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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

December 22, 2015

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

We have reviewed the audit report prepared by Crowe Horwath LLP, Independent Public Accountants, for the period January 1, 2014 to December 31, 2014. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Northern Indiana Commuter Transportation District, as of December 31, 2014 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.

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

Paul D. Joyce, CPA
State Examiner



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the years ended
December 31, 2014 and 2013

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

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
NORTHERN INDIANA COMMUTER
TRANSPORTATION DISTRICT**

Chesterton, Indiana

**For the Years Ended
December 31, 2014 and 2013**

**Prepared by the Accounting and Administration
Departments**

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

December 31, 2014 and 2013

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

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

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Financial Statements	
Statements of Revenues, Expenses and Changes in Net Position	11
Statements of Net Position	12
Statements of Cash Flows	14
Notes to Financial Statements	16
Supplementary Schedules	
Independent Auditor's Report on Supplementary Information	29
Schedules of Operating Expenses	30
Schedule of Expenditures of Federal Awards	32
Notes to Schedule of Expenditures of Federal Awards	33
Schedules of Budgeted, Actual, and Questioned Costs by Grant	34
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	47
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Controls Over Compliance	49
Schedule of Findings and Questioned Costs	51
Schedule of Prior Year Findings	52

STATISTICAL SECTION (Unaudited)

Net Position	53
Changes in Net Position	54
Revenues by Source	55
Revenues by Source (Graph Presentation)	56
Revenues and Operating Assistance – Comparison to Industry Trend Data	57
System Recovery Ratio	58
Farebox Revenues vs. Operating Expenses (Graph Presentation)	59
Operating Expenses by Object Class	60

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
December 31, 2014 and 2013

TABLE OF CONTENTS

STATISTICAL SECTION (Continued)

Operating Expenses by Function Class – Comparison to Industry Trend Data	61
Operating Expenses per Electric Multiple-Unit Hour (Graph Presentation)	62
Pledged Revenue Coverage.....	63
Ratio of Outstanding Debt by Type.....	65
Demographic and Economic Indicators	66
Principal Employers in Chicago	67
Fare Rate Structure	68
Operating Statistics.....	70
Employees by Labor Classification.....	71

INTRODUCTORY SECTION



NORTHERN INDIANA

COMMUTER TRANSPORTATION DISTRICT

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

PHONE: 219.874.4221 • FAX: 219.879.4522

April 1, 2015

Board of Trustees
Northern Indiana Commuter
Transportation District
Chesterton, Indiana

The Comprehensive Annual Financial Report of the Northern Indiana Commuter Transportation District ("District" or "NICTD") for the years ended December 31, 2014 and 2013 is hereby respectfully submitted. This report has been prepared according to the guidelines recommended by the Government Finance Officers Association (GFOA).

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

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

History

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

LETTER OF TRANSMITTAL

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

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

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

Reporting Entity

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

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

The District is required by Indiana Code 8-5-15-19 to have an annual audit performed by independent certified public accountants. Crowe Horwath, LLP, a firm of licensed certified public accountants, has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance the District's financial statements for the fiscal years ending December 31, 2014 and 2013 are free of material misstatement. The independent auditors rendered an unmodified auditor's report on the District's financial statements for the years ended December 31, 2014 and 2013.

As a recipient of federal and state financial assistance, the District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to the Single Audit, including the schedule of expenditures of federal awards, findings and questioned costs and auditor's

LETTER OF TRANSMITTAL

reports on the internal control structure and compliance with applicable laws and regulations are set forth in a separate Single Audit report. The report for the year ended December 31, 2014 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 the assets of the District are protected from loss/theft or misuse and to ensure that adequate accounting data are compiled to allow the preparation of financial statements in conformity with generally accepted accounting principles. The internal control system is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived; and that the evaluation of cost and benefits requires estimates and judgments by management.

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

Service Provided by the District

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

The Northern Indiana Commuter Transportation District (NICTD) is an electric railroad providing daily commuter rail passenger service along a 90-mile route between South Bend, Indiana and Chicago. Known to locals as the South Shore, NICTD's commuter service is a major contributor to the economic engine of northern Indiana and southeast Chicago, operating nearly 13,000 trains annually carrying over 3.6 million passengers to high paying Chicago jobs. Since the mid-70's ridership grew from 1.5 million to a record 4.2 million passengers in 2007 (see graph on page v). While ridership has declined over the past several years because of the recession, we believe the service is in a position to rebound as the Chicago job market improves. 2014 brought a slight increase to ridership which may support our belief of ridership recovery.

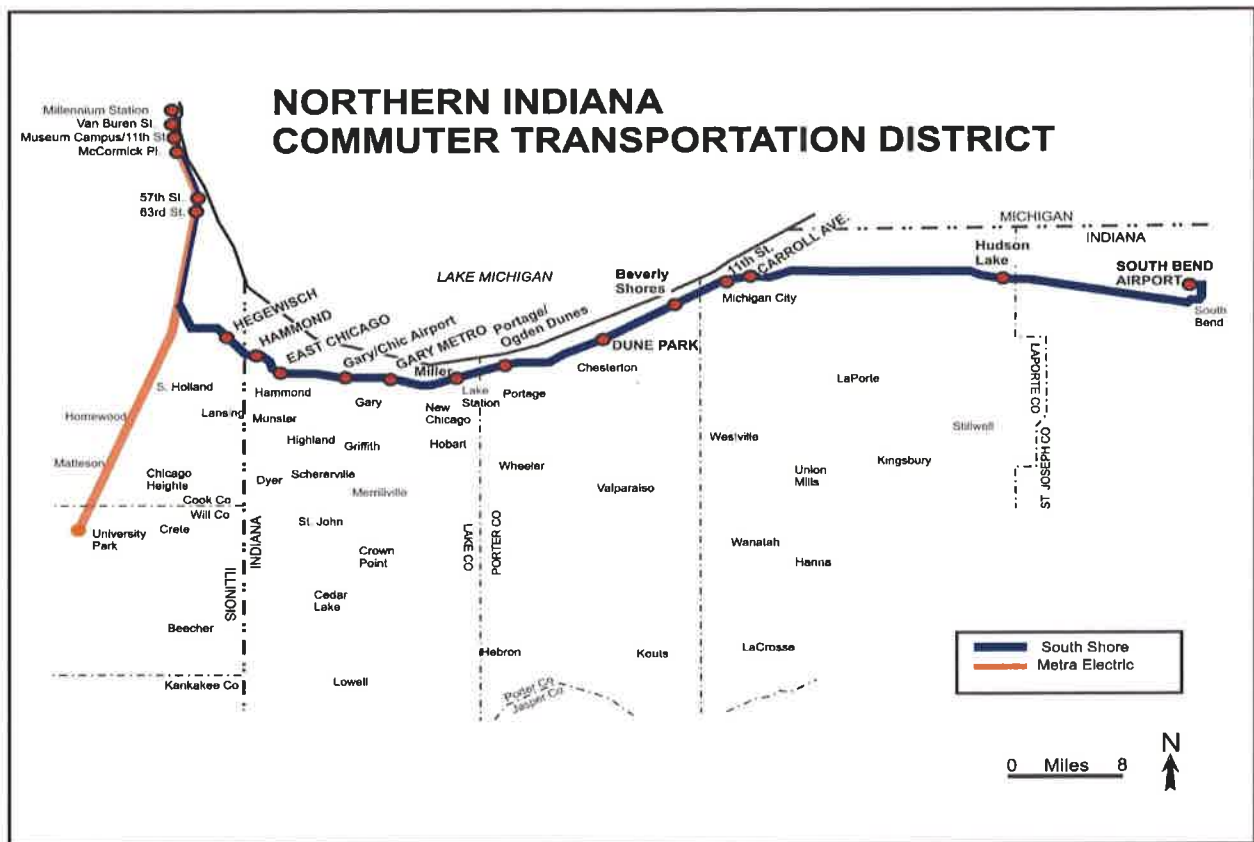
The South Shore is uniquely positioned in the heart of Chicago's Loop within easy access to approximately 542,000 jobs, doubling the job base of Lake and Porter counties, Indiana (246,000 jobs). On average these jobs pay 37% more than similar positions in northwest Indiana.

Since its creation in 1977, the District has invested federal, state and local funds to initially stabilize the passenger service and then address its aging infrastructure including new

LETTER OF TRANSMITTAL

rolling stock, electrical substations, maintenance facilities, bridges, passenger stations and most recently 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. The District has a mixed fleet of 82 electric multiple-unit (EMUs) with an average fleet age of 23.6 years. The District's goal is to be the mode of choice for accessing Chicago. To accomplish this, the District must enhance safety, improve reliability and reduce travel time.



Revenue and Funding

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

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

LETTER OF TRANSMITTAL

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

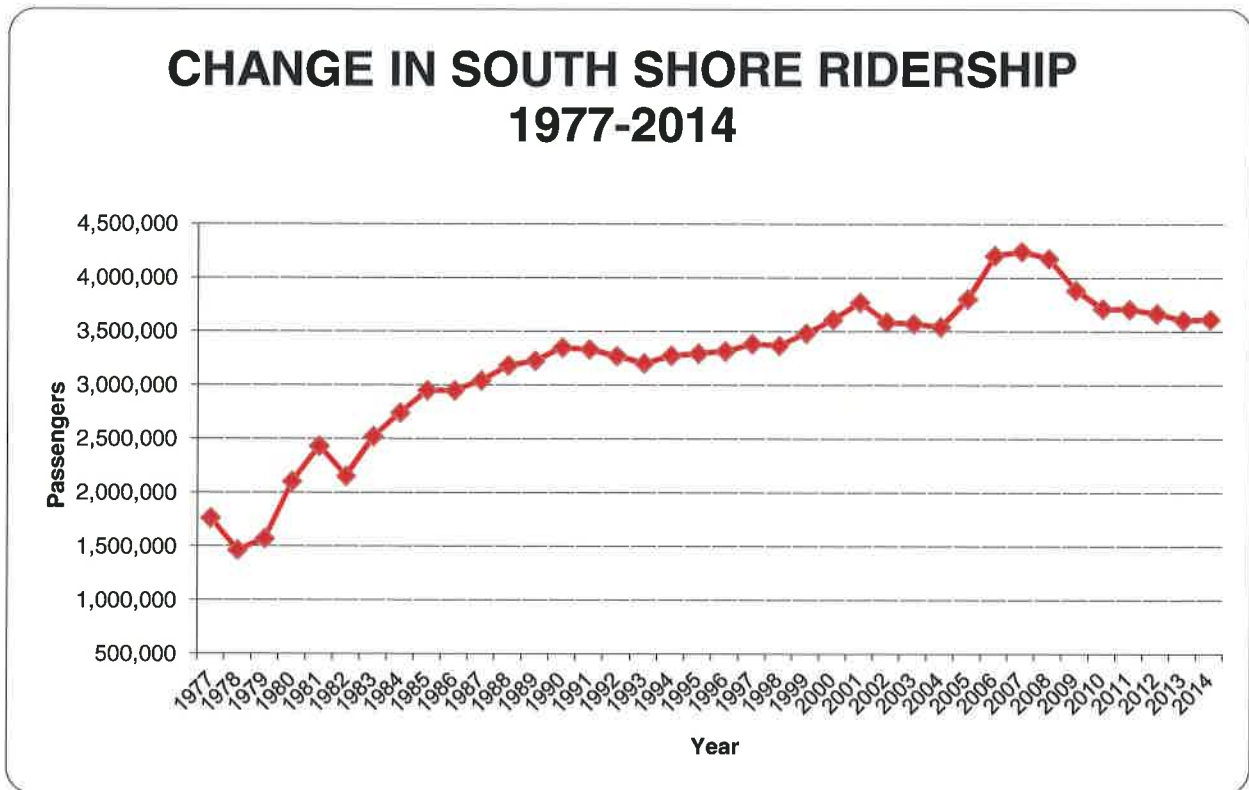
The District's primary source of non-operating assistance comes from Federal Grants through the Federal Transit Administration (FTA) for operations and capital improvement programs. Additional funding is provided through the public mass transportation fund, electric rail service fund and commuter rail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

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

Local Economy

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

Ridership and operating revenue have been affected by the economic downturn and the slow rate of returning jobs to the Loop. We carried over 3.6 million passengers in 2014, approximately 14.3% fewer passengers than our modern day record of 4.2 million passengers in 2007.



LETTER OF TRANSMITTAL

Major Initiatives

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

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

The District plans to reduce scheduled run time through a combination of route realignment and high level boarding (vs. low level). The District believes the strategic application of these initiatives will increase the average speed of our service from 36 mph to 46 mph. Our scheduled travel time between South Bend and Chicago is 2 hours and 30 minutes. We have plans to realign our connection to the South Bend Airport that will save 10 minutes and eliminate embedded street running in Michigan City saving 10 minutes for our passengers.

The projects planned for 2015 include a continuation of Phase III of the Catenary renewal project between South Bend and Michigan City using our Line and Signal Department. We will continue installing new cantilever arms, signal power support arms, power feeder arms, demolishing the old catenary wire and installing a new catenary wire system. The process of stringing new wire and removing the old wire will involve the temporary suspension of train service between South Bend and Michigan City on certain weekends during the project. Bus service will be utilized to service passengers between these locations to minimize the effects on them.

The District will continue working toward implementation of Positive Train Control (PTC) in accordance with the Railway Safety Improvement Act of 2008 and regulation 49CFR Part 236. PTC uses GPS technology to monitor and even control train movement in the event of human error or a natural disaster.

The District will also continue evaluating the need and potential for double-tracking and limited-stop express services for further travel time reduction for commuters.

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

LETTER OF TRANSMITTAL

Award

The Government of Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Northern Indiana Commuter Transportation District for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2013. This was the second consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgement

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

Respectfully submitted,

Keith A. Casey, CPA
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Northern Indiana Commuter
Transportation District**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

Northern Indiana Commuter Transportation District

Board of Trustees and Administration
as of December 31, 2014

Members of the Board of Trustees

Representing LaPorte County

Mark Yagelski, Chair
David L. Decker

Representing Porter County

John Evans, Vice-Chair
Sylvia Graham

Representing St. Joseph County

Mark Catanzarite, Treasurer
Andrew Kostielney

Representing Lake County

Christine Cid, Secretary
Michael Repay

Representing the remainder of Indiana

David E. Wickland, Esq., Governor's Appointment

Representing employees of the District

David Pranckus, Governor's Appointment

Administration

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

FINANCIAL SECTION

**NORTHERN INDIANA COMMUTER
TRANSPORTATION DISTRICT**

ANNUAL REPORT
December 31, 2014 and 2013

REPORT OF INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS

Board of Trustees
Northern Indiana Commuter
Transportation District
Chesterton, Indiana

Report on Financial Statements

We have audited the accompanying financial statements of the Northern Indiana Commuter Transportation District (the District) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2014 and 2013 and the changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Crowe Horwath LLP

South Bend, Indiana
April 1, 2015

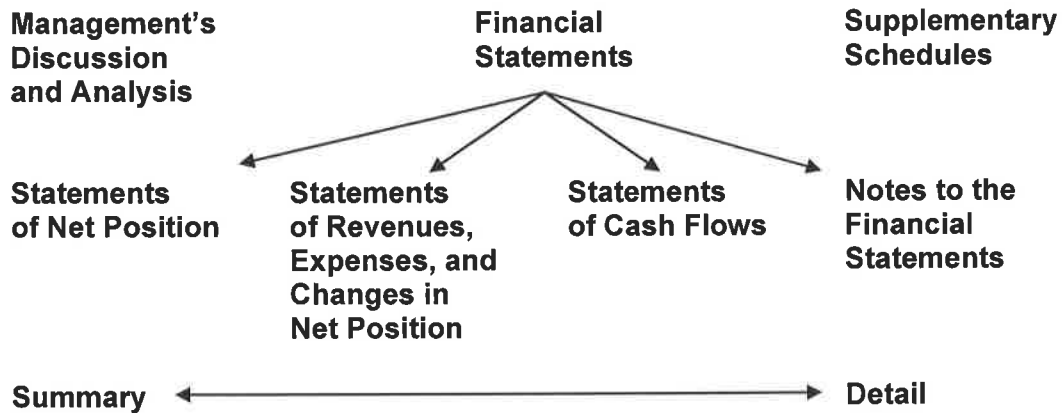
NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2014 and 2013
 (In thousands of dollars)

The following discussion and analysis of the Northern Indiana Commuter Transportation District's (the District's) financial performance provides an overview of the District's financial activities for the years ended December 31, 2014 and 2013.

Overview of the Financial Statements

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

Figure A-1
Required Components of Northern Indiana Commuter Transportation District's Annual Financial Report



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

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

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

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013
(In thousands of dollars)

Financial Highlights

- Total assets decreased by \$1,475 or 0.42%, from \$354,268 in 2013 to \$352,793 in 2014, primarily due to an increase in accumulated depreciation on assets capitalized in 2014. Total assets decreased by \$1,940 or 0.54%, from \$356,208 in 2012 to \$354,268 in 2013, primarily due to an increase in accumulated depreciation on capitalized assets.
- Operating revenues increased by \$34 or 0.18% in 2014, from \$19,382 to \$19,416. Operating revenues decreased by \$218 or 1.11% in 2013, from \$19,600 to \$19,382.
- Operating expenses increased by \$2,353 or 3.95% in 2014, from \$59,632 to \$61,985 primarily due to an increase in repair and maintenance expenses of aging equipment. Operating expenses decreased by \$1,441 or 2.36% in 2013, from \$61,073 to \$59,632 primarily due to slowed growth in salaries, wages and general expenses.
- Loss before capital contributions decreased by \$508 or 4.05% in 2014, from \$12,543 to \$12,035 due to an increase in state operating assistance. Loss before capital contributions decreased by \$2,197 or 14.91% in 2013, from \$14,740 to \$12,543 due to an increase in state operating assistance.

Statements of Net Position

Total net position increased by \$3,432 in 2014 and increased by \$2,561 in 2013 (see Figure A-2). The largest portion of net position is net investment in capital assets, which decreased \$1,087 in 2014 and decreased by \$4,680 in 2013 through capital improvements, which were funded by contributions from federal and state governmental agencies.

Figure A-2a
Condensed Statements of Net Position

	<u>2014</u>	<u>2013</u>	<u>Difference</u>	<u>Percent Change</u>
Current assets	\$ 38,814	\$ 38,088	\$ 726	1.91%
Capital assets (net)	269,137	274,377	(5,240)	(1.91)
Other noncurrent assets	<u>44,842</u>	<u>41,803</u>	<u>3,039</u>	<u>7.27</u>
Total assets	352,793	354,268	(1,475)	(0.42)
Current liabilities	12,455	13,053	(598)	(4.58)
Long-term liabilities	<u>33,143</u>	<u>37,452</u>	<u>(4,309)</u>	<u>(11.51)</u>
Total liabilities	45,598	50,505	(4,907)	(9.72)
Net investment in capital assets	233,493	234,580	(1,087)	(0.46)
Restricted for debt service	21,892	17,854	4,038	22.62
Restricted for capital projects	6,239	6,237	2	0.03
Unrestricted	<u>45,571</u>	<u>45,092</u>	<u>479</u>	<u>1.06</u>
Total net position	<u>\$ 307,195</u>	<u>\$ 303,763</u>	<u>\$ 3,432</u>	<u>1.13%</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013
(In thousands of dollars)

Figure A-2b
Condensed Statements of Net Position

	<u>2013</u>	<u>2012</u>	<u>Difference</u>	<u>Percent Change</u>
Current assets	\$ 38,088	\$ 38,955	\$ (867)	(2.23)%
Capital assets (net)	274,377	283,085	(8,708)	(3.08)
Other noncurrent assets	<u>41,803</u>	<u>34,168</u>	<u>7,635</u>	<u>22.35</u>
Total assets	354,268	356,208	(1,940)	(0.54)
Current liabilities	13,053	13,363	(310)	(2.32)
Long-term liabilities	<u>37,452</u>	<u>41,643</u>	<u>(4,191)</u>	<u>(10.06)</u>
Total liabilities	50,505	55,006	(4,501)	(8.18)
Net investment in capital assets	234,580	239,260	(4,680)	(1.96)
Restricted for debt service	17,854	15,712	2,142	13.63
Restricted for capital projects	6,237	6,233	4	0.6
Unrestricted	<u>45,092</u>	<u>39,997</u>	<u>5,095</u>	<u>12.74</u>
Total net position	<u>\$ 303,763</u>	<u>\$ 301,202</u>	<u>\$ 2,561</u>	<u>0.85%</u>

Statements of Revenues, Expenses and Changes in Net Position

Operating revenues increased by \$34 in 2014 (see Figure A-3a). Operating revenues decreased by \$218 in 2013 (see Figure A-3b).

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenue	\$ 19,416	\$ 19,382	\$ 19,600
Commuter ridership	2,188	2,192	2,202
Off-peak ridership	1,428	1,415	1,466
Total ridership	3,616	3,607	3,668

Operating expenses increased by \$2,353 in 2014. The key components of operating expenses are: transportation, maintenance, and depreciation. Depreciation expense decreased by \$2,533 in 2014. Railroad operating expenses decreased 3.95% over 2013. Total non-operating revenues/expenses increased by \$2,827 or 10.2% in 2014 due primarily to an increase in Commuter Rail Service Fund Indefinite Situs Tax collections.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013
(In thousands of dollars)

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

	<u>2014</u>	<u>2013</u>	<u>Difference</u>	<u>Percent Change</u>
Operating revenue	\$ 19,416	\$ 19,382	\$ 34	0.18%
Operating expenses	<u>(61,985)</u>	<u>(59,632)</u>	<u>(2,353)</u>	<u>3.95</u>
Operating loss	(42,569)	(40,250)	(2,319)	5.76
Non-operating revenues/expenses	<u>30,534</u>	<u>27,707</u>	<u>2,827</u>	<u>10.20</u>
Loss before contributions	(12,035)	(12,543)	508	(4.05)
Contributions	<u>15,467</u>	<u>15,104</u>	<u>363</u>	<u>2.40</u>
Increase in net position	3,432	2,561	871	34.01
Net position, beginning of year	<u>303,763</u>	<u>301,202</u>	<u>2,561</u>	<u>0.85</u>
Net position, end of year	<u>\$ 307,195</u>	<u>\$ 303,763</u>	<u>\$ 3,432</u>	<u>1.13%</u>

Operating expenses decreased by \$1,441 in 2013. The key components of operating expenses are: transportation, maintenance, and depreciation. Depreciation expense decreased by \$1,229 in 2013. Railroad operating expenses decreased 2.36% over 2012. Total non-operating revenues/expenses increased by \$974 or 3.64% in 2013 due to an increase in Commuter Rail Service Fund Indefinite Situs Tax collections.

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

	<u>2013</u>	<u>2012</u>	<u>Difference</u>	<u>Percent Change</u>
Operating revenue	\$ 19,382	\$ 19,600	\$ (218)	(1.11)%
Operating expenses	<u>(59,632)</u>	<u>(61,073)</u>	<u>1,441</u>	<u>(2.36)</u>
Operating loss	(40,250)	(41,473)	1,223	(2.95)
Non-operating revenues/expenses	<u>27,707</u>	<u>26,733</u>	<u>974</u>	<u>3.64</u>
Loss before contributions	(12,543)	(14,740)	2,197	14.91
Contributions	<u>15,104</u>	<u>13,171</u>	<u>1,933</u>	<u>14.68</u>
Increase in net position	2,561	(1,569)	4,130	263.22
Adjustment per GASB 65	-	(503)	503	(100.00)
Net position, beginning of year	<u>301,202</u>	<u>303,274</u>	<u>(2,072)</u>	<u>(0.68)</u>
Net position, end of year	<u>\$ 303,763</u>	<u>\$ 301,202</u>	<u>\$ 2,561</u>	<u>0.85%</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013
(In thousands of dollars)

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

Figure A-3c
Schedule of Revenues and Expenses

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues			
Passenger fares (net of refunds)	\$ 19,371	\$ 19,341	\$ 19,556
Parking lot collections	<u>45</u>	<u>41</u>	<u>44</u>
Total operating revenues	<u>\$ 19,416</u>	<u>\$ 19,382</u>	<u>\$ 19,600</u>
Operating expenses			
Transportation	15,937	15,835	16,229
Maintenance of way	6,689	5,611	5,633
Maintenance of equipment	12,497	10,077	9,755
Claims and insurance	1,601	1,639	1,682
General and administrative	<u>7,716</u>	<u>6,392</u>	<u>6,467</u>
	44,440	39,554	39,766
Depreciation	<u>17,545</u>	<u>20,078</u>	<u>21,307</u>
Total operating expenses	<u>\$ 61,985</u>	<u>\$ 59,632</u>	<u>\$ 61,073</u>
Nonoperating revenues (expenses)			
Maintenance grant	4,947	4,586	4,586
State operating assistance	11,820	11,666	12,331
Other local funds	5,215	4,891	4,748
Other revenue	681	383	455
Interest expense	(1,292)	(1,409)	(2,108)
Indefinite Situs tax	<u>9,163</u>	<u>7,590</u>	<u>6,721</u>
Total nonoperating revenues (expenses)	<u>\$ 30,534</u>	<u>\$ 27,707</u>	<u>\$ 26,733</u>

Statements of Cash Flows

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

Cash flow from operating activities in 2013 increased by \$1,906 (see Figure A-4b) due to an increase in reimbursements for indirect costs on operating labor charged to grant projects. Cash receipts for capital and related financing activities decreased by \$2,268 due to an increase in acquisition and construction of capital assets. Cash from investing activities increased by \$3,046 due to sales of certificates of deposit.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013
(In thousands of dollars)

Figure A-4a
Condensed Statements of Cash Flows

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

Figure A-4b
Condensed Statements of Cash Flows

	<u>2013</u>	<u>2012</u>	<u>Difference</u>	<u>Percent Change</u>
Net cash flows used in operating activities	\$ (19,587)	\$ (21,493)	\$ 1,906	8.87%
Net cash flows provided by noncapital financing activities	25,694	28,432	(2,738)	(9.63)
Net cash flows used in capital and related financing activities	(3,963)	(1,695)	(2,268)	(133.81)
Net cash flows provided by investing activities	<u>2,265</u>	<u>(781)</u>	<u>3,046</u>	<u>390.01</u>
Net increase in cash and cash equivalents	4,409	4,463	(54)	(1.21)
Cash and equivalents, beginning of year	<u>45,332</u>	<u>40,869</u>	<u>4,463</u>	<u>10.92</u>
Cash and equivalents, end of year	<u>\$ 49,741</u>	<u>\$ 45,332</u>	<u>\$ 4,409</u>	<u>9.73%</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2014 and 2013
 (In thousands of dollars)

Capital Assets

The District uses a four-year Capital Improvements Program (CIP) that is updated biannually. Development of the CIP is based on the District's current facilities plan and recommendations from the annual inspection of tracks, catenary, traffic signals, and bridge facilities. The District's current plan covers the years from 2014 through 2017. The District expects to invest \$90,576 in capital improvements during 2014 - 2017 in a major upgrade of the right of way. For more detailed information related to capital assets, see Note 3 to the financial statements.

Debt Administration

At December 31, 2014 and 2013, the District had \$20,624 and \$22,976 principal outstanding for the Series 2007 bonds and \$15,020 and \$16,820 principal outstanding for the Series 2004 Bonds.

**Figure A-5
Debt Service Coverage**

	<u>2014</u>	<u>2013</u>	<u>Difference</u>	<u>Percent Change</u>
Situs Tax Restricted for Debt Service	\$ 21,892	\$ 17,854	\$ 4,038	22.62%
Aggregate Net Debt Service Principal - Bonds	\$ 35,644	\$ 39,796	\$ (4,152)	(10.43)%

**Figure A-5
Debt Service Coverage**

	<u>2013</u>	<u>2012</u>	<u>Difference</u>	<u>Percent Change</u>
Situs Tax Restricted for Debt Service	\$ 17,854	\$ 15,712	\$ 2,142	13.63%
Aggregate Net Debt Service Principal - Bonds	\$ 39,796	\$ 43,825	\$ (4,029)	(9.19)%

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

Economic Factors and Next Year's Business Plans and Fares

We remain optimistic that ridership will begin to reverse its downward trend over the last several years. Operating revenue increased slightly by 0.18% in 2014. Operation and maintenance expenses in 2015 are estimated to remain at 2014 expense levels, with continued cost saving measures already in place. Management believes that the 2015 plan adequately addresses all revenue requirements, pending stable economic conditions. If the economy worsens, management anticipates it can reduce expenses by an adequate amount to offset reduced revenues.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013
(In thousands of dollars)

Contacting the District's Financial Management

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

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 Years ended December 31, 2014 and 2013
 (In thousands of dollars)

	<u>2014</u>	<u>2013</u>
Operating revenue		
Passenger fares (net of refunds)	\$ 19,371	\$ 19,341
Parking lot collections	<u>45</u>	<u>41</u>
	<u>19,416</u>	<u>19,382</u>
Operating expenses		
Transportation	15,937	15,835
Maintenance of way	6,689	5,611
Maintenance of equipment	12,497	10,077
Claims and insurance	1,601	1,639
General and administrative	<u>7,716</u>	<u>6,392</u>
Total operating expenses before depreciation	44,440	39,554
Depreciation	<u>17,545</u>	<u>20,078</u>
	<u>61,985</u>	<u>59,632</u>
Operating loss	<u>(42,569)</u>	<u>(40,250)</u>
Nonoperating revenues (expenses)		
Federal maintenance grant	4,947	4,586
State operating assistance	11,820	11,666
Other local funds (Note 8)	5,215	4,891
Other revenue (Note 8)	681	383
Interest expense	(1,292)	(1,409)
Indefinite Situs tax	<u>9,163</u>	<u>7,590</u>
	<u>30,534</u>	<u>27,707</u>
Loss before capital contributions	<u>(12,035)</u>	<u>(12,543)</u>
Capital contributions		
Federal	12,953	12,886
State	<u>2,514</u>	<u>2,218</u>
	<u>15,467</u>	<u>15,104</u>
Change in net position	3,432	2,561
Net position at beginning of year	<u>303,763</u>	<u>301,202</u>
Net position at end of year	<u>\$ 307,195</u>	<u>\$ 303,763</u>

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF NET POSITION
 December 31, 2014 and 2013
 (In thousands of dollars)

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	\$ 19,357	\$ 16,622
Receivables:		
Federal capital and planning assistance	1,086	1,455
Federal operating assistance	-	1,586
State assistance	12,424	12,247
Metra portion of operating costs	-	308
Other	<u>521</u>	<u>468</u>
Total receivables	14,031	16,064
Materials and supplies inventory	4,421	4,368
Prepaid expenses	<u>1,005</u>	<u>1,034</u>
Total current assets	<u>38,814</u>	<u>38,088</u>
Noncurrent assets		
Cash and cash equivalents, restricted (Note 2)	36,157	33,119
Short-term investments, restricted (Note 2)	<u>8,685</u>	<u>8,684</u>
	<u>44,842</u>	<u>41,803</u>
Capital assets not being depreciated	22,212	21,631
Capital assets being depreciated	513,919	502,383
Less accumulated depreciation	<u>(266,994)</u>	<u>(249,637)</u>
Capital assets being depreciated, net	<u>246,925</u>	<u>252,746</u>
Total capital assets, net (Note 3)	<u>269,137</u>	<u>274,377</u>
Total noncurrent assets	<u>313,979</u>	<u>316,180</u>
Total assets	<u>\$ 352,793</u>	<u>\$ 354,268</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF NET POSITION
 December 31, 2014 and 2013
 (In thousands of dollars)

	<u>2014</u>	<u>2013</u>
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable		
Trade	\$ 2,152	\$ 2,416
Capital projects	495	1,160
Payroll taxes and withholdings	644	597
Unredeemed fares	239	254
Accrued injuries and damages	1,740	1,700
Other accrued expenses	2,909	2,774
Current portion - bonds payable (Note 5) (payable from restricted assets)	<u>4,276</u>	<u>4,152</u>
Total current liabilities	<u>12,455</u>	<u>13,053</u>
Long-term debt - bonds payable (Note 5)	31,668	36,020
Accrued postretirement health costs (Note 5)	<u>1,475</u>	<u>1,432</u>
Total long-term liabilities	<u>33,143</u>	<u>37,452</u>
Total liabilities	<u>45,598</u>	<u>50,505</u>
Net position (Note 6)		
Net investment in capital assets	233,493	234,580
Restricted for debt service	21,892	17,854
Restricted for capital projects	6,239	6,237
Unrestricted	<u>45,571</u>	<u>45,092</u>
Total net position	<u>307,195</u>	<u>303,763</u>
Total liabilities and net position	<u>\$ 352,793</u>	<u>\$ 354,268</u>

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
STATEMENTS OF CASH FLOWS
Years ended December 31, 2014 and 2013
(In thousands of dollars)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Cash fares from customers	\$ 19,401	\$ 19,372
Cash payments for salaries and benefits	(26,254)	(25,406)
Cash payments for insurance	(1,521)	(1,414)
Cash paid for goods and services	<u>(16,690)</u>	<u>(12,139)</u>
Net cash flows used in operating activities	<u>(25,064)</u>	<u>(19,587)</u>
Cash flows from noncapital financing activities		
State assistance grant contributions	11,643	9,476
Maintenance grant	4,947	3,000
Situs tax	9,163	7,590
Other local sources	828	429
Metra operating subsidy	4,008	4,008
Trackage rights subsidy	<u>1,270</u>	<u>1,191</u>
Net cash flows provided by noncapital financing	<u>31,859</u>	<u>25,694</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(12,970)	(12,654)
Proceeds from disposition of assets	2	-
Capital grants received	17,422	14,212
Interest expenses	(1,369)	(1,492)
Bond repayment	<u>(4,152)</u>	<u>(4,029)</u>
Net cash flows used in capital and related financing activities	<u>(1,067)</u>	<u>(3,963)</u>
Cash flows from investing activities		
Sales of investments	-	2,211
Interest received on cash equivalents and investments	<u>45</u>	<u>54</u>
Net cash flows provided by investing activities	<u>45</u>	<u>2,265</u>
Net increase in cash and cash equivalents	5,773	4,409
Cash and cash equivalents at beginning of year	<u>49,741</u>	<u>45,332</u>
Cash and cash equivalents at end of year	<u>\$ 55,514</u>	<u>\$ 49,741</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF CASH FLOWS
 Years ended December 31, 2014 and 2013
 (In thousands of dollars)

	<u>2014</u>	<u>2013</u>
Reconciliation of operating loss to net cash flows used in operating activities		
Operating loss	\$ (42,569)	\$ (40,250)
Adjustments to reconcile operating loss to net cash flows used in operating activities:		
Depreciation expense	17,545	20,078
(Gain) loss on sale of fixed assets	(2)	-
Change in assets and liabilities		
Inventories	(53)	(287)
Prepaid expenses	29	(24)
Accounts payable - trade	(264)	747
Unredeemed fares	(15)	(10)
Accrued retirement	43	44
Accrued injuries and damages	40	200
Accrued and withheld items	<u>182</u>	<u>(85)</u>
Net cash flows used in operating activities	<u>\$ (25,064)</u>	<u>\$ (19,587)</u>
Noncash capital and related financing activities		
Capital assets included in accounts payable		
End of year	\$ 495	\$ 1,160
Beginning of year	1,160	2,445
Noncash noncapital financing activities		
Insurance premiums financed	920	989

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Capital, Planning, and Operating Grants: Federal grants, through the Federal Transit Administration (FTA), provide substantial funding of the District's operations and capital improvement programs. Revenue from federal and state planning and operating assistance grants is recognized as earned based on eligible costs incurred. Federal and state capital grants are recorded as capital contribution revenue.

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, the District recognizes revenue when all applicable eligibility requirements, including time requirements are met.

Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2014 and 2013 cash equivalents stated at cost, which approximates fair value, consisted of certificates of deposit.

Restricted Assets: Funds are deposited in the Accident Claims Reserve Accounts, plus interest earned on these funds, are set aside from the general operations of the District at the direction of the Board of Trustees to be used to cover up to the \$5 million self-insured retention for catastrophic liability. Funds deposited in the Bond Fund represent Indefinite Situs tax revenue which use is limited to the repayment of debt.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources when they are needed.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets: Capital assets include major items of property, plant, and equipment acquired with federal, state and local funds and are capitalized at cost. Capital assets include real and personal property with a cost of \$5 thousand or more and a useful life of one year or more. Capital assets also include individual expenditures of \$5 thousand or more which: extends the useful life of an existing asset or; changes or expands the use(s) of the asset or; represents cost of a major component of an asset, such that the asset could not continue in service until the end of its useful life or; is required by law. Expenditures for maintenance and repairs are charged to operations as incurred. The District recognizes depreciation on capital assets on a straight-line basis over the estimated useful lives of the assets, as follows:

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

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

Depreciation on the portion of the cost of assets attributable to federal, state, and local capital grants is transferred to the respective capital grant equity balance from unreserved net position.

Materials and Supplies Inventory: Material and supplies inventory is stated at lower of average cost or market.

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

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

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The District is responsible for catastrophic liability claims up to \$3 million. Claims in excess of \$3 million are covered by commercial insurance carriers up to a maximum of \$62 million. The coverage from \$3 million to \$62 million is with several insurance carriers. During 2014, 2013, and 2012, 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 2014 and there were no settlements that exceeded insurance coverage during 2014, 2013, or 2012 for those risks that NICTD purchased insurance.

Claims activity for the year ended December 31, 2014, 2013, and 2012 was as follows in thousands of dollars:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning of year	\$ 1,700	\$ 1,500	\$ 1,230
Incurred claims and changes in claim estimates	141	254	320
Claim payments	<u>(101)</u>	<u>(54)</u>	<u>(50)</u>
Unpaid claims, end of year	<u>\$ 1,740</u>	<u>\$ 1,700</u>	<u>\$ 1,500</u>

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

Reclassifications: Certain amounts from the prior year have been reclassified to conform to the current year presentation. The reclassifications had no effect on net position or change in net position.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014 and 2013

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents at December 31, 2014 and 2013 are as follows in thousands of dollars:

<u>Description</u>	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>
Cash	\$ 53,697	\$ 47,926
Certificate of deposit	<u>1,817</u>	<u>1,815</u>
	<u>\$ 55,514</u>	<u>\$ 49,741</u>

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

As of December 31, 2013 the certificate of deposits have maturity dates ranging from January 21, 2014 through January 31, 2014, with an interest rate of 0.150%.

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

	<u>2014</u>	<u>2013</u>
Unrestricted	<u>\$ 19,357</u>	<u>\$ 16,622</u>
Restricted:		
Accident claims reserve	3,467	3,812
Capital assets reserve	11,659	11,434
Bond proceeds/local grants restricted for acquisition of capital assets	3,366	3,364
Westlake corridor contributions	1,682	1,679
Indefinite Situs tax restricted for debt repayment	<u>15,983</u>	<u>12,830</u>
Total restricted	<u>36,157</u>	<u>33,119</u>
	<u>\$ 55,514</u>	<u>\$ 49,741</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014 and 2013

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

Short-term investments at December 31, 2014 and 2013 are as follows in thousands of dollars:

<u>Description</u>	<u>2014 Amount</u>	<u>2013 Amount</u>
Government Securities	\$ <u>8,685</u>	\$ <u>8,684</u>

As of December 31, 2014, short-term investments mature on July 10, 2015 with an interest rate of 0.800%.
 As of December 31, 2013, short-term investments mature on July 31, 2014 with an interest rate of 0.800%.

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

	<u>2014</u>	<u>2013</u>
Restricted		
Bond proceeds/local grants restricted for acquisition of capital assets	\$ 2,873	\$ 2,873
Indefinite Situs tax restricted for debt repayment	<u>5,812</u>	<u>5,811</u>
Total restricted	<u>8,685</u>	<u>8,684</u>
	<u>\$ 8,685</u>	<u>\$ 8,684</u>

Cash and Investment Deposits: The District maintains deposits with nine area financial institutions. A summary of these deposits as of December 31, 2014 and 2013 is as follows in thousands of dollars:

	<u>2014</u>		<u>2013</u>	
	<u>Carrying Amount</u>	<u>Balance Per Bank</u>	<u>Carrying Amount</u>	<u>Balance Per Bank</u>
On hand	\$ 1	\$ -	\$ 1	\$ -
On deposit				
Insured by FDIC	1,752	1,752	2,003	2,003
Insured by IPDIF	53,761	54,069	47,737	47,831
Held by U.S. Treasury	<u>8,685</u>	<u>8,685</u>	<u>8,684</u>	<u>8,684</u>
	<u>\$ 64,199</u>	<u>\$ 64,506</u>	<u>\$ 58,425</u>	<u>\$ 58,518</u>

The investments which the District may purchase are limited by Indiana law. The District's cash deposits and its investment in certificates of deposit at year-end were entirely covered by Federal Deposit Insurance Corporation (FDIC) or by Indiana Public Deposits Insurance Fund (IPDIF). The IPDIF is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12.

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

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 3 - CAPITAL ASSETS

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

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

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 3 - CAPITAL ASSETS (Continued)

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

	Balance January 1, <u>2013</u>	<u>Changes During Year</u>		Balance December 31, <u>2013</u>
		<u>Additions</u>	<u>Reductions</u>	
Capital assets not being depreciated:				
Land	\$ 6,995	\$ -	\$ -	\$ 6,995
Construction in progress	<u>5,041</u>	<u>13,253</u>	<u>(3,658)</u>	<u>14,636</u>
Total capital assets not being depreciated	<u>12,036</u>	<u>13,253</u>	<u>(3,658)</u>	<u>21,631</u>
Capital assets being depreciated:				
Rolling stock (including capital spare parts)	204,073	-	-	204,073
Buildings and improvements	199,394	398	-	199,792
Track work and substations	43,363	530	-	43,893
Bridges and crossings	40,831	22	-	40,853
Machinery and equipment	9,168	727	(107)	9,788
Information system and office equipment	777	22	(52)	747
Autos and trucks	<u>3,317</u>	<u>76</u>	<u>(156)</u>	<u>3,237</u>
Total capital assets being depreciated	500,923	1,775	(315)	502,383
Less accumulated depreciation:				
Rolling stock (including capital spare parts)	117,020	7,249	-	124,269
Buildings and improvements	84,550	10,798	-	95,348
Track work and substations	377	89	-	466
Bridges and crossings	18,976	1,228	-	20,204
Machinery and equipment	6,175	415	(107)	6,483
Information system and office equipment	591	30	(52)	569
Autos and trucks	<u>2,185</u>	<u>269</u>	<u>(156)</u>	<u>2,298</u>
Total accumulated depreciation	<u>229,874</u>	<u>20,078</u>	<u>(315)</u>	<u>249,637</u>
Total capital assets being depreciated, net	<u>271,049</u>	<u>(18,303)</u>	<u>-</u>	<u>252,746</u>
Total capital assets, net	<u>\$ 283,085</u>	<u>\$ (5,050)</u>	<u>\$ (3,658)</u>	<u>\$ 274,377</u>
			<u>2014</u>	<u>2013</u>
Depreciation on assets acquired with federal funds			\$ 11,509	\$ 13,188
Depreciation on assets acquired with state and local funds			<u>6,036</u>	<u>6,890</u>
			<u>\$ 17,545</u>	<u>\$ 20,078</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 4 - TRACKAGE RIGHTS

Beginning in 1991, as a result of the District's acquisition of the "Joint Assets," including all track, ties, ballast, switches, real estate, and other similar items, the District is to receive an "annual fee" for the use of its track. This annual fee has two components: (1) a reimbursement of maintenance of way costs (the MOW fee) and (2) a payment for the right to use the track (the ROI fee). Both components of the annual fee are calculated in accordance with formulas incorporated in the purchase agreement between the District and the South Shore Acquisition Company (SSA). The District recognized \$2.20 million and \$2.15 million in MOW fees in 2014 and 2013, respectively. These amounts have been recorded as reductions to the related maintenance of way expense in the accompanying statements of revenue and expense and changes in fund equity. \$1,270 thousand and \$1,191 thousand in ROI fees are recognized in 2014 and 2013, respectively, and reported as part of "other local funds" in the accompanying statement of revenue and expense and change in net position.

NOTE 5 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2014 and 2013 is as follows (in thousands of dollars):

	January 1, 2014	<u>Additions</u>	<u>Reductions</u>	December 31, 2014	Due Within One Year	Long-Term Portion
Bonds payable:						
Bonds payable - 2004	\$ 16,820	\$ -	\$ 1,800	\$ 15,020	\$ 1,865	\$ 13,155
Bonds payable - 2007	22,976	-	2,352	20,624	2,411	18,213
Premium on bonds payable	376	-	76	300	-	300
Total bonds payable	<u>40,172</u>	<u>-</u>	<u>4,228</u>	<u>35,944</u>	<u>4,276</u>	<u>31,668</u>
Accrued postretirement health costs (Note 7)	1,432	43	-	1,475	-	1,475
Total	<u>\$ 41,604</u>	<u>\$ 43</u>	<u>\$ 4,228</u>	<u>\$ 37,419</u>	<u>\$ 4,276</u>	<u>\$ 33,143</u>
	January 1, 2013	<u>Additions</u>	<u>Reductions</u>	December 31, 2013	Due Within One Year	Long-Term Portion
Bonds payable:						
Bonds payable - 2004	\$ 18,555	\$ -	\$ 1,735	\$ 16,820	\$ 1,800	\$ 15,020
Bonds payable - 2007	25,270	-	2,294	22,976	2,352	20,624
Premium on bonds payable	459	-	83	376	-	376
Total bonds payable	<u>44,284</u>	<u>-</u>	<u>4,112</u>	<u>40,172</u>	<u>4,152</u>	<u>36,020</u>
Accrued postretirement health costs (Note 7)	1,388	44	-	1,432	-	1,432
Total	<u>\$ 45,672</u>	<u>\$ 44</u>	<u>\$ 4,112</u>	<u>\$ 41,604</u>	<u>\$ 4,152</u>	<u>\$ 37,452</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014 and 2013

NOTE 5 - LONG-TERM LIABILITIES (Continued)

On November 16, 2004, the District issued \$29.275 million worth of Limited Obligation Revenue Bonds, Series 2004 to the Indiana Bond Bank. The purpose of issuing the bonds was to fund the cost of a railroad project, including a centralized traffic control system, upgraded signal, fiber optics and modernized catenaries with new conductors, poles or portal structures, mast arms and connectors and related financing costs. The Bonds maturing on February 1, 2021 and February 1, 2022, are subject to optional redemption prior to maturity on and after February 1, 2010 at par. The Bonds maturing on and after February 1, 2016, excluding the Bonds maturing on February 1, 2021 and February 1, 2022 are subject to optional redemption on and after February 1, 2015 at par. The Bonds are set to be repaid annually on December 30 for principal and interest until December 30, 2021, with payments commencing on December 30, 2005. The bonds bear an interest rate ranging from 2.0% to 5.0%.

On April 4, 2007, the District issued \$32.1 million worth of Limited Obligation Capital Grant Receipts Revenue Bonds, Series 2007 to Chase Equipment Leasing, Inc. The funds generated were used to purchase commuter rail cars. The Bonds are set to be repaid annually on June 30 and December 30 for principal and interest starting June 30, 2009. On November 30, 2012, the District amended the interest rate of the 2007 Bond Issuance from 4.028% to 2.4706%. The Bond will continue to be repaid semi-annually on June 30 and December 30, with the final maturity date on December 30, 2022. The Bonds will be subject to optional redemption on December 30, 2014, December 30, 2016, or December 30, 2019 at the redemption price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest, if any, to the date fixed for redemption. The Bonds are also subject to optional redemption on any payment date on or after June 30, 2008 in whole at a redemption price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest to the redemption, plus premium.

To comply with covenants outlined in the 2004 and 2007 bonds agreements, the District has established several accounts which are required to hold all principal and interest payments on the bonds becoming due over the next 12 months. These accounts are classified as restricted cash. These reserve accounts may not in any event exceed an amount equal to two times the maximum amount of principal and interest coming due over the next 12 months. During 2009 FGIC, the District's 2004 Bond Insurer, fell below the required bond rating of "A." In accordance with the Trust Indenture, the District was required to set aside an additional \$2.6 million in escrow.

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

Year Ending December 31	2004 Bond			2007 Bond			Total
	Principal	Interest	Total	Principal	Interest	Total	
2015	\$ 1,865	\$ 732	\$ 2,597	\$ 2,411	\$ 495	\$ 2,906	\$ 5,503
2016	1,940	658	2,598	2,471	435	2,906	5,504
2017	2,035	560	2,595	2,532	373	2,905	5,500
2018	2,140	459	2,599	2,594	310	2,904	5,503
2019	2,245	352	2,597	2,659	246	2,905	5,502
2020-2022	4,795	362	5,157	7,957	335	8,292	13,449
	<u>\$ 15,020</u>	<u>\$ 3,123</u>	<u>\$ 18,143</u>	<u>\$ 20,624</u>	<u>\$ 2,194</u>	<u>\$ 22,818</u>	<u>\$ 40,961</u>

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Pledged Revenues: The District receives Indefinite Situs Tax funding from the State of Indiana. These funds are restricted for the repayment of our 2004 Bond Issuance. This is pursuant to IC 6-1.1; IC 8-3, "Commuter rail service fund provides that a commuter transportation district may use money deposited in the commuter rail fund that is revenue derived from the taxation of indefinite-situs distributable property of railroad companies to (1) satisfy any debt service; and (2) provide state matching funds for federal transportation capital grants." As of December 31, 2014 and 2013, NICTD has \$24.7 million and \$18.6 million in cash and investments restricted for debt service as required by bond covenants.

The last bond payment is scheduled to be made on or before December 30, 2021.

Annual Indefinite Situs Tax Funds Pledged (in thousands of dollars):

	<u>2014</u>	<u>2013</u>
Indefinite Situs Tax Funds Received	\$ 7,953	\$ 6,761
Debt Service Payments	2,600	2,598

NOTE 6 - NET POSITION CLASSIFICATIONS

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

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

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

Unrestricted Net Position: This represents the balance of net position which use has not been restricted for debt service nor invested in capital assets.

NOTE 7 - EMPLOYEES' RETIREMENT AND POSTRETIREMENT HEALTH PLANS

Public Employees' Retirement Fund of Indiana

To provide retirement benefits for its full-time employees, the District participates in the Public Employees' Retirement Fund of Indiana (Fund), a cost-sharing, multiple-employer public employees' retirement system. The payroll for employees covered by the Fund was \$1.5 million and \$1.5 million for 2014 and 2013 respectively. All District employees not covered by Public Employees' Retirement Fund are covered by the Federal Railroad Retirement Act. The District's total payroll was \$17.8 million for 2014 and \$17.1 million for 2013.

PERF covered employees are required to contribute 3% of their compensation to the Fund. The District contributes the employee's portion on their behalf. The District is required to contribute employer amounts of 11.2% which are actuarially determined, sufficient to fund the retirement benefits. The total employer and employee contribution requirement was \$235 and \$237 thousand for 2014 and 2013, respectively. These contributions represent 16% of covered payroll for 2014 and 2013. To obtain more information please visit the Public Employees' Retirement Fund at www.in.gov/perf/.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014 and 2013

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2014	\$ 235	100%
2013	237	100%
2012	269	100%

Supplemental Pension Plan

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

The Plan requires contributions by the District to be made at the rate of 5% of Class I employees' compensation and 8% of Class II employees' compensation. Contributions for 2014 and 2013 by the District amounted to \$116 thousand and \$117 thousand (5% of covered payroll) for Class I employees and \$122 thousand and \$123 thousand (8% of covered payroll) for Class II employees.

Covered payroll for 2014 and 2013 amounted to \$2,318 thousand and \$2,374 thousand for Class I employees and \$1,528 thousand and \$1,533 thousand for Class II employees.

In addition, certain contract employees, including clerks, dispatchers, collectors/conductors, and engineers were enrolled in a separate union supplemental pension plan. Full-time employees covered by the applicable collective bargain agreements are eligible to participate in the plan. All participants are 100% vested.

Contributions are made by the District as follows: \$0.50 per qualifying hour for clerks, \$1.00 per qualifying hour worked for dispatchers and \$0.50 per qualifying hour for collectors/conductors and engineers. Contributions for 2014 and 2013 by the District amounted to \$19 thousand and \$19 thousand for clerks, \$9 thousand and \$9 thousand for dispatchers and \$69 thousand and \$66 thousand for collectors/ conductors and engineers. Qualifying hours for 2014 and 2013 were 38 thousand and 38 thousand for clerks, 9 thousand and 11 thousand for dispatchers and 138 thousand and 141 thousand for collectors/ conductors and engineers.

There were no securities of or loans to the District or related parties in the Plan assets.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014 and 2013

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

Postretirement Health Plan

On December 30, 2003, the District adopted the postretirement health plan. On June 1, 2009, this plan was amended to change entry level age to 62 for eligible retirees with coverage ceasing at age 65. The plan covers all management employees over the age of 62 with 12 years of service. Employees contribute 60% of the Cobra rate while under the age of 65 and 50% of the premiums for Option I Medicare Supplement coverage. The District makes contributions for retired employees on a pay as you go basis. This plan is not funded, however, approximately \$184 thousand of the District's cash and cash equivalents is designated for this health plan. Approximately 54 retired and active employees are covered under this plan. Actuarial assumptions used to determine net periodic postretirement healthcare benefits costs include a discount rate of 4.00% for 2014 and 2013. The District recognized a change of \$43 thousand and \$44 thousand in postretirement health plan obligations for 2014 and 2013, respectively. The accumulated postretirement health plan liability was \$1,475 thousand and \$1,432 thousand as of December 31, 2014 and 2013, respectively.

GASB Statement 45 requires certain additional postretirement health plan disclosures, including trend information. These items are not considered to be material disclosures to the District's financial statements.

NOTE 8 - OTHER NONOPERATING REVENUE

Other local funds and other revenue at December 31, 2014 and 2013 consist of the following in thousands of dollars:

	<u>2014</u>	<u>2013</u>
Other local funds		
Local subsidies	\$ 5,215	\$ 4,891
Total other local funds	<u>\$ 5,215</u>	<u>\$ 4,891</u>
Other revenue		
Interest – unreserved	\$ 40	\$ 48
Interest – reserved for accident claims	6	6
Rental income	166	133
Sale of maintenance services	2	3
Sale of scrap material	326	44
Advertising activities	135	143
Miscellaneous	<u>6</u>	<u>6</u>
Total other revenue	<u>\$ 681</u>	<u>\$ 383</u>

NOTE 9 - METRA TRANSACTIONS

During 2012, the District and Metra agreed to a new Purchase of Service Agreement, whereby Metra reimburses the District \$3.7 million annually for the provision of passenger service along a certain section of the former CSS line. This agreement changes the way in which the operating subsidy is calculated from a percentage of operating costs to a flat annual amount. The agreement was signed on July 23, 2012 and is retroactive to January 1, 2012 expiring on December 31, 2016. The operating subsidy for 2014 and 2013 amounted to \$3.7 million and \$3.7 million, respectively. For 2014 and 2013, this amount is reported in "other local funds."

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014 and 2013

NOTE 9 - METRA TRANSACTIONS (Continued)

Additionally, during 2012, the District and Metra agreed to a new Trackage Rights Agreement whereby the District pays a flat annual amount to Metra for operating over their tracks and other services between Kensington and Millennium Station. The agreement was signed on July 23, 2012 and is retroactive to January 1, 2012 expiring on December 31, 2016. The District recognized \$6.6 million and \$6.4 million in total Trackage Rights Expense for 2014 and 2013, respectively.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The following summarizes the significant commitments and contingencies at December 31, 2014 and 2013:

- (a) During the course of its operations, the District is involved in incidents which could result in claims for personal injury. Estimated losses as a result of such incidents have been provided for in the accompanying financial statements.
- (b) The District has a self-funded insurance plan for its management employees. Benefits Administrative Systems, LLC provides certain administrative services for the plan. An insurance company provides specific and aggregate stop loss coverage. The District is responsible for the funding of all claims up to \$70 thousand (aggregate specific deductible) per individual per policy year and up to approximately \$1,092 thousand (attachment point/minimum aggregate deductible) per year for the group as a whole. A liability of \$145 thousand and \$144 thousand has been recorded by the District at December 31, 2014 and 2013 to estimate payment of claims pending on that date. Group insurance expense related to this plan totaled \$1,097 thousand and \$941 thousand for the years ended December 31, 2014 and 2013. Approximately 250 union employees are covered under a separate plan. Total health insurance expenses for the years ended December 31, 2014 and 2013 totaled \$5,786 thousand and \$5,757 thousand.
- (c) The District has received Federal and State financial assistance in the form of grants that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agency for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of District management, such disallowances, if any, will not be significant.
- (d) The District had the following contractual commitments as of December 31:

<u>Project</u>	<u>2014</u>	<u>2013</u>
Catenary Phase III	\$ 867	\$ 21
Bridges	445	2,620
Positive Train Control	3,545	2,617
Substations	471	-
Others	<u>705</u>	<u>1,676</u>
Total	<u>\$ 6,033</u>	<u>\$ 6,934</u>

SUPPLEMENTARY SCHEDULES

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
Northern Indiana Commuter
Transportation District
Chesterton, Indiana

We have audited the financial statements of Northern Indiana Commuter Transportation District (the District) as of and for the years ended December 31, 2014 and 2013, and our report thereon dated April 1, 2015, which contained an unmodified opinion on those financial statements, appears on pages 1 - 2. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules of expenses on pages 30 and 31, schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* for the year ended December 31, 2014 on page 32, and the schedules of budgeted, actual and questioned costs by grant for the periods ending December 31, 2014 on pages 34, 35, 42 and 43 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We previously audited the financial statements of the District as of and for the years ended December 31, 2005 through December 31, 2012, and our reports dated February 24, 2006, April 23, 2008, April 30, 2010, April 23, 2012, and April 19, 2013 contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules budgeted, actual and questioned costs by grant for the periods ending December 31, 2014 on pages 36-41 and 44 - 46 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Crowe Horwath LLP
Crowe Horwath LLP

South Bend, Indiana
April 1, 2015

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULES OF OPERATING EXPENSES
Years ended December 31, 2014 and 2013
(In thousands of dollars)

	<u>2014</u>	<u>2013</u>
TRANSPORTATION		
Salaries and wages	\$ 4,908	\$ 4,937
Fringe benefits and payroll taxes	3,789	3,843
Equipment expense	7	12
Repairs and maintenance materials	10	3
Operating costs	6,796	6,559
Utilities	208	170
Professional Services	10	70
Other services	152	154
Office supplies	12	9
Administration	39	72
Rents and leases	<u>6</u>	<u>6</u>
	15,937	15,835
MAINTENANCE OF WAY EXPENSES		
Salaries and wages	2,515	2,391
Fringe benefit and payroll taxes	2,160	2,199
Equipment expense	18	18
Repairs and maintenance materials	2,028	1,520
Traction power	2,092	2,095
Operating cost reimbursements	(1,889)	(1,743)
Utilities	287	227
Professional services	93	4
Other services	459	356
Office supplies	44	8
Administration reimbursements	(1,171)	(1,495)
Rents and leases	<u>53</u>	<u>31</u>
	6,689	5,611
MAINTENANCE OF EQUIPMENT EXPENSES		
Salaries and wages	4,650	4,224
Fringe benefit and payroll taxes	3,515	3,223
Equipment expense	30	17
Repairs and maintenance materials	3,045	1,816
Operating costs	29	20
Utilities	193	165
Professional services	52	5
Other services	885	519
Office supplies	74	61
Administration	19	27
Rents and leases	<u>5</u>	<u>-</u>
	12,497	10,077
CLAIMS AND INSURANCE	1,601	1,639

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULES OF OPERATING EXPENSES
Years ended December 31, 2014 and 2013
(In thousands of dollars)

	<u>2014</u>	<u>2013</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and wages	\$ 2,408	\$ 2,250
Fringe benefit and payroll taxes	2,533	2,284
Equipment expense	2	5
Repairs and maintenance materials	40	29
Operating costs	53	57
Utilities	171	119
Professional services	1,407	652
Other services	270	197
Office supplies	133	203
Administration	684	581
Rents and leases	<u>15</u>	<u>15</u>
	7,716	6,392
 DEPRECIATION		
Depreciation on assets acquired with federal funds	11,509	13,188
Depreciation on assets acquired with state and local funds	<u>6,036</u>	<u>6,890</u>
	<u>17,545</u>	<u>20,078</u>
	<u>\$ 61,985</u>	<u>\$ 59,632</u>

**NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2014**

Federal Grantor/Grant No.	Federal CFDA Number	Qualifying Expenditures in Excess of Reimbursements, (Less Than) Beginning of 2014	Reimbursements		Qualifying Expenditures		Total	Qualifying Expenditures in Excess of Reimbursements, End of 2014
			Federal Share	Local Share	Federal Share	Local Share		
U.S. Department of Transportation Federal Transit Administration								
Capital/ Maintenance Assistance								
IN-90-X656 (Operating Maint.)	20.507	\$ 1,585,954	\$ 1,753,205	\$ -	\$ 167,251	\$ -	\$ 167,251	\$ -
IN-90-X671 (Operating Maint.)	20.507	-	4,779,514	14,406,197	4,779,514	14,406,197	19,185,711	-
Capital Assistance								
IN-03-0128	20.500	-	508,188	130,573	522,291	130,573	652,864	14,103
IN-05-0067	20.500	542	124,868	31,953	124,326	31,953	156,279	-
IN-05-0068	20.500	213,842	544,911	82,777	331,068	82,778	413,846	-
IN-05-0069	20.500	144,785	1,264,282	288,035	1,168,964	288,035	1,456,999	49,467
IN-05-0070	20.500	743,158	3,661,705	404,709	3,054,836	404,709	3,459,545	136,289
IN-90-X617	20.507	-	18,183	4,546	18,183	4,546	22,729	-
IN-90-X606	20.507	-	27,767	7,238	28,954	7,238	36,192	1,187
IN-54-0001	20.525	317,135	6,314,213	1,320,469	6,734,257	1,320,469	8,054,726	737,179
IN-54-0002	20.525	-	801,130	237,146	948,585	237,146	1,185,731	147,455
IN-79-1000 TIGER	20.933	35,012	57,020	6,093	22,007	6,094	28,101	-
FTA Subtotal		3,040,428	19,854,986	16,919,736	17,900,236	16,919,738	34,819,974	1,085,680
Summary by Federal CFDA Number/ Cluster								
	20.500	\$ 1,102,327	\$ 6,103,954	\$ 938,047	\$ 5,201,485	\$ 938,048	\$ 6,139,533	\$ 199,859
	20.507	1,585,954	6,578,669	14,417,981	4,993,902	14,417,981	19,411,883	1,187
	20.525	317,135	7,115,343	1,557,615	7,682,842	1,557,615	9,240,457	884,634
Subtotal - FTA Cluster *		3,005,416	19,797,966	16,913,643	17,878,229	16,913,644	34,791,873	1,085,680
	20.933	35,012	57,020	6,093	22,007	6,094	28,101	-
*Major Program		\$ 3,040,428	\$ 19,854,986	\$ 16,919,736	\$ 17,900,236	\$ 16,919,738	\$ 34,819,974	\$ 1,085,680

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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting: The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the District's financial statements.

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

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

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.507
 FTA GRANT NO. IN-90-X671
 CAPITAL/MAINTENANCE ASSISTANCE
 November 1, 2014 through December 31, 2014

<u>Line Item Code</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)Under Budget</u>
12.7A.00	Preventive Maintenance	<u>\$ 5,974,393</u>	<u>\$ 19,185,711</u>	<u>\$ (13,211,318)</u>
	Net project costs	<u>\$ 5,974,393</u>	<u>\$ 19,185,711</u>	<u>\$ (13,211,318)</u>
	Federal share (80%)	\$ 4,779,514	\$ 4,779,514	\$ -
	Local share (20%)	<u>1,194,879</u>	<u>14,406,197</u>	<u>(13,211,318)</u>
	Net project costs	<u>\$ 5,974,393</u>	<u>\$ 19,185,711</u>	<u>\$ (13,211,318)</u>
	Total grant payable (maximum \$4,779,514)		\$ 4,779,514	
	Grant receipts through December 31, 2014		<u>4,779,514</u>	
	Balance due from FTA at December 31, 2014		<u>\$ _____</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.507
 FTA GRANT NO. IN-90-X656
 CAPITAL ASSISTANCE
 January 1, 2013 through December 31, 2014

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.7A.00	Preventive Maintenance	<u>\$ 5,941,507</u>	<u>\$ 15,855,058</u>	<u>\$ (9,913,551)</u>
	Net project costs	<u>\$ 5,941,507</u>	<u>\$ 15,855,058</u>	<u>\$ (9,913,551)</u>
	Federal share (80%)	\$ 4,753,206	\$ 4,753,206	\$ -
	Local share (20%)	<u>1,188,301</u>	<u>11,101,852</u>	<u>(9,913,551)</u>
	Net project costs	<u>\$ 5,941,507</u>	<u>\$ 15,855,058</u>	<u>\$ (9,913,551)</u>
	Total grant payable (maximum \$4,753,206)		\$ 4,753,206	
	Grant receipts through December 31, 2014		<u>4,753,206</u>	
	Balance due from FTA at December 31, 2014		<u>\$ -</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500
 FTA GRANT NO. IN-03-0143
 CAPITAL ASSISTANCE
 October 1, 2010 through December 31, 2014

Line Item Code	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	Actual (Over)Under <u>Budget</u>
12.54.01	Catenary	\$ 2,500,000	\$ 1,863,785	\$ 636,215
	Net project costs	<u>\$ 2,500,000</u>	<u>\$ 1,863,785</u>	<u>\$ 636,215</u>
	Federal share (80%)	\$ 2,000,000	\$ 1,491,028	\$ 508,972
	Local share (20%)	<u>500,000</u>	<u>372,757</u>	<u>127,243</u>
	Net project costs	<u>\$ 2,500,000</u>	<u>\$ 1,863,785</u>	<u>\$ 636,215</u>
Total grant payable (maximum \$2,000,000)			\$ 1,491,028	
Grant receipts through December 31, 2014			<u>1,491,028</u>	
Balance due from FTA at December 31, 2014			<u>\$ -</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500
 FTA GRANT NO. IN-03-0128
 CAPITAL ASSISTANCE
 July 1, 2005 through December 31, 2014

<u>Line Item Code</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)Under Budget</u>
13.71.11	West Lake study	\$ 1,875,000	\$ 1,875,000	\$ -
13.63.20	Signals/ communication - signal modernization	<u>1,225,000</u>	<u>1,225,000</u>	<u>-</u>
	Net project costs	<u>\$ 3,100,000</u>	<u>\$ 3,100,000</u>	<u>\$ -</u>
	Federal share (80%)	\$ 2,480,000	\$ 2,480,000	\$ -
	Local share (20%)	<u>620,000</u>	<u>620,000</u>	<u>-</u>
	Net project costs	<u>\$ 3,100,000</u>	<u>\$ 3,100,000</u>	<u>\$ -</u>
Total grant payable (maximum \$2,480,000)			\$ 2,480,000	
Grant receipts through December 31, 2014			<u>2,465,897</u>	
Balance due from FTA at December 31, 2014			<u>\$ 14,103</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500
FTA GRANT NO. IN-05-0067
CAPITAL ASSISTANCE
June 1, 2008 through December 31, 2014

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.23.05	Bridges	\$ 1,625,000	\$ 1,468,020	\$ 156,980
12.42.11	Purchase Support Vehicle	485,000	505,249	(20,249) (1)
12.42.20	Purchase Track Equipment	485,000	483,188	1,812
12.54.01	Catenary	2,000,000	2,500,000	(500,000) (1)
12.43.05	Yard Trackage	650,000	1,074,824	(424,824) (1)
12.54.03	Substations	73,044	142,281	(69,237) (1)
12.23.03	Kensington Engineering	7,500,000	7,539,114	(39,114) (1)
12.11.22	New Railcars	312,500	312,500	-
12.72.08	Force Account Construction	950,000	357,759	592,241
12.79.00	Force Account Project Administration	<u>327,500</u>	<u>25,109</u>	<u>302,391</u>
	Net project costs	<u>\$ 14,408,044</u>	<u>\$ 14,408,044</u>	<u>\$ -</u>
	Federal share (80%)	\$ 11,462,147	\$ 11,462,147	\$ -
	Local share (20%)	<u>2,945,897</u>	<u>2,945,897</u>	<u>-</u>
	Net project costs	<u>\$ 14,408,044</u>	<u>\$ 14,408,044</u>	<u>\$ -</u>
Total grant payable (maximum \$11,462,147)			\$ 11,462,147	
Grant receipts through December 31, 2014			<u>11,462,147</u>	
Balance due from FTA at December 31, 2014			<u>\$ -</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500
 FTA GRANT NO. IN-05-0068
 CAPITAL ASSISTANCE
 June 1, 2009 through December 31, 2014

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.13.22	Railcars (100% Federal)	\$ 2,872,000	\$ 2,872,186	\$ (186) (1)
12.23.05	Bridges	1,125,000	1,250,047	(125,047) (1)
12.42.20	Misc Equipment	850,394	871,874	(21,480) (1)
12.43.04	Construct Storage Facility	112,500	105,756	6,744
12.54.01	Rehab Traction Power Equip	9,250,000	9,258,309	(8,309) (1)
12.72.08	Force Account Construction	100,000	-	100,000
12.79.00	Force Acct. Project Admin.	<u>50,000</u>	<u>1,722</u>	<u>48,278</u>
	Net project costs	<u>\$ 14,359,894</u>	<u>\$ 14,359,894</u>	<u>\$ -</u>
	Federal share (100%)	\$ 2,872,000	\$ 2,872,186	\$ (186) (1)
	Federal share (80%)	9,190,315	9,190,166	149
	Local share (20%)	<u>2,297,579</u>	<u>2,297,542</u>	<u>37</u>
	Net project costs	<u>\$ 14,359,894</u>	<u>\$ 14,359,894</u>	<u>\$ -</u>
Total grant payable (maximum \$12,062,315)			\$ 12,062,315	
Grant receipts through December 31, 2014			<u>12,062,315</u>	
Balance due from FTA at December 31, 2014			<u>\$ -</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500
 FTA GRANT NO. IN-05-0069
 CAPITAL ASSISTANCE
 January 1, 2010 through December 31, 2014

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.13.22	Railcars (100% Federal)	\$ 4,979,548	\$ 4,980,065	\$ (517) (1)
12.23.05	Bridges	4,132,550	3,981,812	150,738
12.24.05	Dune Park Platform	1,250,000	1,475,487	(225,487) (1)
12.42.20	Vehicles	800,000	204,388	595,612
12.43.04	Track Equipment	500,000	190,805	309,195
12.54.01	Gary Metro Center	750,000	768,749	(18,749) (1)
12.42.06	Shop Equipment	250,000	257,064	(7,064) (1)
12.54.01	Catenary Phase II	7,854,610	7,854,610	-
12.23.03	Kensington	7,705,567	8,142,148	(436,581) (1)
12.79.00	Track Material	<u>625,000</u>	<u>536,042</u>	<u>88,958</u>
	Net project costs	<u>\$ 28,847,275</u>	<u>\$ 28,391,170</u>	<u>\$ 456,105</u>
	Federal share (100%)	4,979,548	4,980,065	(517) (1)
	Federal share (80%)	19,094,182	18,728,884	365,298
	Local share (20%)	<u>4,773,545</u>	<u>4,682,221</u>	<u>91,324</u>
	Net project costs	<u>\$ 28,847,275</u>	<u>\$ 28,391,170</u>	<u>\$ 456,105</u>
Total grant payable (maximum \$24,073,730)			\$ 23,708,949	
Grant receipts through December 31, 2014			<u>23,659,482</u>	
Balance due from FTA at December 31, 2014			<u>\$ 49,467</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.500
FTA GRANT NO. IN-05-0070
CAPITAL ASSISTANCE
September 14, 2012 through December 31, 2014

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.13.22	Railcars (100% Federal)	\$ 2,872,000	\$ 2,872,000	\$ -
12.24.05	Bridges	3,750,000	2,244,131	1,505,869
12.34.02	Dune Park Platform	4,000,000	3,376,657	623,343
12.42.05	Shop Equipment	160,000	37,130	122,870
12.42.11	Vehicles	397,638	205,351	192,287
12.42.20	Track Equipment	500,000	205,279	294,721
12.54.01	Catenary Phase III	2,000,000	1,997,564	2,436
12.61.01	Positive Train Control	<u>500,000</u>	<u>554,658</u>	<u>(54,658)</u> (1)
	Net project costs	<u>\$ 14,179,638</u>	<u>\$ 11,492,770</u>	<u>\$ 2,686,868</u>
	Federal share (100%)	\$ 2,872,000	\$ 2,872,000	\$ -
	Federal share (80%)	9,046,110	6,896,616	2,149,494
	Local share (20%)	<u>2,261,528</u>	<u>1,724,154</u>	<u>537,374</u>
	Net project costs	<u>\$ 14,179,638</u>	<u>\$ 11,492,770</u>	<u>\$ 2,686,868</u>
Total grant payable (maximum \$11,918,110)			\$ 9,768,616	
Grant receipts through December 31, 2014			<u>9,632,327</u>	
Balance due from FTA at December 31, 2014			<u>\$ 136,289</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.525
FTA GRANT NO. IN-54-0001
CAPITAL ASSISTANCE
September 1, 2013 through December 31, 2014

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.13.22	Railcars (100% Federal)	\$ 2,904,382	\$ 1,452,382	\$ 1,452,000
12.23.03	Construct Line Equipment	490,000	601,025	(111,025) (1)
12.23.05	Bridge MP.14.93	2,900,000	1,108,812	1,791,188
12.31.02	Engineering/Design Rail Station	300,000	34,224	265,776
12.42.11	Vehicles	390,000	185,460	204,540
12.42.20	Track Equipment	390,000	314,522	75,478
12.53.01	Catenary Phase III	2,050,000	2,691,740	(641,740) (1)
12.54.03	Rehab/Renovate Substation	390,000	34,427	355,573
12.61.01	Engr/Design Positive Train Control	300,000	138,254	161,746
12.62.01	Positive Train Control Signals	296,949	124,738	172,211
12.71.04	Construction Management	3,000,000	1,802,187	1,197,813
12.72.08	Force Account Construction	1,300,000	431,737	868,263
12.79.00	Force Account Project Admin	<u>390,000</u>	<u>148,251</u>	<u>241,749</u>
	Net project costs	<u>\$ 15,101,331</u>	<u>\$ 9,067,759</u>	<u>\$ 6,033,572</u>
	Federal share (100%)	2,904,382	1,452,382	1,452,000
	Federal share (80%)	9,757,559	6,092,302	3,665,257
	Local share (20%)	<u>2,439,390</u>	<u>1,523,075</u>	<u>916,315</u>
	Net project costs	<u>\$ 15,101,331</u>	<u>\$ 9,067,759</u>	<u>\$ 6,033,572</u>
Total grant payable (maximum \$12,661,941)			\$ 7,544,684	
Grant receipts through December 31, 2014			<u>6,807,505</u>	
Balance due from FTA at December 31, 2014			<u>\$ 737,179</u>	

(1) Overbudget amount is within the 20% budget control and monitoring allowed under the grant agreement.

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

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
12.13.22	Railcars (100% Federal)	\$ 2,904,382	\$ -	\$ 2,904,382
12.14.22	AC Propulsion 1982-83			
	Railcars	798,523	448,261	350,262
12.15.22	AC Propulsion 2000 Railcars	500,000	54,395	445,605
12.21.05	Bridge-Engr/Design	300,000	-	300,000
12.24.03	Rehab/Renovate Rail			
	East of Shops	740,000	485,821	254,179
12.24.05	Rehab/Renovate Bridges	2,300,000	-	2,300,000
12.34.02	Rehab/Renovate Rail Station	300,000	8,390	291,610
12.42.11	Vehicles	390,000	-	390,000
12.42.20	Track Equipment	390,000	13,503	376,497
12.43.03	Construction Training Facility	250,000	-	250,000
12.51.03	Rehab/Renovate Substation	100,000	4,365	95,635
12.53.01	Catenary Phase III	1,525,000	127,638	1,397,362
12.54.03	Rehab/Renovate Substation	1,600,000	5,175	1,594,825
12.56.20	Lease Vehicles	25,000	-	25,000
12.61.01	Engr/Design Positive Train			
	Control	300,000	-	300,000
12.62.01	Positive Train Control Signals	544,523	38,183	506,340
12.71.04	Construction Management	3,000,000	-	3,000,000
12.72.08	Force Account Construction	1,250,000	-	1,250,000
12.72.09	Force Account Vehicle Rehab	450,000	-	450,000
12.79.00	Force Account Project Admin	455,000	-	455,000
	Net project costs	<u>\$ 18,122,428</u>	<u>\$ 1,185,731</u>	<u>\$ 16,936,697</u>
	Federal share (100%)	2,904,382	-	2,904,382
	Federal share (80%)	12,174,437	948,585	11,225,852
	Local share (20%)	<u>3,043,609</u>	<u>237,146</u>	<u>2,806,463</u>
	Net project costs	<u>\$ 18,122,428</u>	<u>\$ 1,185,731</u>	<u>\$ 16,936,697</u>
	Total grant payable (maximum \$15,078,819)		\$ 948,585	
	Grant receipts through December 31, 2014		<u>801,130</u>	
	Balance due from FTA at December 31, 2014		<u>\$ 147,455</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.507
 FTA GRANT NO. IN-90-X606
 CAPITAL/MAINTENANCE ASSISTANCE
 January 1, 2010 through December 31, 2014

Line Item Code	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	Actual (Over)Under <u>Budget</u>
12.92.08	New Signage-Millennium Station	\$ 175,000	\$ 127,218	\$ 47,782
12.93.03	Landscaping	65,000	46,583	18,417
12.93.03	Walkways	10,000	285	9,715
12.93.03	Passenger Shelter- Carroll Avenue	<u>50,000</u>	<u>4,747</u>	<u>45,253</u>
	Net project costs	<u>\$ 300,000</u>	<u>\$ 178,833</u>	<u>\$ 121,167</u>
	Federal share (80%)	240,000	143,066	96,934
	Local share (20%)	<u>60,000</u>	<u>35,767</u>	<u>24,233</u>
	Net project costs	<u>\$ 300,000</u>	<u>\$ 178,833</u>	<u>\$ 121,167</u>
	Total grant payable (maximum \$240,000)		\$ 143,066	
	Grant receipts through December 31, 2014		<u>141,879</u>	
	Balance due from FTA at December 31, 2014		<u>\$ 1,187</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.507
 FTA GRANT NO. IN-90-X617
 CAPITAL/MAINTENANCE ASSISTANCE
 August 31, 2011 through December 31, 2014

Line Item Code	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	Actual (Over)Under <u>Budget</u>
44.26.14	Ridership Survey	\$ 75,000	\$ 75,000	\$ -
	Net project costs	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ -</u>
	Federal share (80%)	60,000	60,000	-
	Local share (20%)	<u>15,000</u>	<u>15,000</u>	<u>-</u>
	Net project costs	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ -</u>
	Total grant payable (maximum \$60,000)		\$ 60,000	
	Grant receipts through December 31, 2014		<u>60,000</u>	
	Balance due from FTA at December 31, 2014		<u>\$ -</u>	

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 SCHEDULE OF BUDGETED, ACTUAL, AND QUESTIONED COSTS BY GRANT
 CATALOG OF FEDERAL DOMESTIC ASSISTANCE NO. 20.933
 FTA GRANT NO. IN-79-1000
 CAPITAL ASSISTANCE
 March 10, 2011 through December 31, 2014

Line Item Code	Description	Budget	Actual	Actual (Over)Under Budget
44.24.00	Michigan City Realignment Study	\$ 1,021,500	\$ 1,015,447	\$ 6,053
	Net project costs	<u>\$ 1,021,500</u>	<u>\$ 1,015,447</u>	<u>\$ 6,053</u>
	Federal share (78%)	\$ 800,000	\$ 795,259	\$ 4,741
	Local share (22%)	<u>221,500</u>	<u>220,188</u>	<u>1,312</u>
	Net project costs	<u>\$ 1,021,500</u>	<u>\$ 1,015,447</u>	<u>\$ 6,053</u>
	Total grant payable (maximum \$800,000)		\$ 795,259	
	Grant receipts through December 31, 2014		<u>795,259</u>	
	Balance due from FTA at December 31, 2014		<u>\$ -</u>	

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

Board of Trustees
Northern Indiana Commuter
Transportation District
Chesterton, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Northern Indiana Commuter Transportation District as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated April 1, 2015.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Indiana Commuter Transportation District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

South Bend, Indiana
April 1, 2015

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

Board of Trustees
Northern Indiana Commuter
Transportation District
Chesterton, Indiana

Report on Compliance for Each Major Federal Program

We have audited Northern Indiana Commuter Transportation District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

(Continued)

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Crowe Horwath LLP

Crowe Horwath LLP

South Bend, Indiana
April 1, 2015

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

The type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified not considered to be material weaknesses? Yes None Reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.500	Department of Transportation Cluster:
20.507	Federal Transit Capital Investment Grants
20.525	Federal Transit Formula Grants
	State of Good Repair Grants

Dollar threshold used to distinguish between type A and type B programs: \$ 537,007

Auditee qualified as low-risk auditee? Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
December 31, 2014

There were no prior year findings.

STATISTICAL SECTION

Statistical Section

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

Financial Trends P.53-54

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

Revenue Capacity P.55-62

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

Debt Capacity P.63-65

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

Demographic and Economic Information P.66-67

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.68-71

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

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
NET POSITION										
Net investment in capital assets	\$ 188,608	\$ 200,582	\$ 205,401	\$ 212,073	\$ 222,053	\$ 238,232	\$ 245,929	\$ 239,260	\$ 234,580	\$ 233,493
Restricted for debt service	9,776	11,637	13,753	15,611	15,183	12,321	14,576	15,712	17,854	21,892
Restricted for capital projects	406	-	17,520	16,473	6,223	6,227	6,230	6,233	6,237	6,239
Unrestricted	24,357	26,537	31,403	40,433	41,035	38,426	36,539	39,997	45,092	45,571
TOTAL NET POSITION	\$ 223,147	\$ 238,756	\$ 268,077	\$ 284,590	\$ 284,494	\$ 295,206	\$ 303,274	\$ 301,202	\$ 303,763	\$ 307,195

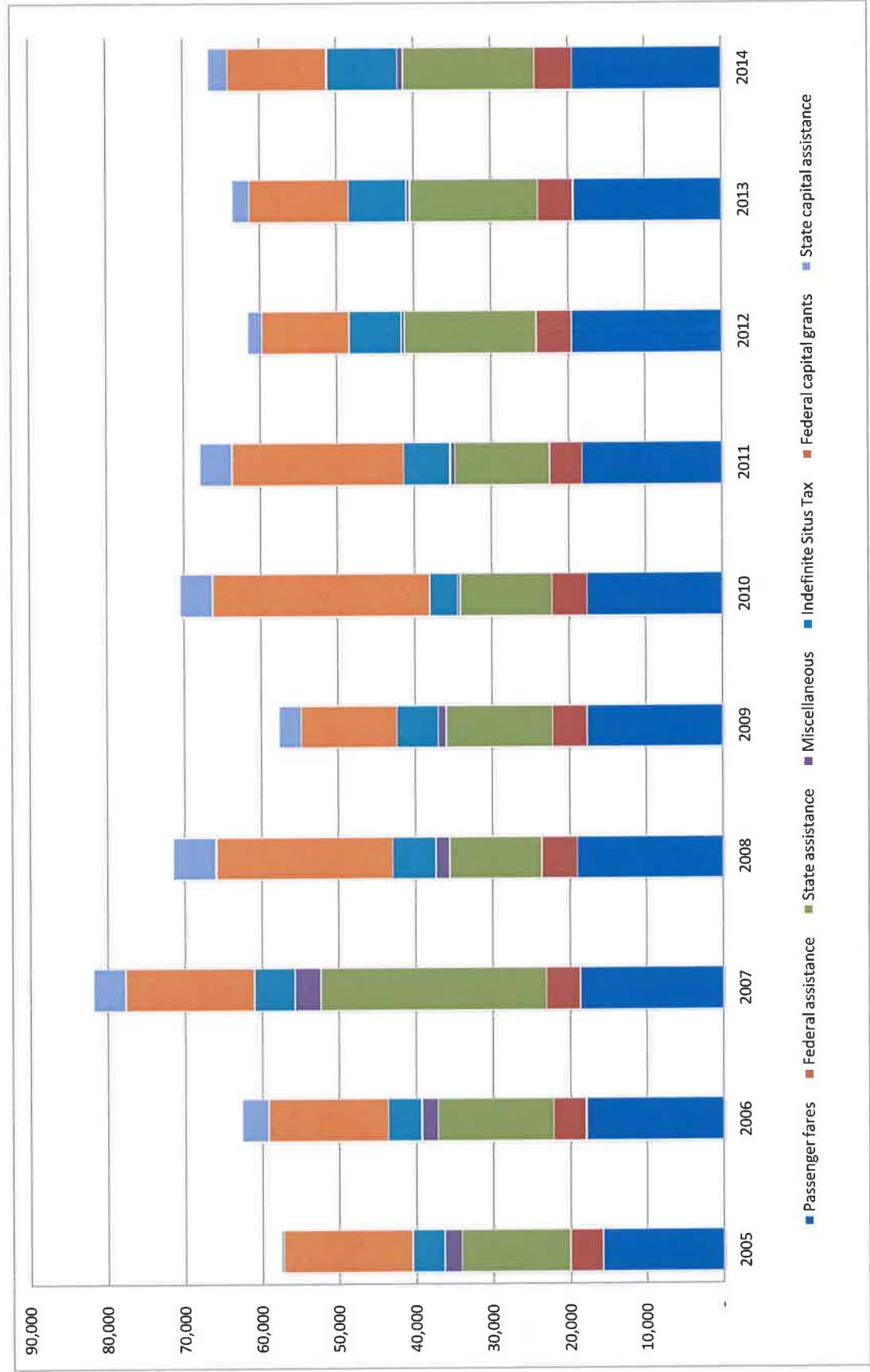
NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
Changes in Net Position
Last Ten Fiscal Years
(In thousands of dollars)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
OPERATING REVENUE										
Passenger fares (net of refunds)	\$ 15,739	\$ 17,927	\$ 18,735	\$ 19,053	\$ 17,719	\$ 17,677	\$ 18,184	\$ 19,556	\$ 19,341	\$ 19,371
Parking lot collections	76	58	40	32	40	42	46	44	41	45
Total operating revenue	<u>15,815</u>	<u>17,985</u>	<u>18,775</u>	<u>19,085</u>	<u>17,759</u>	<u>17,719</u>	<u>18,230</u>	<u>19,600</u>	<u>19,382</u>	<u>19,416</u>
OPERATING EXPENSES										
Transportation	10,417	11,073	11,848	13,514	12,527	12,883	13,130	16,229	15,835	15,937
Maintenance of Way	5,000	5,968	6,973	7,170	7,914	7,793	7,524	5,633	5,611	6,689
Maintenance of Equipment	7,659	7,529	8,421	9,636	10,002	9,280	9,709	9,755	10,077	12,497
Claims and Insurance	1,540	2,073	2,096	1,700	2,004	2,205	1,691	1,682	1,639	1,601
General and administrative	6,119	6,040	6,421	5,570	5,723	5,889	5,920	6,467	6,392	7,716
Depreciation	11,782	13,262	14,633	15,087	17,405	19,575	19,742	21,307	20,078	17,545
Total operating expenses	<u>42,517</u>	<u>45,945</u>	<u>50,392</u>	<u>52,677</u>	<u>55,575</u>	<u>57,625</u>	<u>57,716</u>	<u>61,073</u>	<u>59,632</u>	<u>61,985</u>
NONOPERATING REVENUES (EXPENSES)										
Maintenance grant	4,305	4,229	4,412	4,586	4,495	4,520	4,293	4,586	4,586	4,947
State operating assistance	10,515	8,451	8,172	7,867	9,985	8,089	8,286	12,331	11,666	11,820
Local subsidies	3,494	3,387	3,598	4,058	3,780	3,723	3,958	4,748	4,891	5,215
Local grants	-	-	17,500	-	-	-	-	-	-	-
Local settlements	-	3,208	-	-	-	-	-	-	-	-
Interest - unreserved	1,047	1,488	2,833	1,374	355	106	65	48	48	40
Interest - reserved for accident claims	66	163	217	118	35	14	9	7	6	6
Rental income	72	119	75	81	92	109	109	199	133	166
Sale of maintenance services	5	2	2	2	1	2	-	4	3	2
Sale of scrap material	72	104	72	118	67	95	268	66	44	326
Advertising activities	62	79	83	76	57	85	145	129	143	135
Lawsuit settlement	-	-	-	-	420	-	-	-	-	-
Miscellaneous	1,001	119	13	39	4	7	8	2	6	6
Interest expense	(1,209)	(1,190)	(2,181)	(2,304)	(2,350)	(2,235)	(2,130)	(2,108)	(1,409)	(1,292)
Indefinite Situs tax	4,118	4,352	5,235	5,623	5,342	3,580	6,082	6,721	7,590	9,163
Total nonoperating revenues, net	<u>23,548</u>	<u>24,511</u>	<u>40,031</u>	<u>21,638</u>	<u>22,283</u>	<u>18,095</u>	<u>21,093</u>	<u>26,733</u>	<u>27,707</u>	<u>30,534</u>
CAPITAL CONTRIBUTIONS										
Federal	16,732	15,539	16,790	22,908	12,490	28,199	22,266	11,367	12,886	12,953
State	332	3,519	4,117	5,559	2,947	4,324	4,195	1,804	2,218	2,514
Change in net position	<u>17,064</u>	<u>19,058</u>	<u>20,907</u>	<u>28,467</u>	<u>15,437</u>	<u>32,523</u>	<u>26,461</u>	<u>13,171</u>	<u>15,104</u>	<u>15,467</u>
	13,910	15,609	29,321	16,513	(96)	10,712	8,068	(1,569)	2,561	3,432
Adjustment per GASB 65								(503)		
Net position beginning of year	<u>209,237</u>	<u>223,147</u>	<u>238,756</u>	<u>268,077</u>	<u>284,590</u>	<u>284,494</u>	<u>295,206</u>	<u>303,274</u>	<u>301,202</u>	<u>303,763</u>
Net position end of year	<u>\$ 223,147</u>	<u>\$ 238,756</u>	<u>\$ 268,077</u>	<u>\$ 284,590</u>	<u>\$ 284,494</u>	<u>\$ 295,206</u>	<u>\$ 303,274</u>	<u>\$ 301,202</u>	<u>\$ 303,763</u>	<u>\$ 307,195</u>

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
OPERATING REVENUE										
Passenger fares (net of refunds)	\$ 15,739	\$ 17,927	\$ 18,735	\$ 19,053	\$ 17,719	\$ 17,677	\$ 18,184	\$ 19,556	\$ 19,341	\$ 19,371
Parking lot collections	76	58	40	32	40	42	46	44	41	45
Total operating revenue	<u>15,815</u>	<u>17,985</u>	<u>18,775</u>	<u>19,085</u>	<u>17,759</u>	<u>17,719</u>	<u>18,230</u>	<u>19,600</u>	<u>19,382</u>	<u>19,416</u>
NONOPERATING REVENUES										
Maintenance grant	4,305	4,229	4,412	4,586	4,495	4,520	4,293	4,586	4,586	4,947
State operating assistance	10,515	8,451	8,172	7,867	9,985	8,089	8,286	12,331	11,666	11,820
Other local funds	3,494	6,595	21,098	4,058	3,780	3,723	3,958	4,748	4,891	5,215
Other revenue	2,325	2,074	3,295	1,808	1,031	418	604	455	383	681
Indefinite Situs tax	4,118	4,352	5,235	5,623	5,342	3,580	6,082	6,721	7,590	9,163
Total nonoperating revenues before capital grants	<u>24,757</u>	<u>25,701</u>	<u>42,212</u>	<u>23,942</u>	<u>24,633</u>	<u>20,330</u>	<u>23,223</u>	<u>28,841</u>	<u>29,116</u>	<u>31,826</u>
CAPITAL CONTRIBUTIONS										
Federal capital grants	16,732	15,539	16,790	22,908	12,490	28,199	22,266	11,367	12,886	12,953
State capital grants	332	3,519	4,117	5,559	2,947	4,324	4,195	1,804	2,218	2,514
Total nonoperating revenues	<u>41,821</u>	<u>44,759</u>	<u>63,119</u>	<u>52,409</u>	<u>40,070</u>	<u>52,853</u>	<u>49,684</u>	<u>42,012</u>	<u>44,220</u>	<u>47,293</u>
TOTAL REVENUES	<u>\$ 57,636</u>	<u>\$ 62,744</u>	<u>\$ 81,894</u>	<u>\$ 71,494</u>	<u>\$ 57,829</u>	<u>\$ 70,572</u>	<u>\$ 67,914</u>	<u>\$ 61,612</u>	<u>\$ 63,602</u>	<u>\$ 66,709</u>

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>
	<u>Passenger</u>	<u>Other</u>	<u>Total</u>	<u>State & Local</u>	<u>Federal</u>	<u>Total</u>	<u>Total All Revenues</u>
2005	32.4%	15.7%	48.1%	44.6%	7.3%	51.9%	100.0%
2006	33.2%	15.3%	48.5%	43.8%	7.7%	51.5%	100.0%
2007	31.4%	14.1%	45.5%	47.0%	7.5%	54.5%	100.0%
2008	31.2%	12.9%	44.1%	48.9%	7.0%	55.9%	100.0%
2009	31.5%	12.4%	43.9%	47.8%	8.3%	56.1%	100.0%
2010	32.1%	11.9%	44.0%	46.6%	9.4%	56.0%	100.0%
2011	32.8%	11.1%	43.9%	46.3%	9.8%	56.1%	100.0%
2012	32.5%	11.1%	43.6%	47.5%	8.9%	56.4%	100.0%
2013	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT (2)

Year	<u>Operating and Other Revenue</u>			<u>Operating Assistance</u>			<u>Totals</u>
	<u>Passenger</u>	<u>(3) Other</u>	<u>Total</u>	<u>State & Local</u>	<u>Federal</u>	<u>Total</u>	<u>Total All Revenues</u>
2005	27.4%	10.1%	37.5%	26.0%	36.5%	62.5%	100.0%
2006	28.7%	13.8%	42.5%	26.0%	31.5%	57.5%	100.0%
2007	22.9%	29.8%	52.7%	21.4%	25.9%	47.3%	100.0%
2008	26.7%	8.2%	34.9%	26.6%	38.5%	65.1%	100.0%
2009	30.7%	8.3%	39.0%	31.6%	29.4%	61.0%	100.0%
2010	25.1%	5.9%	31.0%	22.6%	46.4%	69.0%	100.0%
2011	26.8%	6.7%	33.5%	27.4%	39.1%	66.5%	100.0%
2012	31.8%	8.4%	40.2%	33.9%	25.9%	59.8%	100.0%
2013	30.5%	8.3%	38.8%	33.7%	27.5%	61.2%	100.0%
2014	29.1%	8.9%	38.0%	35.2%	26.8%	62.0%	100.0%

* Information not yet available

(1) Source: The American Public Transit Association. 2014 APTA Transit Fact Book, Appendix A Table 85

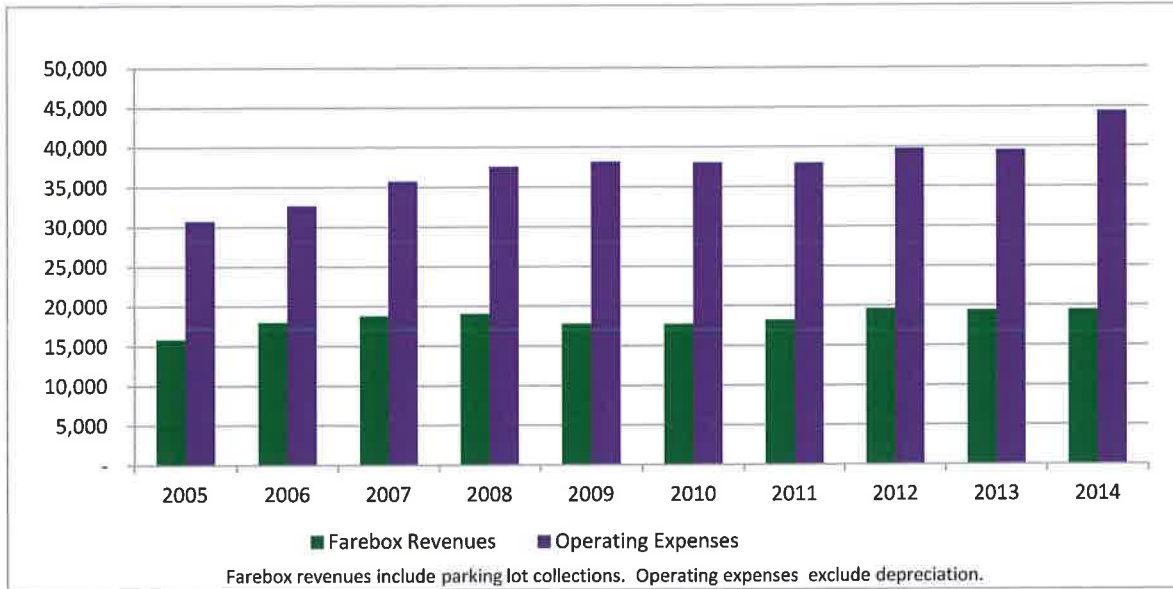
(2) Percentages are derived from the District's independently audited annual financial statements

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

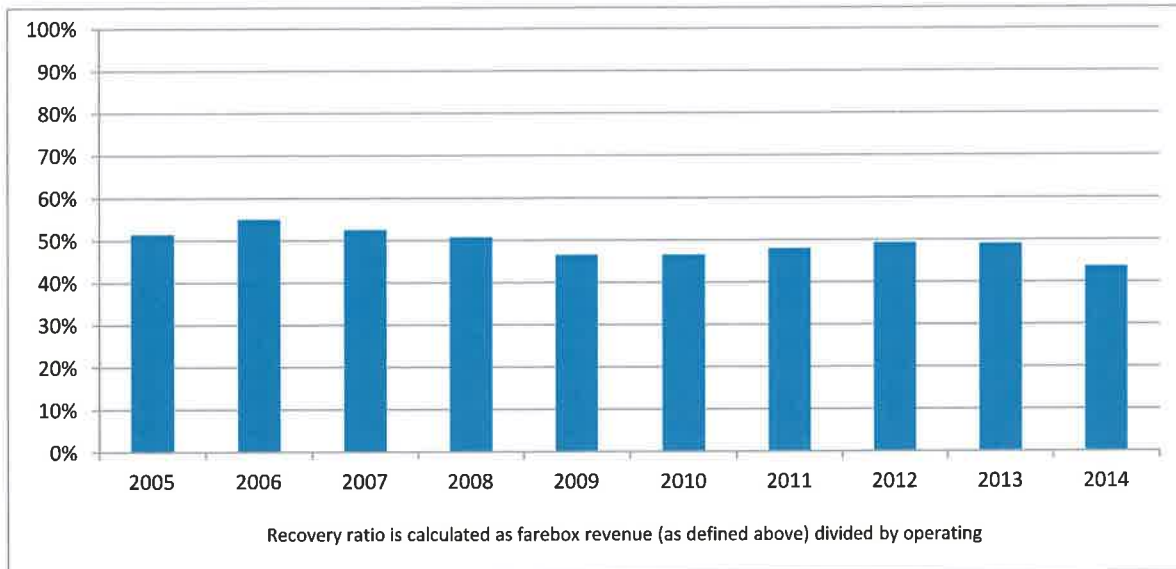
NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
System Recovery Ratio
Last Ten Fiscal Years
(In thousands of dollars)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
OPERATING REVENUE										
Passenger fares (net of refunds)	\$ 15,739	\$ 17,927	\$ 18,735	\$ 19,053	\$ 17,719	\$ 17,677	\$ 18,184	\$ 19,556	\$ 19,341	\$ 19,371
Parking lot collections	76	58	40	32	40	42	46	44	41	45
Total operating revenue for recovery ratio calculation (A)	\$ 15,815	\$ 17,985	\$ 18,775	\$ 19,085	\$ 17,759	\$ 17,719	\$ 18,230	\$ 19,600	\$ 19,382	\$ 19,416
OPERATING EXPENSES										
Transportation	\$ 10,417	\$ 11,073	\$ 11,848	\$ 13,514	\$ 12,527	\$ 12,883	\$ 13,130	\$ 16,229	\$ 15,835	\$ 15,937
Maintenance of Way	5,000	5,968	6,973	7,170	7,914	7,793	7,524	5,633	5,611	6,689
Maintenance of Equipment	7,659	7,529	8,421	9,636	10,002	9,280	9,709	9,755	10,077	12,497
Claims and Insurance	1,540	2,073	2,096	1,700	2,004	2,205	1,691	1,682	1,639	1,601
General and administrative	6,119	6,040	6,421	5,570	5,723	5,889	5,920	6,467	6,392	7,716
Total operating expenses for recovery ratio calculation (B)	\$ 30,735	\$ 32,663	\$ 35,759	\$ 37,590	\$ 38,170	\$ 38,050	\$ 37,974	\$ 39,766	\$ 39,554	\$ 44,440
Recovery ratio (A/B)	51.5%	55.0%	52.5%	50.8%	46.5%	46.6%	48.0%	49.3%	49.0%	43.7%

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
OPERATING EXPENSES										
OTHER THAN DEPRECIATION										
Salaries and wages	\$ 10,906	\$ 11,261	\$ 12,499	\$ 13,741	\$ 14,190	\$ 13,414	\$ 13,385	\$ 14,441	\$ 13,802	\$ 14,481
Fringe benefits and payroll taxes	9,015	9,383	11,298	10,927	11,180	11,366	11,475	11,909	11,549	11,997
Equipment expense	69	92	96	100	61	25	24	48	52	57
Repair and maintenance materials	2,518	2,636	3,010	3,893	3,052	1,758	2,804	2,668	3,368	5,123
Operating costs	3,022	3,259	2,077	3,441	2,536	2,907	2,734	5,061	4,893	4,989
Utilities	499	563	600	705	658	630	654	637	681	859
Other services	978	971	2,000	1,318	1,659	2,252	1,041	926	1,226	1,766
Office supplies	237	174	241	253	237	141	151	204	281	263
Administration	(1,365)	(954)	(1,447)	(1,382)	(1,283)	(660)	284	(493)	(815)	(429)
Rents and leases	104	79	77	98	88	68	27	79	52	79
Traction power	1,627	1,970	2,092	1,978	2,892	3,210	3,083	1,943	2,095	2,092
Claims and insurance	1,540	2,073	2,096	1,700	2,004	2,205	1,891	1,682	1,639	1,601
Professional services	1,585	1,176	1,120	818	896	734	621	661	731	1,562
Total	30,735	32,683	35,759	37,590	38,170	38,050	37,974	39,766	39,554	44,440
DEPRECIATION	11,782	13,262	14,633	15,087	17,405	19,575	19,742	21,307	20,078	17,545
Total operating expenses	42,517	45,945	50,392	52,677	55,575	57,625	57,716	61,073	59,632	61,985
NONOPERATING EXPENSES										
Interest expense	1,209	1,190	2,181	2,304	2,350	2,235	2,130	2,108	1,409	1,292
TOTAL EXPENSES	\$ 43,726	\$ 47,135	\$ 52,573	\$ 54,981	\$ 57,925	\$ 59,860	\$ 59,846	\$ 63,181	\$ 61,041	\$ 63,277

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
2005	45.5%	17.5%	9.8%	13.5%	13.8%	100.0%
2006	46.0%	17.7%	9.4%	13.4%	13.4%	100.0%
2007	45.9%	17.7%	9.3%	14.1%	13.0%	100.0%
2008	46.1%	17.4%	9.1%	13.7%	13.7%	100.0%
2009	45.6%	17.0%	9.0%	14.3%	14.0%	100.0%
2010	45.1%	16.9%	9.1%	15.2%	13.8%	100.0%
2011	45.9%	16.9%	9.2%	14.8%	13.3%	100.0%
2012	45.3%	16.8%	9.5%	14.6%	13.8%	100.0%
2013	*	*	*	*	*	*
2014	*	*	*	*	*	*

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT (2)

Year	Vehicle Operations	Vehicle Maintenance	Non-Vehicle Maintenance	General Administration	Purchased Transportation	Total Operating Expenses
2005	33.9%	24.9%	16.3%	25.8%	-	100.9%
2006	33.9%	23.0%	18.3%	24.9%	-	100.1%
2007	33.2%	23.5%	19.5%	24.8%	-	101.0%
2008	39.5%	28.2%	21.0%	23.8%	-	112.5%
2009	32.8%	26.3%	20.7%	11.3%	-	91.1%
2010	33.8%	24.4%	20.5%	20.2%	-	98.9%
2011	34.5%	25.6%	20.5%	21.3%	-	101.9%
2012	40.8%	24.5%	14.2%	20.5%	-	100.0%
2013	40.0%	25.5%	14.2%	20.3%	-	100.0%
2014	35.9%	28.1%	15.0%	21.0%	-	100.0%

* Information not yet available

(1) Source: The American Public Transit Association. 2014 APTA Transit Fact Book, Appendix A Table 74

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

(3) Includes claims and insurance

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



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

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

Fiscal Year	Commuter Rail Service Fund		Debt Service		Coverage Ratio
	Indefinite Situs Tax Receipts	Capital Grant Receipts	Principal	Interest	
2005	\$ -	\$ -	\$ -	\$ -	-
2006	-	-	-	-	-
2007	4,432,616	-	-	955,374	4.64
2008	4,922,480	-	-	1,292,988	3.81
2009	5,113,558	-	1,595,000	1,277,077	1.78
2010	-	2,872,186	1,660,000	1,212,186	1.00
2011	-	2,871,657	1,727,000	1,144,657	1.00
2012	-	2,888,348	1,848,000	1,040,348	1.00
2013	-	2,904,238	2,294,000	610,238	1.00
2014	-	2,905,203	2,352,000	553,203	1.00

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

Fiscal Year	Commuter Rail Service Fund		Debt Service		Coverage Ratio
	Indefinite Situs Tax Receipts	Capital Grant Receipts	Principal	Interest	
2005	\$ 3,222,131	\$ -	\$ 290,000	\$ 1,398,713	1.91
2006	4,069,752	-	1,355,000	1,240,578	1.57
2007	4,432,616	-	1,400,000	1,199,928	1.70
2008	4,922,480	-	1,440,000	1,157,928	1.89
2009	5,113,558	-	1,485,000	1,114,728	1.97
2010	4,330,142	-	1,525,000	1,070,178	1.67
2011	5,189,566	-	1,575,000	1,024,428	2.00
2012	5,947,731	-	1,650,000	945,678	2.29
2013	6,760,730	-	1,735,000	863,178	2.60
2014	7,953,373	-	1,800,000	799,850	3.06

2002 Note Payable - Chase Equipment Leasing Corporation:

Fiscal Year	Commuter Rail Service Fund		Debt Service		Coverage Ratio
	Indefinite Situs Tax Receipts	Capital Grant Receipts	Principal	Interest	
2005	\$ 3,222,131	\$ -	\$ 800,000	\$ 9,707	3.98
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-

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

Indefinite Situs Tax Receipts were used to cover 2004 Bond, 2007 Bond (partially), and 2002 Note Payable. Total Situs Tax Receipts are reported for each classification of debt. Below is a table which shows consolidated long term debt for all of these issuances and the total Situs Tax Receipts used to cover all such debt:

**CONSOLIDATED TABLE FOR ALL DEBT COVERED BY INDEFINITE SITUS TAX RECEIPTS
 2002 Note Payable, 2004 Bond Series, and 2007 Bond Series**

<u>Fiscal Year</u>	<u>Commuter Rail Service Fund</u> <u>Indefinite Situs Tax Receipts</u>	<u>Debt Service</u>		<u>Coverage Ratio</u>
		<u>Principal</u>	<u>Interest</u>	
2005	3,222,131	1,090,000	1,408,420	1.29
2006	4,069,752	1,355,000	1,240,578	1.57
2007	4,432,616	1,400,000	2,155,302	1.25
2008	4,922,480	1,440,000	2,450,916	1.27
2009	5,113,558	3,080,000	2,391,805	0.93
2010	4,330,142	1,525,000	1,070,178	1.67
2011	5,189,566	1,575,000	1,024,428	2.00
2012	5,947,731	1,650,000	945,678	2.29
2013	6,760,730	1,735,000	863,178	2.60
2014	7,953,373	1,800,000	799,850	3.06

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

Business-Type Activities

Fiscal Year	2007 Series- Revenue Bonds	2004 Series- Special Program Bonds	2002 Note Payable	Premium on Bonds Payable	Total	Outstanding Debt Per Capita	Outstanding Debt as a Percentage of Per Capita Personal Income
2005	\$ -	\$ 28,985,000	\$ -	\$ 1,203,000	\$ 30,188,000	\$ 24.24	0.07%
2006	-	27,630,000	-	1,084,000	28,714,000	23.19	0.07%
2007	32,100,000	26,230,000	-	969,000	59,299,000	47.93	0.13%
2008	32,100,000	24,790,000	-	858,000	57,748,000	46.58	0.12%
2009	30,505,000	23,305,000	-	751,000	54,561,000	43.86	0.12%
2010	28,845,000	21,780,000	-	648,000	51,273,000	41.10	0.11%
2011	27,118,000	20,205,000	-	550,000	47,873,000	38.29	0.10%
2012	25,270,000	18,555,000	-	459,000	44,284,000	35.35	0.09%
2013	22,976,000	16,820,000	-	376,000	40,172,000	32.00	0.08%
2014	20,624,000	15,020,000	-	299,000	35,943,000	*	*

* 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	Fiscal Year	Population	Personal Income in thousands	Per Capita Personal Income	Unemployment Rate
2005	489,530	\$ 211,680,244	\$ 30,241	6.4	2005	109,541	\$ 3,017,235	\$ 27,544	5.9
2006	491,432	\$ 225,737,023	\$ 31,983	4.8	2006	109,641	\$ 3,173,450	\$ 28,944	5.6
2007	493,403	\$ 239,341,919	\$ 33,276	5.2	2007	110,846	\$ 3,307,156	\$ 29,836	5.1
2008	495,479	\$ 242,843,619	\$ 34,317	6.4	2008	111,267	\$ 3,449,883	\$ 31,005	6.2
2009	495,789	\$ 232,263,533	\$ 33,346	10.4	2009	111,465	\$ 3,300,707	\$ 29,612	11.9
2010	496,052	\$ 235,054,040	\$ 33,895	10.8	2010	111,404	\$ 3,359,867	\$ 30,159	11.9
2011	494,833	\$ 244,816,358	\$ 35,665	10.3	2011	111,205	\$ 3,564,255	\$ 32,051	10.4
2012	493,118	\$ 255,900,211	\$ 37,478	9.3	2012	111,197	\$ 3,701,006	\$ 33,283	10.0
2013	491,456	\$ 260,256,928	\$ 37,797	7.3	2013	111,281	\$ 3,716,481	\$ 33,397	9.4
2014	*	*	*	9.6	2014	*	*	*	8.0

Porter County, Indiana

Fiscal Year	Population	Personal Income in thousands	Per Capita Personal Income	Unemployment Rate	Fiscal Year	Population	Personal Income in thousands	Per Capita Personal Income	Unemployment Rate
2005	156,024	\$ 5,675,474	\$ 36,376	4.7	2005	264,863	\$ 8,469,313	\$ 31,976	5.2
2006	158,595	\$ 6,166,120	\$ 38,880	4.3	2006	265,496	\$ 9,012,667	\$ 33,947	5.1
2007	160,835	\$ 6,578,288	\$ 40,901	3.9	2007	266,045	\$ 9,314,281	\$ 35,010	4.9
2008	162,538	\$ 6,947,886	\$ 42,746	4.7	2008	267,282	\$ 9,469,848	\$ 35,430	6.5
2009	163,572	\$ 6,561,242	\$ 40,112	9.4	2009	266,827	\$ 9,161,583	\$ 34,335	11.6
2010	164,512	\$ 6,771,056	\$ 41,158	8.8	2010	266,772	\$ 9,286,397	\$ 34,810	11.4
2011	165,520	\$ 7,411,287	\$ 44,776	7.8	2011	266,703	\$ 9,736,519	\$ 36,507	10.1
2012	165,681	\$ 7,914,041	\$ 47,767	7.7	2012	266,461	\$ 10,079,591	\$ 37,828	9.7
2013	166,557	\$ 7,995,016	\$ 48,002	7.4	2013	266,709	\$ 10,131,944	\$ 37,989	8.8
2014	*	*	*	6.6	2014	*	*	*	6.4

Cook County, Illinois

Fiscal Year	Population	Personal Income in thousands	Per Capita Personal Income	Unemployment Rate
2005	5,207,615	\$ 211,680,244	\$ 40,648	6.4
2006	5,165,495	\$ 225,737,023	\$ 43,701	4.8
2007	5,154,235	\$ 239,341,919	\$ 46,536	5.2
2008	5,161,831	\$ 242,843,619	\$ 47,046	6.4
2009	5,181,728	\$ 232,263,533	\$ 44,824	10.4
2010	5,198,853	\$ 235,054,040	\$ 45,213	10.8
2011	5,212,589	\$ 244,816,358	\$ 46,966	10.3
2012	5,227,992	\$ 255,900,211	\$ 48,948	9.3
2013	5,240,700	\$ 260,256,928	\$ 49,661	7.3
2014	*	*	*	9.6

* Information not yet available
 Sources: Bureau of Economic Analysis, Annual Earnings and STATS Indiana USA counties
 2013 and 2014 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>	<u>2014</u>			<u>2005</u>		
	<u>Chicago Employees</u>	<u>Rank</u>	<u>Percentage of Total County Labor Force</u>	<u>Chicago Employees</u>	<u>Rank</u>	<u>Percentage of Total County Labor Force</u>
U.S. Government	45,673	1	1.76%	78,000	1	3.06%
Chicago Public Schools	38,933	2	1.50%	43,783	2	1.72%
City of Chicago	30,345	3	1.17%	39,675	4	1.56%
Cook County	21,622	4	0.83%	25,482	5	1.00%
Advocate Health Care	18,556	5	0.71%	25,279	6	0.99%
University of Chicago	16,025	6	0.62%	-	-	-
JPMorgan Chase & Co.	15,015	7	0.58%	-	-	-
State of Illinois	14,925	8	0.57%	17,056	8	0.67%
Northwestern Memorial Healthcare	14,550	9	0.56%	-	-	-
United Continental Holdings, Inc.	14,000	10	0.54%	-	-	-
Jewel-Osco	-	-	-	34,037	3	1.34%
United Parcel Service of America	-	-	-	19,346	7	0.76%
SBC Communications Inc.	-	-	-	16,500	9	0.65%
Wal-Mart Stores, Inc.	-	-	-	16,350	10	0.64%
	<u>229,644</u>		<u>8.85%</u>	<u>315,508</u>		<u>12.38%</u>

Source: Crain's Chicago Business Largest Employers 2005 and 2014

Percentage of Total County Employment based on Cook County Labor Force figures pulled from LAUS, Bureau of Labor Statistics, US Department of Labor 2014 Labor Force figures are preliminary

Northern Indiana Commuter Transportation District
 Statistical Information (Unaudited)
 Fare Rate Structure
 12/31/2014

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 5	Zone 7	Zone 8	Zone 10
3	Hegewisch	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.							
		One-Way	5.50	4.75							
		10-Ride	52.25	45.25							
		25-Ride Monthly Reduced 1-Ride Reduced 25-Ride	123.75 135.50 2.75 56.25	107.00 135.50 2.25 56.25							
4	Hammond East Chicago	One-Way	5.25	5.00	3.50	3.25					
		10-Ride	50.00	47.50	33.25	31.00					
		25-Ride	118.25	78.75	78.75	73.25					
		Monthly Reduced 1-Ride Reduced 25-Ride	155.25 2.50 62.50	145.25 2.50 62.50	114.00 1.75 43.75	104.25 1.50 37.50					
5	Gary Gary/Chicago Airport Metro Center Miller	One-Way	6.00	5.75	4.50	3.75	3.50				
		10-Ride	57.00	54.75	42.75	35.75	33.25				
		25-Ride	135.00	129.50	101.25	84.50	78.75				
		Monthly Reduced 1-Ride Reduced 25-Ride	174.25 3.00 75.00	165.00 2.75 68.75	135.75 2.25 56.25	115.50 1.75 43.75	108.25 1.75 43.75				
6	Portage/Ogden Dunes Dune Park	One-Way	7.25	6.25	5.75	5.00	4.75	3.50			
		10-Ride	69.00	59.50	54.75	47.50	45.25				
		25-Ride	163.25	140.75	129.50	112.50	107.00				
		Monthly Reduced 1-Ride Reduced 25-Ride	207.25 3.50 87.50	186.75 3.00 75.00	168.00 2.75 68.75	147.50 2.50 62.50	138.25 2.25 56.25				
7	Beverly Shores	One-Way	8.25	7.50	6.25	6.00	5.75	4.75			
		10-Ride	78.50	71.25	59.50	57.00	54.75				
		25-Ride	185.75	168.75	140.75	135.00	129.50				
		Monthly Reduced 1-Ride Reduced 25-Ride	234.25 4.00 100.00	215.75 3.75 93.75	185.75 3.00 75.00	176.75 3.00 75.00	167.25 2.75 68.75				
8	Michigan City 11th St. Carroll Ave.	One-Way	8.50	8.25	7.25	6.25	6.00	5.00	3.75	3.25	
		10-Ride	80.75	78.50	69.00	59.50	57.00				
		25-Ride	191.25	185.75	163.25	140.75	135.00				
		Monthly Reduced 1-Ride Reduced 25-Ride	244.25 4.25 106.25	233.25 4.00 100.00	205.50 3.50 87.50	185.25 3.00 75.00	176.00 2.75 62.50				
10	Hudson Lake	One-Way	10.75	10.00	8.75	8.50	8.25	7.25	6.00	5.00	
		10-Ride	102.25	95.00	83.25	80.75	78.50				
		25-Ride	242.00	225.00	197.00	191.25	185.75				
		Monthly Reduced 1-Ride Reduced 25-Ride	301.00 5.25 131.25	282.50 5.00 125.00	253.00 4.25 106.25	243.75 4.25 106.25	232.75 4.00 100.00				
11	South Bend	One-Way	11.75	11.00	10.00	9.50	8.75	8.25	7.25	6.00	4.75
		10-Ride	111.75	104.50	95.00	90.25	83.25				
		25-Ride	264.50	247.50	225.00	213.75	197.00				
		Monthly Reduced 1-Ride Reduced 25-Ride	331.50 5.75 143.75	311.25 5.50 137.50	283.25 5.00 125.00	274.00 4.75 118.75	253.75 4.25 106.25				

FARE INFORMATION

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

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

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

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

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

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Operating Statistics:										
Annual System Trips	3,802,391	4,208,190	4,245,922	4,180,380	3,885,073	3,714,356	3,706,676	3,668,098	3,606,926	3,614,252
Average Weekday System Trips	12,943	14,301	14,327	13,897	12,991	12,531	12,363	12,205	12,049	12,045
Average Saturday System Trips	5,534	6,125	6,302	6,685	5,994	5,422	5,620	5,799	5,630	5,675
Average Sunday System Trips	3,314	4,360	4,570	4,732	4,345	3,973	4,328	4,301	4,244	4,484
Passenger Miles	106,356,444	118,250,139	119,310,408	117,468,678	109,170,551	104,373,404	107,122,936	106,008,032	104,204,092	104,415,740
Assets in Passenger Car Fleet:										
Total Passenger Cars in Fleet	68	68	68	68	75	82	82	82	82	82
Passenger Car Revenue Miles	3,240,952	3,300,661	3,391,250	3,510,998	3,560,893	3,387,037	3,450,855	3,679,324	3,736,383	3,694,590
Passenger Car Revenue Hours	92,460	93,832	95,360	98,871	99,554	94,747	96,470	108,482	105,928	103,661

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

	2005		2006		2007		2008		2009	
	Salary	Contract	Salary	Contract	Salary	Contract	Salary	Contract	Salary	Contract
<u>Michigan City Cost Center</u>										
Maintenance of Way	10	64	10	64	11	65	12	60	12	62
Maintenance of Equipment	11	105	11	105	10	107	11	101	11	99
Transportation	7	92	7	92	7	84	7	101	7	94
Clerks	0	8	0	8	0	9	0	8	0	10
Management	7	-	7	-	8	-	8	-	8	-
<u>Dune Park Cost Center</u>										
Police	7	-	7	-	7	-	8	-	8	-
Administration (Dune Park)	11	-	11	-	12	-	11	-	11	-
Subtotal	53	269	53	269	55	265	57	270	57	265
TOTAL LABOR	322		322		320		327		322	

	2010		2011		2012		2013		2014	
	Salary	Contract	Salary	Contract	Salary	Contract	Salary	Contract	Salary	Contract
<u>Michigan City Cost Center</u>										
Maintenance of Way	10	57	10	56	12	49	13	53	12	52
Maintenance of Equipment	10	91	10	92	8	93	7	92	9	95
Transportation	6	95	6	93	7	90	6	93	6	90
Clerks	0	10	0	10	0	8	0	8	0	8
Management	7	-	6	-	7	-	8	-	11	-
<u>Dune Park Cost Center</u>										
Police	7	-	7	-	7	-	7	-	7	-
Administration (Dune Park)	12	-	12	-	12	-	11	-	9	-
Subtotal	52	253	51	251	53	240	52	246	54	245
TOTAL LABOR	305		302		293		298		299	

Source: The District's Payroll Journals

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