salaries and Benefits	545,628	437,054	(108,574)
Rent	58,200	43,604	(14,596)
Tuition Reimbursement	17,500	9,477	(8,023)
Travel/Meals	25,000	21,317	(3,683)
Office Supplies and Equipment	14,700	13,634	(1,066)
Insurance	13,600	12,998	(602)
Other administrative expenses	40,800	5,643	(35,157)
Total Administrative Expenses	\$ 1,508,378	\$ 1,308,435	\$ (199,943)

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS:

Depreciation Expense	\$ (4,127)
Interest Income	149,401
Note receivable	6,000,000
Accounts receivable	8,625,000
Prepaid expenses	18,332
Grantee awards/payments, net	(18,706,438)
Change in Net Assets - GAAP basis	\$ (3,917,832)