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May 16, 2018

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, 2017 to December 31, 2017. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the Northern Indiana Commuter Transportation District, as of December 31, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

Paul D. Joyce, CPA
State Examiner

Comprehensive Annual Financial Report

For the years ended December 31, 2017 and 2016

Northern Indiana Commuter Transportation District

33 East US Highway 12
Chesterton, Indiana 46304



COMPREHENSIVE ANNUAL FINANCIAL REPORT



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

For the Years Ended December 31, 2017 and 2016

Prepared by
Accounting and Administration

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

December 31, 2017 and 2016

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NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
December 31, 2017 and 2016

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**INTRODUCTORY
SECTION**



April 4, 2018

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, 2017 and 2016 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 complement the MD&A and should be read in conjunction with it.

History

This rail system began in 1903 as the Chicago and Indiana Air Line Railway, a streetcar service between Indiana Harbor and East Chicago. By 1908, the rail line stretched across northwest Indiana, extending 68.9 miles from Hammond to South Bend. By 1909, the line operated trains to Pullman, Illinois, where passengers changed trains to continue their 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 President. The President is under contract to the Board. An organizational chart, which depicts the key functional responsibilities, is shown on page ix of this Introductory Section.

Reporting Entity

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, 2017 and 2016 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, 2017 and 2016.

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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to the Single Audit, including the schedule of expenditures of federal awards, findings and questioned costs and auditor's reports on the internal control structure and compliance with applicable laws and regulations are set forth in a separate Single Audit report. The report for the year ended December 31, 2017 is now available and may be obtained by contacting the CFO's office.

LETTER OF TRANSMITTAL

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

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

Service Provided by the District

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

The Northern Indiana Commuter Transportation District (NICTD) is an electric railroad providing daily commuter rail passenger service along a 90-mile route between South Bend, Indiana and Chicago. Known to locals as the South Shore, NICTD's commuter service is a major contributor to the economic engine of northern Indiana and southeast Chicago, operating over 13,000 trains annually carrying over 3.4 million passengers to high paying Chicago jobs. Since the mid-70's ridership grew from 1.5 million to a record 4.2 million passengers in 2007 (see graph on page v). While ridership has not met those record levels since the Great Recession, the District continues to see steady ridership levels.

The South Shore is uniquely positioned in the heart of Chicago's Loop within easy access to approximately 594,000 jobs, more than doubling the job base of Lake and Porter counties, Indiana (247,000 jobs). On average these jobs pay 44.9% more than similar positions in northwest Indiana.

Since its creation in 1977, the District has invested federal, state and local funds to initially stabilize the passenger service and then address its aging infrastructure including new rolling stock, electrical substations, maintenance facilities, bridges, passenger stations and 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 26.6 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 Purchase of Service Agreement. This is a flat annual reimbursement to the District payable in monthly installments.

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

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.

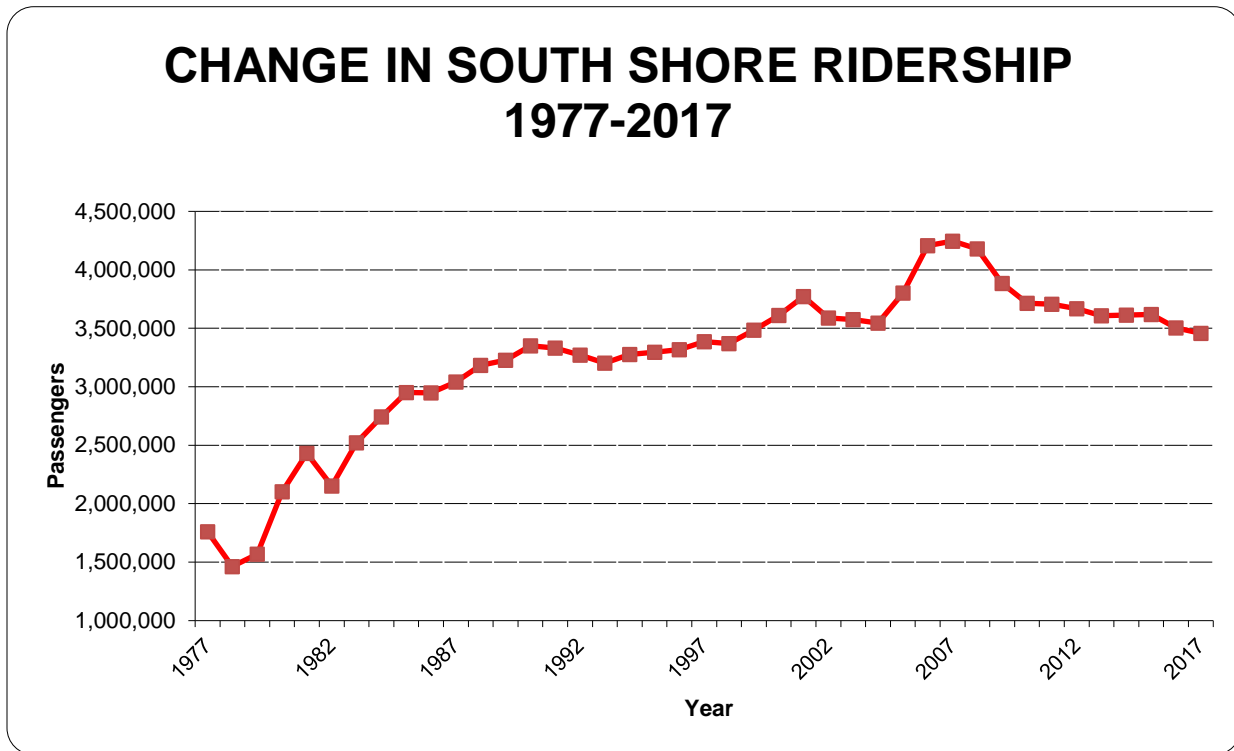
Local Economy

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

Ridership and operating revenue have been affected by the economic downturn and the slow rate of returning jobs to the Loop. According to the Illinois Department of Employment Security, Chicago continues to see a rebound in jobs added, experiencing an increase of over

LETTER OF TRANSMITTAL

24,000 private sector jobs in 2017 from 2016. We carried over 3.4 million passengers in 2017. While 2007 continues to hold our modern day record of 4.2 million passengers carried in one year, 2016 brought the District a new record for most passengers carried in a single day. On November 4, 2016, the District carried a record breaking 29,253 passengers to and from Chicago to celebrate the Chicago Cubs 2016 World Series Championship.



Major Initiatives

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

South Bend Realignment Study In 2017, NICTD hired DLZ to perform a South Bend Realignment Study to evaluate new alignments to connect us to the airport in South Bend, with the purpose of reducing travel time. In September 2017, South Bend asked NICTD to put the study on hold as they evaluate other possible alignments. South Bend's analysis is expected to be complete in early 2018.

LETTER OF TRANSMITTAL

Positive Train Control In 2017, staff and consultants made excellent progress towards implementing Positive Train Control (PTC), which the federal government requires be implemented no later than December 2018. Completed work included designing and constructing extensive wayside communications and signal interfaces, technical testing, and equipping trains with PTC components. Training was completed for 277 employees during 31 sessions, and our Employee Timetable was rewritten for PTC compatibility. In 2018, PTC work will include implementation of the required federation and railway interoperability network. All train cars will be fully PTC equipped in 2018. Extensive field testing will be completed, staff will undergo final training, the Revenue Service Demonstration will occur, and we will fully enter PTC Operations by the end of 2018.

Line & Signal Department In 2017, NICTD commenced a new voice radio system modernization effort. The department undertook an extensive joint INDOT/Michigan City/NICTD/LaPorte County project to improve highway crossing gates on a corridor-wide basis; this project will continue in 2018 for 20 more crossings. In 2017, NICTD also modernized and upsized the Madison Traction Power Substation, and issued a Request for Proposals for a Traction Power Load Study and redesign of eight substations as well as new substation design. The team also evaluated station lighting and made lighting improvements at several stations including Gary/Chicago Airport and Miller. Over 7 miles of traction power feeder cable and supporting systems were installed between South Bend and Michigan City as part of the catenary modernization project. In 2018, the Line & Signal Department will execute the Traction Power Load Study, redesign at least one substation and issue an Invitation for Bid to modernize one substation, and begin construction. Six miles of catenary will be replaced.

Track & Structures and Buildings and Bridges Departments In 2017, NICTD completed painting the Columbia Avenue bridge, replaced Kensington Subway bridge concrete deck, managed brush and weeds for over 75 miles, handled 19 miles of tree removal and trimming, began the Dune Park office remodeling project, and inspected all bridges, culverts and buildings. NICTD also acquired property adjacent to our Hammond Station and constructed a much-needed overflow lot. Additional parking has also been added at the 11th Street Station in Michigan City. NICTD rebuilt a portion of 11th Street track east of Franklin Street including grade crossing surfaces. In addition, crews rebuilt four highway grade crossing surfaces and installed ties on 15 main line track miles. In 2018, the Track and Structures department will upgrade six miles of rail, conduct rail grinding, replace 9,000 cross ties, and rebuild eight highway grade crossing surfaces. The Buildings & Bridges department will finish remodeling the Engineering building, remodel Hegewisch Station restrooms, complete Dune Park office remodeling, upgrade Gary Metro Station's Headhouses and Elevator, waterproof and paint the Broadway Avenue Bridge, repair two concrete arch culverts and construct an addition to our Gary Compound facility.

Mechanical Department In 2017, the Mechanical Department began repairing the side sills on 11 train cars to maintain structural integrity; this work will continue in 2018. The department replaced all event recorders or upgraded them for compatibility with PTC. We replaced all of our onboard speakers with higher quality models to improve clarity for our customers. HVAC systems were updated to accommodate a new, more environmentally friendly refrigerant. NICTD's safety team worked alongside the department to install Automatic External Defibrillators (AEDs) on all of our train cars in case of a passenger medical emergency (our crews are also trained in their use). We are gradually shifting to LED lighting on our trains. We continued rebuilding AC propulsion grids (an ongoing project). In 2018, the department will continue the Mid-Life program and begin the End-Life program for our single level train cars. The West Lake Corridor Project will have a large effect on both of these programs and will be taken into account.

LETTER OF TRANSMITTAL

Double Track Northwest Indiana Project and West Lake Corridor Project The District proposes to expand from single track to double track between Gary and Michigan City, Indiana, which will allow for more frequent service, reduced delays, and improved travel times. The West Lake Corridor project is a proposal to create a southern branch route extension to reach high-growth areas in Lake County, Indiana. The project would expand the District's service coverage, improve mobility and accessibility, and stimulate local job creation and economic development opportunities for Lake County. In 2017, both the Double Track Northwest Indiana Project and the West Lake Corridor Projects progressed to 30% engineering designs and were formally submitted for a Project Rating to the Federal Transit Administration (FTA) in September 2017. Each project must receive a Medium or higher Project Rating and also be listed in the Fiscal Year 2019 Annual Report on Funding Recommendations to proceed in the Capital Investment Grant program process. Should the projects receive a Project Rating and be listed in the Annual Report on Funding Recommendations, NICTD will request Entry into Engineering, a formal milestone in the FTA process. NICTD would work towards securing a Full Funding Grant Agreement (FFGA) from FTA by December 2018 for both projects. Visit www.doubletrack-nwi.com and www.nictdwestlake.com for additional information.

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, 2016. The District has achieved this prestigious award for five consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgement

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

Respectfully submitted,



Christine Dearing
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Northern Indiana Commuter
Transportation District**

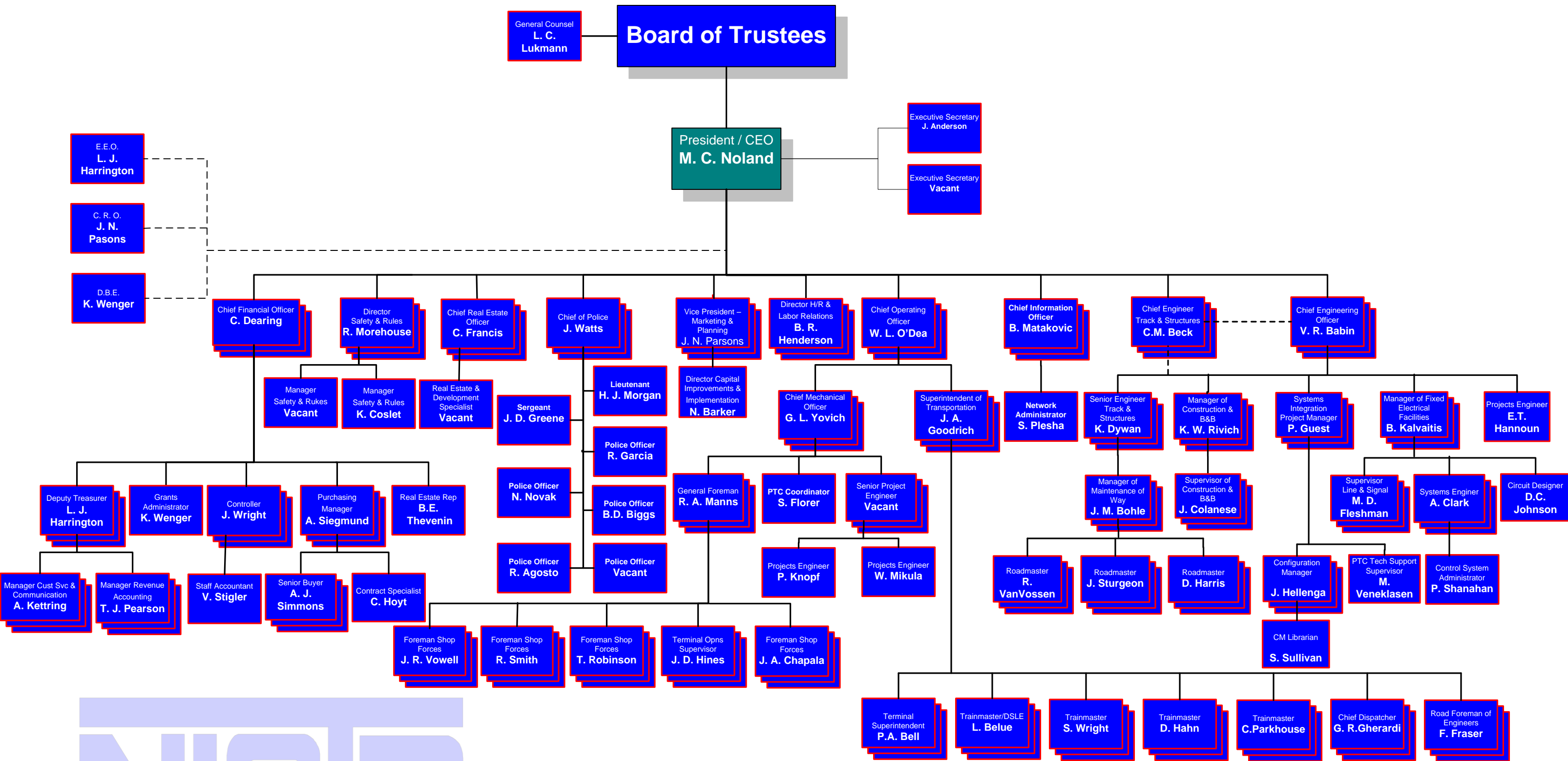
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

Northern Indiana Commuter Transportation District Organization Chart



Northern Indiana Commuter Transportation District

Board of Trustees and Administration
as of December 31, 2017

Members of the Board of Trustees

Representing LaPorte County

Mark Yagelski, Chair
Michael Gonder

Representing Porter County

Jim Biggs
Andrew Bozak

Representing St. Joseph County

Mark Catanzarite, Treasurer
Andrew Kostielney

Representing Lake County

Christine Cid, Vice-Chair
Michael Repay, Secretary

Representing the remainder of Indiana

Scott Lauerman, Governor's Appointment

Representing employees of the District

David Pranckus, Governor's Appointment

Administration

Michael C. Noland, President
Christine Dearing, Acting Chief Financial Officer
Boris Matakovic, Chief Information Officer
William L. O'Dea, Chief Operating Officer
Victor Babin, Chief Engineering Officer
Jessie Watts, Jr., Chief of Police
Bjarne R. Henderson, Director of HR & Labor Relations
John Parsons, Vice President of Marketing & Planning
Ray Morehouse, Director of Safety & Training



NICTD trains proudly displayed American flags for Veterans Day 2017.



**FINANCIAL
SECTION**

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Northern Indiana Commuter
Transportation District
Chesterton, Indiana

Report on Financial Statements

We have audited the accompanying financial statements of the Northern Indiana Commuter Transportation District (the District) as of and for the years ended December 31, 2017 and 2016, 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.

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, 2017 and 2016 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary schedules, consisting of the schedules of expenses, schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

South Bend, Indiana
April 3, 2018

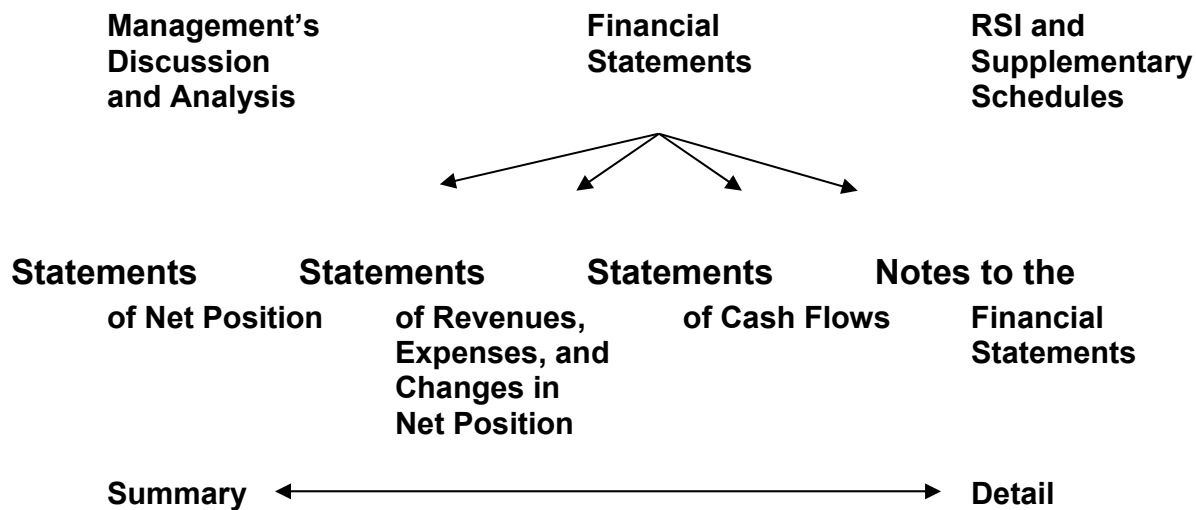
NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2017 and 2016
 (In thousands of dollars)

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, 2017 and 2016.

Overview of the Financial Statements

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

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



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

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

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

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017 and 2016
(In thousands of dollars)

and uses of cash and the changes in cash balances during the year.

Financial Highlights

- The District reported a \$24,374 increase to Net Position for 2017, compared to \$12,907 in 2016.
- Operating revenues increased by \$820 or 3.83%, from \$21,393 in 2016 to \$22,213 in 2017. The District attributes this increase to a mid-year fare increase.
- Operating expenses increased slightly by \$847 or 1.30% in 2017, from \$65,066 to \$65,913 primarily due to increased employment costs including health insurance.
- Loss before capital contributions decreased by \$2,333 or 22.59% in 2017, from \$10,329 to \$7,996 due to an increase in operating revenues and an increase in indefinite situs tax.
- In March of 2016, the District issued \$89.1 million in Series 2016 Bonds to fund the engineering and implementation of the Positive Train Control project in accordance with the Railway Safety Improvement Act of 2008 and regulation 49CFR Part 236. The Series 2016 Bonds are rated AA- by Standard & Poor's Rating Services. The District called the Series 2007 Bonds in 2016 resulting in an \$18 million decrease to bonds payable. Using Indefinite Situs Funds and Bond Reserves, the District retired the bonds a full six years early and realized \$1.3 million in interest savings.
- The District submitted a formal ratings package for the West Lake Corridor expansion project and the Double Track Northwest Indiana capital project to the Federal Transit Administration for Capital Investment Grant consideration in September of 2017. In 2018, decisions should be made by the Federal Transit Administration on whether these projects can enter the formal Engineering phase of the rating process.

Statements of Net Position

Total net position increased by \$24,374 in 2017 and increased by \$12,907 in 2016 (see Figures A-2a and A-2b). The largest portion of net position is net investment in capital assets, which increased \$18,144 in 2017 and increased \$27,557 in 2016 through capital improvements, which were funded by contributions from federal, state, and region governmental agencies.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017 and 2016
(In thousands of dollars)

Figure A-2a
Condensed Statements of Net Position

| | <u>2017</u> | <u>2016</u> | <u>Difference</u> | <u>Percent Change</u> |
|----------------------------------|-------------------|-------------------|-------------------|-----------------------|
| Current assets | \$ 46,053 | \$ 32,488 | \$ 13,565 | 41.75% |
| Capital assets (net) | 337,168 | 299,188 | 37,980 | 12.69 |
| Other noncurrent assets | <u>85,577</u> | <u>109,901</u> | <u>(24,324)</u> | <u>(22.13)</u> |
| Total assets | 468,798 | 441,577 | 27,221 | 6.16 |
| Deferred outflow of resources | 397 | 459 | (62) | (13.51) |
| Current liabilities | 21,725 | 16,259 | 5,466 | 33.62 |
| Long-term liabilities | 96,798 | 99,502 | (2,704) | (2.72) |
| Other liabilities | <u>1,350</u> | <u>1,278</u> | <u>72</u> | <u>5.63</u> |
| Total liabilities | 119,873 | 117,039 | 2,834 | 2.42 |
| Deferred inflow of resources | 110 | 159 | (49) | (30.82) |
| Net investment in capital assets | 291,178 | 273,034 | 18,144 | 6.65 |
| Restricted for debt service | 26,068 | 19,345 | 6,723 | 34.75 |
| Restricted for capital projects | 6,216 | 5,204 | 1,012 | 19.45 |
| Unrestricted | <u>25,750</u> | <u>27,255</u> | <u>(1,505)</u> | <u>(5.52)</u> |
| Total net position | <u>\$ 349,212</u> | <u>\$ 324,838</u> | <u>\$ 24,374</u> | <u>7.50%</u> |

Figure A-2b
Condensed Statements of Net Position

| | <u>2016</u> | <u>2015</u> | <u>Difference</u> | <u>Change</u> |
|----------------------------------|-------------------|-------------------|-------------------|----------------|
| Current assets | \$ 32,488 | \$ 49,356 | \$ (16,868) | (34.18) % |
| Capital assets (net) | 299,188 | 267,804 | 31,384 | 11.72 |
| Other noncurrent assets | <u>109,901</u> | <u>36,496</u> | <u>73,405</u> | <u>201.13</u> |
| Total assets | 441,577 | 353,656 | 87,921 | 24.86 |
| Deferred outflow of resources | 459 | 526 | (67) | (12.74) |
| Current liabilities | 16,259 | 23,618 | (7,359) | (31.16) |
| Long-term liabilities | 99,502 | 17,250 | 82,252 | 476.82 |
| Other liabilities | <u>1,278</u> | <u>1,230</u> | <u>48</u> | <u>3.90</u> |
| Total liabilities | 117,039 | 42,098 | 74,941 | 178.02 |
| Deferred inflow of resources | 159 | 153 | 6 | 3.92 |
| Net investment in capital assets | 273,034 | 245,477 | 27,557 | 11.23 |
| Restricted for debt service | 19,345 | 13,373 | 5,972 | 44.66 |
| Restricted for capital projects | 5,204 | 6,241 | (1,037) | (16.62) |
| Unrestricted | <u>27,255</u> | <u>46,840</u> | <u>(19,585)</u> | <u>(41.81)</u> |
| Total net position | <u>\$ 324,838</u> | <u>\$ 311,931</u> | <u>\$ 12,907</u> | <u>4.14%</u> |

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017 and 2016
(In thousands of dollars)

Statements of Revenues, Expenses and Changes in Net Position

Operating revenues increased by \$659 in 2016 (see Figure A-3a), primarily due to a fare increase midyear. Operating revenues increased by \$820 in 2017 due to a midyear fare increase (see Figure A-3b).

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--------------------|---------------------|---------------------|---------------------|
| Operating revenue | \$ 22,213 | \$ 21,393 | \$ 20,734 |
| Commuter ridership | 2,104 | 2,168 | 2,235 |
| Off-peak ridership | <u>1,352</u> | <u>1,336</u> | <u>1,382</u> |
| Total ridership | <u><u>3,456</u></u> | <u><u>3,504</u></u> | <u><u>3,617</u></u> |

Operating expenses increased by \$847 in 2017. The key components of operating expenses are: transportation, maintenance, and depreciation. Depreciation expense decreased by \$425 in 2017. Total non-operating revenues/expenses increased by \$2,360 or 7.08% in 2017 due primarily to an increase in State indefinite situs funding.

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

| | <u>2017</u> | <u>2016</u> | <u>Difference</u> | <u>Percent Change</u> |
|---------------------------------|--------------------------|--------------------------|-------------------------|-----------------------|
| Operating revenue | \$ 22,213 | \$ 21,393 | \$ 820 | 3.83% |
| Operating expenses | <u>(65,913)</u> | <u>(65,066)</u> | <u>847</u> | <u>1.30</u> |
| Operating loss | <u>(43,700)</u> | <u>(43,673)</u> | <u>(27)</u> | <u>0.06</u> |
| Non-operating revenues/expenses | <u>35,704</u> | <u>33,344</u> | <u>2,360</u> | <u>7.08</u> |
| Loss before contributions | <u>(7,996)</u> | <u>(10,329)</u> | <u>(2,333)</u> | <u>22.59</u> |
| Contributions | <u>32,370</u> | <u>23,236</u> | <u>9,134</u> | <u>39.31</u> |
| Increase in net position | 24,374 | 12,907 | 11,467 | 88.84 |
| Net position, beginning of year | <u>324,838</u> | <u>311,931</u> | <u>12,907</u> | <u>4.14</u> |
| Net position, end of year | <u><u>\$ 349,212</u></u> | <u><u>\$ 324,838</u></u> | <u><u>\$ 24,374</u></u> | <u><u>7.50%</u></u> |

Operating expenses increased by \$2,543 in 2016. The key components of operating expenses are: transportation, maintenance, and depreciation. Depreciation expense decreased by \$262 in 2016. Total non-operating revenues/expenses decreased by \$1,144 or 3.32% in 2016 due primarily to a decrease in State operating grant funds and other local funds received resulting from an increase to State capital contributions.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017 and 2016
(In thousands of dollars)

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

| | <u>2016</u> | <u>2015</u> | <u>Percent</u> <u>Difference</u> | <u>Change</u> |
|---------------------------------|-------------------|-------------------|-------------------------------------|---------------|
| Operating revenue | \$ 21,393 | \$ 20,734 | \$ 659 | 3.18% |
| Operating expenses | <u>(65,066)</u> | <u>(62,523)</u> | <u>2,543</u> | <u>4.07</u> |
| Operating loss | (43,673) | (41,789) | (1,884) | 4.51 |
| Non-operating revenues/expenses | <u>33,344</u> | <u>34,488</u> | <u>(1,144)</u> | <u>(3.32)</u> |
| Loss before contributions | (10,329) | (7,301) | (3,028) | (41.47) |
| Contributions | <u>23,236</u> | <u>12,880</u> | <u>10,356</u> | <u>80.40</u> |
| Increase in net position | 12,907 | 5,579 | 7,328 | 131.35 |
| Net position, beginning of year | <u>311,931</u> | <u>306,352</u> | <u>5,579</u> | <u>1.82</u> |
| Net position, end of year | <u>\$ 324,838</u> | <u>\$ 311,931</u> | <u>\$ 12,907</u> | <u>4.14%</u> |

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>2017</u> | <u>2016</u> | <u>2015</u> |
|--|------------------|------------------|------------------|
| Operating revenues | | | |
| Passenger fares (net of refunds) | \$ 22,178 | \$ 21,358 | \$ 20,698 |
| Parking lot collections | 35 | 35 | 36 |
| Total operating revenues | <u>\$ 22,213</u> | <u>\$ 21,393</u> | <u>\$ 20,734</u> |
| Operating expenses | | | |
| Transportation | \$ 18,518 | \$ 17,811 | \$ 16,958 |
| Maintenance of way | 7,005 | 7,237 | 6,400 |
| Maintenance of equipment | 12,030 | 12,759 | 12,345 |
| Claims and insurance | 1,731 | 1,692 | 1,352 |
| General and administrative | <u>9,342</u> | <u>7,855</u> | <u>7,494</u> |
| | 48,626 | 47,354 | 44,549 |
| Depreciation | <u>17,287</u> | <u>17,712</u> | <u>17,974</u> |
| Total operating expenses | <u>\$ 65,913</u> | <u>\$ 65,066</u> | <u>\$ 62,523</u> |
| Nonoperating revenues (expenses) | | | |
| Maintenance grant | \$ 5,201 | \$ 5,177 | \$ 5,064 |
| State operating assistance | 11,240 | 11,288 | 12,951 |
| Other local funds | 5,030 | 5,452 | 6,410 |
| Other revenue | 613 | 489 | 735 |
| Interest expense | (29) | (964) | (661) |
| Indefinite Situs tax | <u>13,649</u> | <u>11,902</u> | <u>9,989</u> |
| Total nonoperating revenues (expenses) | <u>\$ 35,704</u> | <u>\$ 33,344</u> | <u>\$ 34,488</u> |

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017 and 2016
(In thousands of dollars)

Statements of Cash Flows

Cash flow used in operating activities in 2017 increased by \$2,114 (see Figure A-4a). Cash receipts for capital and related financing activities decreased by \$65,103. Cash from investing activities increased by \$64,991 due to the maturity of investments.

Figure A-4a
Condensed Statements of Cash Flows

| | <u>2017</u> | <u>2016</u> | <u>Difference</u> | <u>Percent Change</u> |
|--|------------------|------------------|-------------------|-----------------------|
| Net cash flows used in operating activities | \$ (26,229) | \$ (24,115) | \$ (2,114) | (8.76)% |
| Net cash flows provided by noncapital financing activities | 20,172 | 20,421 | (249) | (1.21) |
| Net cash flows in capital and related financing activities | (7,298) | 57,805 | (65,103) | (112.62) |
| Net cash flows provided by investing activities | <u>8,593</u> | <u>(56,398)</u> | <u>64,991</u> | <u>(115.23)</u> |
| Net increase/(decrease) in cash and cash equivalents | (4,762) | (2,287) | (2,475) | 108.22 |
| Cash and equivalents, beginning of year | <u>48,541</u> | <u>50,828</u> | <u>(2,287)</u> | <u>(4.49)</u> |
| Cash and equivalents, end of year | <u>\$ 43,779</u> | <u>\$ 48,541</u> | <u>\$ (4,762)</u> | <u>(9.81)%</u> |

Cash flow from operating activities in 2016 decreased by \$2,040 (see Figure A-4b). Cash receipts for capital and related financing activities increased by \$55,880. Proceeds from the Series 2016 Bonds issuance offset cash used for the Series 2007 Bonds payoff. Cash used in investing activities increased by \$53,206 due to investment of temporarily remaining bond proceeds.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017 and 2016
(In thousands of dollars)

Figure A-4b
Condensed Statements of Cash Flows

| | <u>2016</u> | <u>2015</u> | <u>Difference</u> | <u>Percent Change</u> |
|--|------------------|------------------|-------------------|-----------------------|
| Net cash flows used in operating activities | \$ (24,115) | \$ (26,155) | \$ 2,040 | 7.80% |
| Net cash flows provided by noncapital financing activities | 20,421 | 22,736 | (2,315) | (10.18) |
| Net cash flows in capital and related financing activities | 57,805 | 1,925 | 55,880 | 2,902.86 |
| Net cash flows used in investing activities | <u>(56,398)</u> | <u>(3,192)</u> | <u>(53,206)</u> | <u>(1,666.85)</u> |
| Net increase/(decrease) in cash and cash equivalents | (2,287) | (4,686) | 2,399 | 51.20 |
| Cash and equivalents, beginning of year | <u>50,828</u> | <u>55,514</u> | <u>(4,686)</u> | <u>(8.44)</u> |
| Cash and equivalents, end of year | <u>\$ 48,541</u> | <u>\$ 50,828</u> | <u>\$ (2,287)</u> | <u>(4.50)%</u> |

Capital Assets

The District uses a five-year Capital Improvements Program (CIP) that is updated annually. 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 2018 through 2022. The District expects to invest \$194,200 in capital improvements during 2018 - 2022 in major upgrades along the right of way, new equipment, railcar improvements, and the Positive Train Control (PTC) capital project. The PTC project is being primarily funded through the Series 2016 Bond Issuance.

The District is also proposing to fund the West Lake Corridor expansion project and the Double Track Northwest Indiana capital project during 2018 - 2022. The revised project costs total about \$977 million. The District is partnering with the Northwest Indiana Regional Development Authority, the Indiana Finance Authority, and other local entities to fund the local share portion of each project, which represents fifty-percent of total project costs. The District submitted a formal ratings package for each project to the Federal Transit Administration for Capital Investment Grant consideration in September of 2017. We will continue to work through the ratings process with all stakeholders during 2018. This includes cost revisions that continue to evolve as the projects are refined during final engineering. In 2018, we expect decisions by the Federal Transit Administration on whether these projects can enter the formal Engineering phase of the rating process.

Debt Administration

At December 31, 2017 and 2016, the District had \$87,190 and \$89,100 principal outstanding for the Series 2016 Bonds. The District incurred additional debt in 2016 through the issuance of the Series 2016 \$89,100 Bonds which are required to pay for implementation of the Positive Train Control project. The Series 2007 Bonds were called in 2016.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017 and 2016
(In thousands of dollars)

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

| | <u>2017</u> | <u>2016</u> | <u>Difference</u> | <u>Percent Change</u> |
|---|-------------|-------------|-------------------|-----------------------|
| Situs Tax Restricted for Debt Service | \$ 12,015 | \$ 10,402 | \$ 1,613 | 15.51% |
| Federal Grant Restricted for Debt Service | - | 2,906 | (2,906) | (100) |
| Debt Payments - Series 2016 Bonds | 6,149 | - | 6,149 | 100 |
| Debt Payments - Series 2007 Bonds | - | 2,906 | (2,906) | (100) |
| | <u>2016</u> | <u>2015</u> | <u>Difference</u> | <u>Percent Change</u> |
| Situs Tax Restricted for Debt Service | \$ 10,402 | \$ 8,961 | \$ 1,441 | 16.08% |
| Federal Grant Restricted for Debt Service | 2,906 | 2,906 | - | - |
| Debt Payments - Series 2004 Bonds | - | 366 | (366) | (100) |
| Debt Payments - Series 2007 Bonds | 2,906 | 2,906 | - | - |

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

The District carried 3,456 million passengers in 2017; a slight reduction of 1.37% from 2016. The Cubs World Series Championship run in 2016 helped to ease the decline from 2015 to 2016. While 2017 did not include events of such significance, the rate of decline seems to be slowing. The District intends to complete a ridership survey in 2018 to provide current insight into how riders are using its service. The District will evaluate the data to determine whether factors within its control could aid in increasing ridership.

Operating revenue increased by 3.83% in 2017. Operating and maintenance expenses in 2018 are expected to remain at 2017 expense levels, with continued cost saving measures already in place. Management believes that the 2018 plan adequately addresses all revenue requirements, pending stable economic conditions. If the economy worsens, management anticipates it can reduce expenses by an adequate amount to offset reduced revenues.

Contacting the District's Financial Management

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

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
STATEMENTS OF NET POSITION
December 31, 2017 and 2016
(In thousands of dollars)

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents, unrestricted (Note 2) | \$ 6,094 | \$ 7,175 |
| Cash and cash equivalents, restricted (Note 2) | 7,902 | - |
| Investments, restricted (Note 2) | 4,238 | - |
| Receivables: | | |
| Federal capital and planning assistance | 1,104 | 2,348 |
| State assistance | 16,909 | 15,302 |
| Metra portion of operating costs | - | 308 |
| Other | <u>3,247</u> | <u>1,653</u> |
| Total receivables | 21,260 | 19,611 |
| Materials and supplies inventory | 5,481 | 4,664 |
| Prepaid expenses | <u>1,078</u> | <u>1,038</u> |
| Total current assets | <u>46,053</u> | <u>32,488</u> |
| Noncurrent assets | | |
| Cash and cash equivalents, unrestricted (Note 2) | 18,970 | 15,070 |
| Cash and cash equivalents, restricted (Note 2) | 10,813 | 26,296 |
| Investments, unrestricted (Note 2) | 36 | 3,232 |
| Investments, restricted (Note 2) | 55,758 | 65,256 |
| Interest receivable, restricted | - | 47 |
| Capital assets not being depreciated | | |
| Capital assets not being depreciated | 116,643 | 66,684 |
| Capital assets being depreciated | 537,801 | 532,949 |
| Less accumulated depreciation | <u>(317,276)</u> | <u>(300,445)</u> |
| Capital assets being depreciated, net | <u>220,525</u> | <u>232,504</u> |
| Total capital assets, net (Note 3) | <u>337,168</u> | <u>299,188</u> |
| Total noncurrent assets | <u>422,745</u> | <u>409,089</u> |
| Total assets | 468,798 | 441,577 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Outflows of resources related to pensions | <u>397</u> | <u>459</u> |
| Total deferred outflows of resources | <u>397</u> | <u>459</u> |
| Total assets and deferred outflows of resources | <u>\$ 469,195</u> | <u>\$ 442,036</u> |

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF NET POSITION
 December 31, 2017 and 2016
 (In thousands of dollars)

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | | |
| Trade | \$ 2,198 | \$ 3,390 |
| Capital projects | 9,864 | 3,749 |
| Payroll taxes and withholdings | 850 | 675 |
| Accrued interest | 2,072 | 2,119 |
| Unredeemed fares | 250 | 308 |
| Accrued injuries and damages (Note 1) | 1,471 | 1,397 |
| Other accrued expenses | 2,990 | 2,711 |
| Current portion - bonds payable (Note 5) (payable from restricted assets) | <u>2,030</u> | <u>1,910</u> |
| Total current liabilities | <u>21,725</u> | <u>16,259</u> |
| Long-term debt - bonds payable (Note 5) | 96,222 | 99,034 |
| Accrued post-retirement health costs (Note 5) | <u>576</u> | <u>468</u> |
| Total long-term liabilities | 96,798 | 99,502 |
| Other liabilities | | |
| Net pension liability (Note 7) | <u>1,350</u> | <u>1,278</u> |
| Total noncurrent liabilities | <u>98,148</u> | <u>100,780</u> |
| Total liabilities | 119,873 | 117,039 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Inflows of resources related to pensions | <u>110</u> | <u>159</u> |
| Total deferred inflows of resources | <u>110</u> | <u>159</u> |
| NET POSITION (Note 1) | | |
| Net investment in capital assets | 291,178 | 273,034 |
| Restricted for debt service | 26,068 | 19,345 |
| Restricted for capital projects | 6,216 | 5,204 |
| Unrestricted | <u>25,750</u> | <u>27,255</u> |
| Total net position | <u>349,212</u> | <u>324,838</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 469,195</u> | <u>\$ 442,036</u> |

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 Years ended December 31, 2017 and 2016
 (In thousands of dollars)

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|
| Operating revenue | | |
| Passenger fares (net of refunds) | \$ 22,178 | \$ 21,358 |
| Parking lot collections | <u>35</u> | <u>35</u> |
| | <u>22,213</u> | <u>21,393</u> |
| Operating expenses | | |
| Transportation | 18,518 | 17,811 |
| Maintenance of way | 7,005 | 7,237 |
| Maintenance of equipment | 12,030 | 12,759 |
| Claims and insurance | 1,731 | 1,692 |
| General and administrative | <u>9,342</u> | <u>7,855</u> |
| | 48,626 | 47,354 |
| Depreciation | <u>17,287</u> | <u>17,712</u> |
| | <u>65,913</u> | <u>65,066</u> |
| Operating loss | <u>(43,700)</u> | <u>(43,673)</u> |
| Nonoperating revenues (expenses) | | |
| Federal maintenance grant | 5,201 | 5,177 |
| State operating assistance | 11,240 | 11,288 |
| Other local funds (Note 8) | 5,030 | 5,452 |
| Other revenue (Note 8) | 613 | 489 |
| Interest expense | (29) | (964) |
| Indefinite Situs tax | <u>13,649</u> | <u>11,902</u> |
| | <u>35,704</u> | <u>33,344</u> |
| Loss before capital contributions | <u>(7,996)</u> | <u>(10,329)</u> |
| Capital contributions | | |
| Federal | 10,646 | 19,551 |
| State | 2,637 | 3,685 |
| Region | <u>19,087</u> | <u>-</u> |
| | <u>32,370</u> | <u>23,236</u> |
| Change in net position | 24,374 | 12,907 |
| Net position at beginning of year | <u>324,838</u> | <u>311,931</u> |
| Net position at end of year | <u>\$ 349,212</u> | <u>\$ 324,838</u> |

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF CASH FLOWS
 Years ended December 31, 2017 and 2016
 (In thousands of dollars)

| | <u>2017</u> | <u>2016</u> |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Cash receipts from customers | \$ 23,725 | \$ 22,563 |
| Cash payments for salaries and benefits | (31,953) | (29,899) |
| Cash payments for insurance | (1,785) | (1,662) |
| Cash paid for goods and services | <u>(16,216)</u> | <u>(15,117)</u> |
| Net cash flows used in operating activities | <u>(26,229)</u> | <u>(24,115)</u> |
| Cash flows from noncapital financing activities | | |
| State assistance grant contributions | 9,633 | 9,792 |
| Maintenance grant | 5,201 | 5,177 |
| Other local assistance | 108 | 566 |
| Metra operating subsidy | 4,008 | 3,700 |
| Trackage rights subsidy | <u>1,222</u> | <u>1,186</u> |
| Net cash flows provided by noncapital financing | <u>20,172</u> | <u>20,421</u> |
| Cash flows from capital and related financing activities | | |
| Acquisition and construction of capital assets | (45,721) | (47,396) |
| Proceeds from disposition of assets | - | 4 |
| Capital grants received | 30,951 | 21,408 |
| Interest paid | (4,267) | (483) |
| Indefinite situs tax | 13,649 | 11,902 |
| Proceeds from bond issuance | - | 89,100 |
| Premium on bonds payable | - | 11,844 |
| Bond issuance costs | - | (461) |
| Payment on bonds | <u>(1,910)</u> | <u>(28,113)</u> |
| Net cash flows used in capital and related financing activities | <u>(7,298)</u> | <u>57,805</u> |
| Cash flows from investing activities | | |
| Sale (purchase) of investments | 8,456 | (56,453) |
| Interest received on cash equivalents and investments | <u>137</u> | <u>55</u> |
| Net cash flows provided by investing activities | <u>8,593</u> | <u>(56,398)</u> |
| Net decrease in cash and cash equivalents | (4,762) | (2,287) |
| Cash and cash equivalents at beginning of year | <u>48,541</u> | <u>50,828</u> |
| Cash and cash equivalents at end of year | <u>\$ 43,779</u> | <u>\$ 48,541</u> |

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 STATEMENTS OF CASH FLOWS
 Years ended December 31, 2017 and 2016
 (In thousands of dollars)

| | <u>2017</u> | <u>2016</u> |
|---|--------------------|--------------------|
| Reconciliation of operating loss to net cash flows used in operating activities | | |
| Operating loss | \$ (43,700) | \$ (43,673) |
| Adjustments to reconcile operating loss to net cash flows used in operating activities: | | |
| Depreciation expense | 17,287 | 17,712 |
| Loss (gain) on sale of fixed assets | (22) | 20 |
| Change in assets and liabilities | | |
| Accounts receivable | 1,592 | 1,127 |
| Inventories | (817) | 269 |
| Prepaid expenses | (40) | (3) |
| Deferred outflows related to pensions | 62 | 67 |
| Accounts payable - trade | (1,192) | 1,141 |
| Unredeemed fares | (58) | 43 |
| Accrued retirement | 108 | (1,040) |
| Accrued injuries and damages | 74 | (168) |
| Accrued and withheld items | 454 | 336 |
| Net pension liability | 72 | 48 |
| Deferred inflows related to pensions | <u>(49)</u> | <u>6</u> |
| Net cash flows used in operating activities | <u>\$ (26,229)</u> | <u>\$ (24,115)</u> |
| Noncash capital and related financing activities | | |
| Capital assets included in accounts payable | | |
| End of year | \$ 9,864 | \$ 3,749 |
| Beginning of year | 3,749 | 4,114 |
| Noncash noncapital financing activities | | |
| Insurance premiums financed | \$ 1,029 | \$ 990 |

See accompanying notes to financial statements.

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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 problem of providing public commuter transportation across county lines. Specifically, the counties have endeavored to improve passenger service over the Chicago South Shore and South Bend Railroad by coordinating the raising of local, state, and federal funds and providing certain subsidies for operating losses and capital improvements. On December 29, 1989, the District began direct operation of the passenger service.

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

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

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

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

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

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Federal, state and regional capital grants are recorded as capital contributions in the statements of revenues, expenses, and changes in net position.

Cash Equivalents: Cash and Cash Equivalents consist of bank deposits in accounts that are federally insured. 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. The District has not incurred any losses from the deposits.

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

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

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 fair value.

Capital Assets: Capital assets include major items of property, plant, and equipment acquired with federal, state and local funds and are capitalized at cost. Capital assets include real and personal property with a cost of five thousand or more and a useful life of one year or more. Capital assets also include individual expenditures of five thousand 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 |

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The District is responsible for catastrophic liability claims up to \$3 million. Claims in excess of \$3 million are covered by commercial insurance carriers up to a maximum of \$62 million. The coverage from \$3 million to \$62 million is with several insurance carriers. During 2017, 2016, and 2015, 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 2017 and there were no settlements that exceeded insurance coverage during 2017, 2016, or 2015 for those risks that the District purchased insurance.

Claims activity for the year ended December 31, 2017, 2016, and 2015 was as follows in thousands of dollars:

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-----------------|-----------------|-----------------|
| Unpaid claims, beginning of year | \$ 1,397 | \$ 1,565 | \$ 1,740 |
| Incurred claims and changes in claim estimates | 173 | (97) | (118) |
| Claim payments | <u>(99)</u> | <u>(71)</u> | <u>(57)</u> |
| Unpaid claims, end of year | <u>\$ 1,471</u> | <u>\$ 1,397</u> | <u>\$ 1,565</u> |

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

| | <u>2017</u> | <u>2016</u> |
|--|------------------|------------------|
| Unrestricted | | |
| General fund | \$ 1,706 | \$ 2,173 |
| Accident claims reserve | 5,612 | 3,079 |
| Capital asset reserve | <u>17,746</u> | <u>16,993</u> |
| Total unrestricted | 25,064 | \$ 22,245 |
| Restricted | | |
| Bond proceeds/local grants restricted for acquisition of capital assets | 5,256 | 8,965 |
| Indefinite Situs tax restricted for debt repayment | <u>13,459</u> | <u>17,331</u> |
| Total restricted | <u>18,715</u> | <u>26,296</u> |
| | <u>\$ 43,779</u> | <u>\$ 48,541</u> |

Investments at December 31, 2017 and 2016 are as follows in thousands of dollars:

| <u>Description</u> | <u>2017 Amount</u> | <u>2016 Amount</u> |
|--|------------------------|------------------------|
| Certificates of deposit, unrestricted | \$ - | \$ 3,232 |
| Government agency securities, unrestricted | 36 | - |
| Certificates of deposit, restricted | 13,000 | 23,690 |
| Taxable Money Market Funds, restricted | 3,255 | 4,934 |
| U.S. Treasury securities, restricted | 35,658 | 13,464 |
| Government agency securities, restricted | <u>8,083</u> | <u>23,168</u> |
| | <u>\$ 60,032</u> | <u>\$ 68,488</u> |

As of December 31, 2017 and 2016, all investment maturities are less than one year. Investments have maturity dates ranging from January 1, 2018 through November 30, 2018, with interest rates ranging from 0.75% to 1.8%.

U.S. Treasury securities and Government Agency securities are measured at fair value based on quoted prices for similar assets in active markets and inputs that are observable for the asset, either directly or indirectly for substantially the full term of the investment and as such is classified as Level 2 investments. As of December 31, 2016, investments have maturity dates ranging from January 28, 2017 through November 30, 2017, with interest rates ranging from 0.3% to 1.11%.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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

Investments are allocated as follows in thousands of dollars:

| | <u>2017</u> | <u>2016</u> |
|---|------------------|------------------|
| Unrestricted | | |
| Accident claims reserve | \$ - | \$ 2,504 |
| Capital asset reserve | - | 728 |
| Deferred benefit plan reserve | <u>36</u> | <u>-</u> |
| Total unrestricted | 36 | 3,232 |
| Restricted | | |
| Bond proceeds/local grants restricted for acquisition of capital assets | 56,869 | 65,256 |
| Indefinite Situs tax restricted for debt repayment | <u>3,127</u> | <u>-</u> |
| Total restricted | <u>59,996</u> | <u>65,256</u> |
| | <u>\$ 60,032</u> | <u>\$ 68,488</u> |

Cash and Investment Deposits: The District maintains deposits with six area financial institutions. A summary of these deposits as of December 31, 2017 and 2016 is as follows in thousands of dollars:

| | 2017 | | 2016 | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Carrying Amount | Balance Per Bank | Carrying Amount | Balance Per Bank |
| On hand | \$ 1 | \$ - | \$ 1 | \$ - |
| On deposit | | | | |
| Insured by FDIC | 1,000 | 1,000 | 1,500 | 1,500 |
| Insured by IPDIF | 42,778 | 44,814 | 58,730 | 59,600 |
| Held in US Treasury/Gov't Agency | <u>60,032</u> | <u>60,033</u> | <u>56,798</u> | <u>56,796</u> |
| | <u>\$ 103,811</u> | <u>\$ 105,847</u> | <u>\$ 117,029</u> | <u>\$ 117,896</u> |

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

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, 2017 and 2016

NOTE 3 - CAPITAL ASSETS

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

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

| | Balance January 1, <u>2017</u> | <u>Changes During Year</u> | | Balance December 31, <u>2017</u> |
|---|--------------------------------------|----------------------------|-------------------|--|
| | | <u>Additions</u> | <u>Reductions</u> | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 7,477 | \$ 53 | \$ - | \$ 7,530 |
| Construction in progress | <u>59,207</u> | <u>55,529</u> | <u>(5,623)</u> | <u>109,113</u> |
| Total capital assets not being depreciated | <u>66,684</u> | <u>55,582</u> | <u>(5,623)</u> | <u>116,643</u> |
| Capital assets being depreciated: | | | | |
| Rolling stock (including capital spare parts) | 207,017 | - | - | 207,017 |
| Buildings and improvements | 202,868 | 695 | - | 203,564 |
| Track work and substations | 55,862 | - | - | 55,862 |
| Bridges and crossings | 51,945 | 3,156 | - | 55,101 |
| Machinery and equipment | 10,510 | 740 | (186) | 11,064 |
| Information system and office equipment | 800 | 136 | (34) | 902 |
| Autos and trucks | <u>3,946</u> | <u>584</u> | <u>(239)</u> | <u>4,291</u> |
| Total capital assets being depreciated | 532,949 | 5,311 | (459) | 537,801 |
| Less accumulated depreciation: | | | | |
| Rolling stock (including capital spare parts) | 137,659 | 3,671 | - | 141,330 |
| Buildings and improvements | 127,581 | 10,699 | - | 138,280 |
| Track work and substations | 840 | 212 | - | 1,052 |
| Bridges and crossings | 24,602 | 1,736 | - | 26,338 |
| Machinery and equipment | 6,759 | 594 | (186) | 7,167 |
| Information system and office equipment | 618 | 24 | (35) | 607 |
| Autos and trucks | <u>2,386</u> | <u>351</u> | <u>(235)</u> | <u>2,502</u> |
| Total accumulated depreciation | <u>300,445</u> | <u>17,287</u> | <u>(456)</u> | <u>317,276</u> |
| Total capital assets being depreciated, net | <u>232,504</u> | <u>(11,976)</u> | <u>(3)</u> | <u>220,525</u> |
| Total capital assets, net | <u>\$ 299,188</u> | <u>\$ 43,606</u> | <u>\$ (5,626)</u> | <u>\$ 337,168</u> |

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 3 - CAPITAL ASSETS (Continued)

| | Balance | Changes During Year | | Balance |
|---|--------------------|---------------------|--------------------|----------------------|
| | January 1, 2016 | Additions | Reductions | December 31, 2016 |
| Capital assets not being depreciated: | | | | |
| Land | \$ 7,072 | \$ 405 | \$ - | \$ 7,477 |
| Construction in progress | <u>23,429</u> | <u>49,464</u> | <u>(13,686)</u> | <u>59,207</u> |
| Total capital assets not being depreciated | <u>30,501</u> | <u>49,869</u> | <u>(13,686)</u> | <u>66,684</u> |
| Capital assets being depreciated: | | | | |
| Rolling stock (including capital spare parts) | 206,599 | 607 | (189) | 207,017 |
| Buildings and improvements | 200,708 | 2,161 | - | 202,869 |
| Track work and substations | 50,471 | 5,391 | - | 55,862 |
| Bridges and crossings | 48,320 | 3,625 | - | 51,945 |
| Machinery and equipment | 10,745 | 863 | (1,098) | 10,510 |
| Information system and office equipment | 781 | 20 | (1) | 800 |
| Autos and trucks | <u>3,788</u> | <u>292</u> | <u>(134)</u> | <u>3,946</u> |
| Total capital assets being depreciated | 521,412 | 12,959 | (1,422) | 532,949 |
| Less accumulated depreciation: | | | | |
| Rolling stock (including capital spare parts) | 133,638 | 4,209 | (188) | 137,659 |
| Buildings and improvements | 116,805 | 10,776 | - | 127,581 |
| Track work and substations | 681 | 159 | - | 840 |
| Bridges and crossings | 22,999 | 1,603 | - | 24,602 |
| Machinery and equipment | 7,221 | 638 | (1,100) | 6,759 |
| Information system and office equipment | 602 | 17 | (1) | 618 |
| Autos and trucks | <u>2,163</u> | <u>310</u> | <u>(87)</u> | <u>2,386</u> |
| Total accumulated depreciation | <u>284,109</u> | <u>17,712</u> | <u>(1,376)</u> | <u>300,445</u> |
| Total capital assets being depreciated, net | <u>237,303</u> | <u>(4,753)</u> | <u>(46)</u> | <u>232,504</u> |
| Total capital assets, net | <u>\$ 267,804</u> | <u>\$ 45,116</u> | <u>\$ (13,732)</u> | <u>\$ 299,188</u> |

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 \$2.17 million and \$2.12 million in MOW fees in 2017 and 2016, respectively. These amounts have been recorded as reductions to the related maintenance of way expense in the accompanying statements of revenue and expense and changes in net position. For 2017 and 2016, \$1,222 thousand and \$1,186 thousand, respectively, in ROI fees were recognized and reported as part of "other local funds" in the accompanying statement of revenue and expense and change in net position.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 5 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2017 and 2016 is as follows (in thousands of dollars):

| | January 1, 2017 | Additions | Reductions | December 31, 2017 | Due Within One Year | Long-Term Portion |
|--|--------------------|---------------|-----------------|----------------------|---------------------------|----------------------|
| Bonds payable: | | | | | | |
| Bonds payable - 2016 | \$ 89,100 | \$ - | \$ 1,910 | \$ 87,190 | \$ 2,030 | \$ 85,160 |
| Premium on bonds payable | <u>11,844</u> | <u>-</u> | <u>782</u> | <u>11,062</u> | <u>-</u> | <u>11,062</u> |
| Total bonds payable | 100,944 | - | 2,692 | 98,252 | 2,030 | 96,222 |
| Accrued postretirement health costs (Note 7) | | | | | | |
| | <u>468</u> | <u>108</u> | <u>-</u> | <u>576</u> | <u>-</u> | <u>576</u> |
| Total | <u>\$ 101,412</u> | <u>\$ 108</u> | <u>\$ 2,692</u> | <u>\$ 98,828</u> | <u>\$ 2,030</u> | <u>\$ 96,798</u> |

| | January 1, 2016 | Additions | Reductions | December 31, 2016 | Due Within One Year | Long-Term Portion |
|--|--------------------|-------------------|------------------|----------------------|---------------------------|----------------------|
| Bonds payable: | | | | | | |
| Bonds payable - 2007 | \$ 18,213 | \$ - | \$ 18,213 | \$ - | \$ - | \$ - |
| Bonds payable - 2016 | - | 89,100 | - | 89,100 | 1,910 | 87,190 |
| Premium on bonds payable | <u>-</u> | <u>12,076</u> | <u>232</u> | <u>11,844</u> | <u>-</u> | <u>11,844</u> |
| Total bonds payable | 18,213 | 101,176 | 18,445 | 100,944 | 1,910 | 99,034 |
| Accrued postretirement health costs (Note 7) | | | | | | |
| | <u>1,508</u> | <u>-</u> | <u>1,040</u> | <u>468</u> | <u>-</u> | <u>468</u> |
| Total | <u>\$ 19,721</u> | <u>\$ 101,176</u> | <u>\$ 19,485</u> | <u>\$ 101,412</u> | <u>\$ 1,910</u> | <u>\$ 99,502</u> |

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017 and 2016

NOTE 5 - LONG-TERM LIABILITIES (Continued)

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., with an original maturity of December 30, 2022. The funds generated were used to purchase commuter rail cars. During 2016, the 2007 bonds were paid in full, utilizing an optional redemption period.

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

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

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

| Year Ending December 31 | 2016 Bonds | | |
|----------------------------|------------------|------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2018 | \$ 2,030 | \$ 4,118 | \$ 6,148 |
| 2019 | 2,135 | 4,015 | 6,150 |
| 2020 | 2,240 | 3,907 | 6,147 |
| 2021 | 2,355 | 3,794 | 6,149 |
| 2022 | 2,475 | 3,675 | 6,150 |
| 2023-2041 | <u>75,955</u> | <u>40,864</u> | <u>116,819</u> |
| | <u>\$ 87,190</u> | <u>\$ 60,373</u> | <u>\$ 147,563</u> |

Interest expense was \$29 thousand and \$483 thousand at December 31, 2017 and 2016 respectively. Total interest paid was \$4,268 and \$1,743 for 2017 and 2016, respectively.

Until completion of the Positive Train Control Project, related accumulated interest paid will be capitalized as part of the project costs. The cumulative amount of interest and amortization expense included in non-depreciable assets was \$7,571 thousand in 2017 and \$3,379 in 2016.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017 and 2016

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Pledged Revenues: The District receives Indefinite Situs Tax funding from the State of Indiana. These funds are restricted for debt service and capital match of federally funded projects. This is pursuant to IC 6-1.1; IC 8-3, "Commuter rail service fund provides that a commuter transportation district may use money deposited in the commuter rail fund that is revenue derived from the taxation of indefinite-situs distributable property of railroad companies to (1) satisfy any debt service; and (2) provide state matching funds for federal transportation capital grants." Additionally, the District receives a Sales Tax portion of Commuter Rail Service funding (CRSF) and Electric Rail Service funding from the State of Indiana. These funds have been pledged for the payment of the Series 2016 Bonds principal and interest. As of December 31, 2017 and 2016, NICTD has \$78.7 million and \$91.6 million in cash and investments restricted for debt service and capital projects.

The Series 2007 Bonds were called and paid in full on December 21, 2016 using Indefinite Situs Tax funds and bond reserves.

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

| | <u>2017</u> | <u>2016</u> |
|--|-------------|-------------|
| CRSF – Indefinite Situs Tax Funds Received | \$ 12,015 | \$ 10,402 |
| CRSF – Sales Tax Funds Received | 8,472 | 9,495 |
| Electric Rail Service Funds Received | 144 | 152 |

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

| | <u>2017</u> | <u>2016</u> |
|--------------------------------------|-------------|-------------|
| Debt Service Payments | \$ 6,149 | \$ 2,906 |
| Total Redemption of Series 2007 Bond | - | 15,742 |

NOTE 6 - SHORT TERM DEBT

On December 17, 2015, the District obtained short-term financing in the form of a limited obligation revenue note, series 2015 in the amount of \$9.9 million, which carried an interest rate of 1.09% and had a maturity date of March 15, 2016. The purpose of this funding was related to the acquisition of capital assets until the bond issuance was finalized on March 14, 2016. With the 2016 Bond Issuance, the 2015 Bond Anticipation Note of \$9.9 million was paid in full including interest.

A summary of short-term debt for the years ended December 31, 2017 and 2016 as follows (in thousands of dollars):

| | <u>2017</u> | <u>2016</u> |
|-------------------------------------|-------------|----------------|
| Short-term debt – beginning of year | \$ - | \$ 9,900 |
| Principal paid on debt | <u>-</u> | <u>(9,900)</u> |
| Short-term debt – end of year | <u>\$ -</u> | <u>\$ -</u> |

(Continued)

NOTE 7 - EMPLOYEES' RETIREMENT AND POSTRETIREMENT HEALTH PLANS

Public Employees' Retirement Fund (PERF):

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

PERF Hybrid Plan

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

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

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

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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

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

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

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2017 or June 30, 2016; however, eligible members received a one-time check (a.k.a. 13th check) in September 2016 and September 2015. The amount of the one-time check ranged from \$150 to \$450, depending upon a member's years of service. The September 2016 one-time check was for a member who retired or was disabled on or before December 1, 2015, and who was entitled to receive a monthly benefit on July 1, 2016. The September 2015 one-time check was for a member who retired or was disabled on or before December 1, 2014, and who was entitled to receive a monthly benefit on July 1, 2015.

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

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

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

(Continued)

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

Investments in the members' ASA are individually directed and controlled by plan participants who direct the investment of their account balances among the following eight (8) investment options, with varying degrees of risk and return potential:

- Stable Value Fund -- This fund's objective is to provide a market rate of return consistent with the preservation of principal through a shorter maturity, high quality portfolio. Effective January 1, 2017, the Guaranteed Fund was replaced by the Stable Value Fund (IC 5-10.2-2-3).
- Large Cap Equity Index Fund – This fund's objective is to seek investment growth/capital appreciation through passive investment in the stocks of the 500 largest U.S. companies. Market risk is assumed by the member.
- Small/Mid Cap Equity Fund – This fund's objective is to seek investment growth/capital appreciation through both active and passive investment in stocks of small- and mid-sized U.S. companies. Market risk is assumed by the member.
- International Equity Fund – This fund's objective is to seek investment growth/capital appreciation through both active and passive investment in stocks of non-U.S. companies in both developed and emerging markets. Market risk is assumed by the member.
- Fixed Income Fund – This fund's objective is to seek total return, consisting of income and capital appreciation. Market risk is assumed by the member.
- Inflation-Linked Fixed Income Fund – This fund's objective is to provide investors inflation protection and income consistent with investment in inflation-indexed securities. Principal and interest payments are adjusted in response to changes in inflation. Market risk is assumed by the member.
- Target Date Funds – The funds are designed to seek an appropriate amount of total return, commensurate with risk, given the specific time horizon of each fund. The Target Date Funds provide participants with a one-stop shop for investing. Participants simply choose the fund most appropriate for them based on the year in which they plan to withdraw their money (usually their retirement year). Once a participant selects the appropriate fund, the underlying asset allocation automatically adjusts over time. Market risk is assumed by the member.
- Money Market Fund – This fund's objective is to provide a market rate of return consistent with the preservation of capital through a shorter maturity, high quality portfolio. Market risk is assumed by the member.

Members may direct changes to their investment directions daily and investments are reported at fair value.

(Continued)

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

My Choice

Plan Description: Retirement Savings Plan for Public Employees (My Choice) was formerly known as the PERF ASA Only Plan. My Choice was established by the Indiana Legislature in 2011, and is governed by the INPRS Board of Trustees in accordance with IC 5-10.3-12 and IC 5-10.5. This plan is funded by an employer and a member for the use of the member, or the member's beneficiaries or survivors, after the member's retirement. My Choice members are full-time employees of the State of Indiana (as defined in IC 5-10.3-7-1(d)), or a political subdivision who elected to participate in My Choice, and are in a position eligible for membership in the PERF Hybrid Plan and who elect to become members of My Choice. Any government agency that pays employees through the Auditor of the State is a mandatory participant in My Choice and must offer eligible employees the My Choice option. Quasi-government agencies (created by statute and are separate from the State in their corporate and sovereign capacity) and State educational institutions may choose to offer My Choice as an option to their employees.

Retirement account: My Choice maintains an annuity savings account for each member. Each member's account consists of a member and an employer contribution subaccount within the annuity savings account structure. The member's contribution subaccount consists of the member's contributions, set by statute at three percent of covered payroll as defined by IC 5-10.3-12-23 plus the interest/earnings or losses credited to the member's contribution subaccount. The State pays the member's contributions on behalf of their employees. Political subdivisions may elect to match 50% of a member's voluntary contributions, and these matching contributions are subject to the vesting schedule later in the note. The employer contribution subaccount consists of the employer's contributions and the earnings on the employer's contributions. The employer contribution rate is set by INPRS Board of Trustees in accordance with IC 5-10.2-2-11.

My Choice allows members to actively participate in managing their retirement benefits through self-directed investment options. All contributions made to a member's account (member contribution subaccount and employer contribution subaccount) are invested as a combined total according to the member's investment elections. The members can direct their investments among the following aforementioned eight investment options: Large Cap Equity Index Fund, Small/Mid Cap Equity Fund, International Equity Fund, Fixed Income Fund, Inflation-Linked Fixed Income Fund, Money Market Fund, Stable Value Fund, and Target Date Funds. A description of each of these Funds is earlier in this note in the PERF Hybrid Retirement Benefits – Annuity Savings Account section.

A member is immediately vested in the member contribution subaccount except for the voluntary match contributions. To receive contributions and earnings from the employer contribution subaccount or the voluntary contribution match, a member must meet vesting requirements (full years of participation) to qualify for a distribution. The vesting schedule is as follows:

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

(Continued)

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

A member who terminates service with their employer is entitled to withdraw the total amount in the member contribution subaccount. In addition, the member is entitled to withdraw amounts in the employer contribution subaccount to the extent the member is vested in this account. The member must be separated from employment for at least 30 days before the member may take a withdrawal from the member's account. The amount available for withdrawal is the fair value of the participant's account on the processing date. The withdrawal amount can be paid in a lump sum, a direct rollover to another eligible retirement plan, or if the member has attained normal retirement age and met other criteria established by the INPRS Board of Trustees as a monthly annuity provided through INPRS.

If a member becomes disabled while in active service, subject to the member providing proof of the member's qualification for social security disability benefits to the Board of Trustees, a member may withdraw the total amount in the member contribution subaccount. To the extent that the member is vested, the member may make a withdrawal from the member's employer subaccount. The withdrawal amount can be paid in a lump sum, a direct rollover to another eligible retirement plan, or a monthly annuity provided through INPRS if the member has attained normal retirement age and met other criteria established by the INPRS Board of Trustees.

If a member dies while in active service or after terminating service in a position covered by the Plan, but before withdrawing the member's account, all of the member's contribution subaccount, and to the extent that the member is vested, the employer contribution subaccount, will be paid to the beneficiary or beneficiaries designated by the member. The amount available for payment is the fair value of the participant's account. The beneficiary may elect to have member's account paid as a lump sum, a direct rollover to another eligible retirement plan, or as a monthly annuity in accordance with the rules of the INPRS Board of Trustees. The monthly annuity is an option only on or after the beneficiary attains normal retirement age and meets other criteria established by the INPRS Board of Trustees. If a member dies in the line of duty while in active service, the designated beneficiary or beneficiaries or surviving spouse or dependents, are entitled to payment of the member's account as described above. In addition, if the member was not fully vested in the employer contribution subaccount, the account is deemed to be fully vested for purposes of withdrawal.

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

During fiscal year 2017, all participating employers were required to contribute 11.2 percent of covered payroll for members employed by the State and political subdivisions. For My Choice, all participating employers were also required to contribute 11.2 percent of covered payroll. In accordance with IC 5-10.3-12-24, the amount credited from the employer's contribution rate to the member's account shall not be less than three percent and not be greater than the normal cost of the fund which was 3.3 percent for fiscal year 2017, and any amount not credited to the member's account shall be applied to the pooled assets of PERF Hybrid. The political subdivisions were required to contribute a supplemental cost of 5.4 percent of covered payroll as of July 1, 2016, which increased to 7.2 percent as of January 1, 2017. In addition, for political subdivisions, the amount credited to the member's account for the normal cost ranged up to 5.8 percent as of July 1, 2016, and up to 4 percent as of January 1, 2017.

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NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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

During fiscal year 2016, all participating employers were required to contribute 11.2 percent of covered payroll for members employed by the State. For political subdivisions, an average contribution rate of 11.19 percent was required for the period of July 1 – December 31, 2015, and an average contribution rate of 11.2 percent was required for the period of January 1 – June 30, 2016. For My Choice, all participating employers were also required to contribute 11.2 percent of covered payroll. In accordance with IC 5-10.3-12-24, the amount credited from the employer's contribution rate to the member's account shall not be less than three percent and not be greater than the normal cost of the fund which was 4.6 percent for fiscal year 2016, and any amount not credited to the member's account shall be applied to the pooled assets of PERF Hybrid.

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

The contribution requirement, which was made by the District, was \$173 thousand and \$159 thousand for 2017 and 2016, respectively. These total contributions represent 11.2% of covered payroll for 2017 and 2016.

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> |
|---|---|---|
| 2017 | \$ 173 | 100% |
| 2016 | 159 | 100% |
| 2015 | 147 | 100% |

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

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017 and 2016

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

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

- Asset valuation date – June 30, 2017
- Liability valuation date – June 30, 2016 – Member census data as of June 30, 2016 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2016 and June 30, 2017. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2016 to the June 30, 2017 measurement date.
- Actuarial cost method (accounting) – Entry age normal (level percent of payroll)
- Experience study date – Period of 4 years ended June 30, 2014
- Investment rate of return – 6.75%
- COLA – 1.0%
- Future salary increases, including inflation – 2.5% - 4.25%
- Inflation – 2.25%
- Mortality – RP-2014 (with MP-2014 improvement removed) Total Data Set mortality table, with Social Security Administration generational improvement scale from 2006.

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

| | <u>Target</u> | | <u>Geometric Basis</u> | |
|-----------------------------------|-------------------------|-------------|---------------------------|-------------|
| | <u>Asset Allocation</u> | | <u>Long-Term Expected</u> | |
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Public Equity | 22.0% | 22.0% | 4.9% | 5.7% |
| Private Equity | 14.0% | 10.0% | 5.7% | 6.2% |
| Fixed Income – ExInflation-Linked | 20.0% | 24.0% | 2.3% | 2.7% |
| Fixed Income – Inflation-Linked | 7.0% | 7.0% | 0.6% | 0.7% |
| Commodities | 8.0% | 8.0% | 2.2% | 2.0% |
| Real Estate | 7.0% | 7.0% | 3.7% | 2.7% |
| Absolute Return | 10.0% | 10.0% | 3.9% | 4.0% |
| Risk Parity | 12.0% | 12.0% | 5.1% | 5.0% |

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017 and 2016

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

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

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

| | <u>1% Decrease</u> (5.75%) | <u>Current Rate</u> (6.75%) | <u>1% Increase</u> (7.75%) |
|------|-------------------------------|--------------------------------|-------------------------------|
| 2017 | \$ 1,968,362 | \$ 1,349,617 | \$ 835,268 |
| 2016 | \$ 1,836,200 | \$ 1,278,480 | \$ 814,930 |

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

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

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

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

(Continued)

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

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

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

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

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

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2017, the District reported a liability of \$1,349,617 for its proportionate share of the net pension liability. The District's proportionate share of the net pension liability was based on the District's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2017 measurement date was 0.03025%.

At December 31, 2016, the District reported a liability of \$1,278,480 for its proportionate share of the net pension liability. The District's proportionate share of the net pension liability was based on the District's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2016 measurement date was 0.02817%.

For the year ended December 31, 2017, the District recognized pension expense of \$248,219, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$(18,553). At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 25,631 | \$ 1,047 |
| Net difference between projected and actual earnings on pension plan investments | 213,486 | 67,665 |
| Changes in assumptions | 21,669 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | <u>52,899</u> | <u>40,814</u> |
| Total that will be recognized in pension expense (income) based on table below | 313,685 | 109,526 |
| Pension contributions subsequent to measurement date | <u>83,446</u> | <u>-</u> |
| Total | <u>\$ 397,131</u> | <u>\$ 109,526</u> |

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017 and 2016

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

For the year ended December 31, 2016, the District recognized pension expense of \$197,893, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$(43,723). At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 28,643 | \$ 2,360 |
| Net difference between projected and actual earnings on pension plan investments | 281,196 | 71,935 |
| Changes in assumptions | 56,408 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | <u>135</u> | <u>84,636</u> |
| Total that will be recognized in pension expense (income) based on table below | 366,382 | 158,931 |
| Pension contributions subsequent to measurement date | <u>92,617</u> | <u>-</u> |
| Total | <u>\$ 458,999</u> | <u>\$ 158,931</u> |

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2017 and 2016 measurement dates are recognized as a reduction of net pension liability in the year ending December 31, 2018 and 2017, respectively. Deferred inflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over a 5 year period. A change in an employer's proportionate share: represents the change as of the current year measurement date versus the prior year measurement date, and is amortized over the average expected remaining service lives of the plan. The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| 2018 | \$ 66,413 |
| 2019 | 112,177 |
| 2020 | 32,827 |
| 2021 | <u>(7,258)</u> |
| | <u>\$ 204,159</u> |

(Continued)

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

Federal Railroad Retirement Act:

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

NICTD Supplemental Pension Plans and Trusts:

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

The Plan requires contributions by the District to be made at the rate of 5% of Class I employees' compensation and 8% of Class II employees' compensation. Contributions for 2017 and 2016 by the District amounted to \$194 thousand and \$161 thousand (5% of covered payroll) for Class I employees and \$114 thousand and \$95 thousand (8% of covered payroll) for Class II employees.

Covered payroll for 2017 and 2016 amounted to 3,884 thousand and \$3,212 thousand for Class I employees and \$1,425 thousand and \$1,190 thousand for Class II employees.

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

Contributions are made by the District as follows: \$0.50 per qualifying hour for clerks, \$1.00 per qualifying hour worked for dispatchers, \$0.50 per qualifying hour for collectors/conductors and engineers, and beginning July 1, 2015, \$0.15 per qualifying hour worked for carmen, cleaners, and machinists. Contributions for 2017 and 2016 by the District amounted to \$16 thousand and \$17 thousand for clerks, \$12 thousand and \$11 thousand for dispatchers, \$78 and \$73 thousand for collectors/ conductors and engineers, and \$21 thousand and \$21 thousand for carmen, cleaners, and machinists. Qualifying hours for 2017 and 2016 were 32 thousand and 35 thousand for clerks, 12 thousand and 11 thousand for dispatchers, 156 thousand and 146 thousand for collectors/ conductors and engineers, and 138 thousand and 145 thousand for carmen, cleaners, and machinists.

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

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017 and 2016

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

Postretirement Health Plan:

On December 30, 2003, the District adopted the postretirement health plan. In January 2016, this plan was amended to change entry level age to 60 for eligible retirees and dependents with coverage ceasing at age 65. The plan covers all management employees over the age of 60 with 15 years of service. Employees contribute 30 - 60%, based on years of qualifying service, of the COBRA rate while under the age of 65. The District makes contributions for retired employees on a pay as you go basis. This plan is not funded; however, approximately \$16 thousand of the District's cash and cash equivalents is designated for this health plan. Approximately 69 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 3.44% for 2017 and 2016. The District recognized a change of \$108 thousand and \$(1,040) thousand in postretirement health plan obligations for 2017 and 2016, respectively. The accumulated postretirement health plan liability was \$576 thousand and \$468 thousand as of December 31, 2017 and 2016, 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, 2017 and 2016 consist of the following in thousands of dollars:

| | <u>2017</u> | <u>2016</u> |
|--|-----------------|-----------------|
| Other local funds | | |
| Northwest Indiana Regional Development Authority | \$ - | \$ 423 |
| Metra Purchase of Service Fee | 3,700 | 3,700 |
| Metra Electric District Study | 108 | 143 |
| Chicago South Shore and South Bend Railroad | <u>1,222</u> | <u>1,186</u> |
| Total other local funds | <u>\$ 5,030</u> | <u>\$ 5,452</u> |
| Other revenue | | |
| Interest – unreserved | \$ 90 | \$ 91 |
| Rental income | 254 | 191 |
| Sale of maintenance services | 3 | 4 |
| Sale of scrap material | 108 | 59 |
| Advertising activities | 103 | 128 |
| Miscellaneous | <u>55</u> | <u>16</u> |
| Total other revenue | <u>\$ 613</u> | <u>\$ 489</u> |

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 9 - METRA TRANSACTIONS

During 2012, the District and Metra agreed to a Purchase of Service Agreement, whereby Metra reimburses the District \$3.7 million annually for the provision of passenger service along a certain section of the former CSS line. This agreement changes the way in which the operating subsidy is calculated from a percentage of operating costs to a flat annual amount. The agreement was signed on July 23, 2012 and is retroactive to January 1, 2012 expiring on December 31, 2016. The operating subsidy for 2017 and 2016 amounted to \$3.7 million and \$3.7 million, respectively. For 2017 and 2016, this amount is reported in "other local funds." The existing Purchase of Service Agreement has been extended through June 30, 2018.

Additionally, during 2012, the District and Metra agreed to a new Trackage Rights Agreement whereby the District pays a flat annual amount to Metra for operating over their tracks and other services between Kensington and Millennium Station. The agreement was signed on July 23, 2012 and is retroactive to January 1, 2012 expiring on December 31, 2016. An amendment to this agreement was enacted in 2015 to increase the District's Base Level of Train Service to include two express trains. The trackage rights were increased accordingly. The District recognized \$7.4 million and \$7.4 million in total trackage rights expense for 2017 and 2016, respectively. The existing Trackage Rights Agreement has been extended through June 30, 2018.

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017 and 2016

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The following summarizes the significant commitments and contingencies at December 31, 2017 and 2016:

- (a) During the course of its operations, the District is involved in incidents which could result in claims for personal injury. Estimated losses as a result of such incidents have been provided for in the accompanying financial statements.
- (b) The District has a self-funded insurance plan for its management employees. Benefits Administrative Systems, LLC provides certain administrative services for the plan. An insurance company provides specific and aggregate stop loss coverage. The District is responsible for the funding of all claims up to \$80 thousand (aggregate specific deductible) per individual per policy year and up to approximately \$1,110 thousand (attachment point/minimum aggregate deductible) per year for the group as a whole. A liability of \$96 thousand and \$85 thousand has been recorded by the District at December 31, 2017 and 2016 to estimate payment of claims pending on that date. Group insurance expense related to this plan totaled \$1,711 thousand and \$1,504 thousand for the years ended December 31, 2017 and 2016. Approximately 260 union employees are covered under a separate national multi-employer railroad plan. Total health insurance expenses for the years ended December 31, 2017 and 2016 totaled \$7,939 thousand and \$6,874 thousand.
- (c) The District has received Federal and State financial assistance in the form of grants that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agency for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of District management, such disallowances, if any, will not be significant.
- (d) The District had the following contractual capital commitments as of December 31 (in thousands of dollars):

| <u>Project</u> | <u>2017</u> | <u>2016</u> |
|---------------------------------|------------------|------------------|
| Track Equipment | \$ 392 | \$ 109 |
| Station & Facility Improvements | 908 | 165 |
| Railcar Rehabilitation | 993 | - |
| Vehicles | 252 | 139 |
| Westlake TOD Study | 55 | 186 |
| Catenary Phase III | 766 | 193 |
| Bridges | - | 662 |
| Positive Train Control | 43,295 | 61,872 |
| Substations | 447 | 1,794 |
| Others | <u>462</u> | <u>62</u> |
| Total | <u>\$ 47,570</u> | <u>\$ 65,182</u> |

REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY – PERF (in thousands)
 December 31, 2017

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|
| The District's proportion of the net pension liability | 0.0303% | 0.0282% | 0.0302% |
| The District's proportionate share of the net pension liability | \$ 1,350 | \$ 1,278 | \$ 1,230 |
| The District's covered payroll | \$ 1,552 | \$ 1,299 | \$ 1,447 |
| | | | |
| The District's proportion of the net pension liability as a percentage of its covered payroll | 87.0% | 98.4% | 85.0% |
| | | | |
| Plan fiduciary net position as a percentage of the total pension liability | 76.6% | 75.3% | 77.3% |

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

- Asset valuation date – June 30, 2017
- Liability valuation date – June 30, 2016 – Member census data as of June 30, 2016 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2016 and June 30, 2017. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2016 to the June 30, 2017 measurement date.
- Actuarial cost method (accounting) – Entry age normal (level percent of payroll)
- Experience study date – Period of 4 years ended June 30, 2014
- Investment rate of return – 6.75%
- COLA – 1.0%
- Future salary increases, including inflation – 2.50% - 4.25%
- Inflation – 2.25%
- Mortality – RP-2014 (with MP-2014 improvement removed) Total Data Set mortality table, with Social Security Administration generational improvement scale from 2006.

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

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

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS – PERF (in thousands)
 December 31, 2017

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

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

Valuation date: June 30, 2017

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

Amortization method: Level dollar

Remaining amortization period: 20 years, closed

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

Inflation: 2.25%

Salary increases: 2.50% - 4.25%

Investment rate of return: 6.75%

Mortality: RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006

Other information:

The INPRS Board sets, at its discretion, the State's employer contribution rate upon considering the results of the actuarial valuation and other analysis as appropriate. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/16 was 9.80%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/17 was 10.11%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actual dollar amount of the State's contributions depends on the actual payroll for the fiscal year.

Member census data as of June 30, 2016 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2016 and June 30, 2017. Standard actuarial roll forward techniques were then used to project the liabilities computed as of June 30, 2016 to June 30, 2017.

SUPPLEMENTARY SCHEDULES

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULES OF EXPENSES
Years ended December 31, 2017 and 2016
(In thousands of dollars)

| | <u>2017</u> | <u>2016</u> |
|--|--------------|-------------|
| TRANSPORTATION | | |
| Salaries and wages | \$ 5,792 | \$ 5,520 |
| Fringe benefits and payroll taxes | 4,722 | 4,335 |
| Equipment expense | - | 2 |
| Repairs and maintenance materials | 1 | 4 |
| Operating costs | 7,649 | 7,565 |
| Utilities | 207 | 202 |
| Professional Services | 3 | 1 |
| Other services | 60 | 110 |
| Office supplies | 14 | 17 |
| Administration | 65 | 50 |
| Rents and leases | <u>5</u> | <u>5</u> |
| | 18,518 | 17,811 |
| MAINTENANCE OF WAY EXPENSES | | |
| Salaries and wages | 3,140 | 3,101 |
| Fringe benefit and payroll taxes | 3,197 | 2,892 |
| Equipment expense | 65 | 26 |
| Repairs and maintenance materials | 1,482 | 1,685 |
| Traction power | 2,245 | 2,054 |
| Operating costs | (1,952) | (1,928) |
| Utilities | 258 | 234 |
| Professional services | 23 | 7 |
| Other services | 607 | 653 |
| Office supplies | 18 | 11 |
| Administration | (2,195) | (1,596) |
| Rents and leases | <u>117</u> | <u>98</u> |
| | 7,005 | 7,237 |
| MAINTENANCE OF EQUIPMENT EXPENSES | | |
| Salaries and wages | 5,169 | 5,118 |
| Fringe benefit and payroll taxes | 4,490 | 3,904 |
| Equipment expense | 27 | 16 |
| Repairs and maintenance materials | 1,993 | 2,696 |
| Operating costs | 15 | 11 |
| Utilities | 108 | 168 |
| Professional services | - | - |
| Other services | 461 | 758 |
| Office supplies | 93 | 98 |
| Administration | <u>(326)</u> | <u>(10)</u> |
| | 12,030 | 12,759 |
| CLAIMS AND INSURANCE | 1,731 | 1,692 |

(Continued)

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULES OF EXPENSES

Years ended December 31, 2017 and 2016
(In thousands of dollars)

| | <u>2017</u> | <u>2016</u> |
|--|------------------|------------------|
| GENERAL AND ADMINISTRATIVE EXPENSES | | |
| Salaries and wages | \$ 2,843 | \$ 2,665 |
| Fringe benefit and payroll taxes | 3,236 | 1,766 |
| Equipment expense | 89 | 16 |
| Repairs and maintenance materials | 31 | 32 |
| Operating costs | 46 | 38 |
| Utilities | 326 | 157 |
| Professional services | 1,570 | 1,657 |
| Other services | 378 | 323 |
| Office supplies | 187 | 156 |
| Administration | 591 | 1,020 |
| Rents and leases | 45 | 25 |
| | <u>9,342</u> | <u>7,855</u> |
| DEPRECIATION | | |
| Depreciation on assets acquired with federal funds | 11,240 | 11,586 |
| Depreciation on assets acquired with state and local funds | 6,047 | 6,126 |
| | <u>17,287</u> | <u>17,712</u> |
| | <u>\$ 65,913</u> | <u>\$ 65,066</u> |

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2017

| Federal Grantor/Grant No. | Federal CFDA Number | Qualifying Expenditures in Excess of Reimbursements, Beginning of 2017 | -----Reimbursements----- | | | -----Qualifying Expenditures----- | | | Qualifying Expenditures In Excess of Reimbursements, End of 2017 |
|--|---------------------|--|--------------------------|---------------------|----------------------|-----------------------------------|---------------------|----------------------|--|
| | | | Federal Share | Local Share | Total | Federal Share | Local Share | Total | |
| U.S. Department of Transportation Federal Transit Cluster | | | | | | | | | |
| Capital/ Maintenance Assistance | | | | | | | | | |
| IN-2017-023-00 (Operating Maint.) | 20.507 | \$ - | \$ 5,201,418 | \$ 1,300,354 | \$ 6,501,772 | 5,201,418 | \$ 1,300,354 | \$ 6,501,772 | \$ - |
| Capital Assistance | | | | | | | | | |
| IN-2016-023-00 | 20.500 | 62,072 | 193,125 | 32,763 | 225,888 | 131,053 | 32,763 | 163,816 | - |
| IN-05-0070 | 20.500 | - | 363,979 | 230,338 | 594,317 | 921,350 | 230,338 | 1,151,688 | 557,371 |
| IN-04-0014 | 20.500 | 3,760 | 20,960 | 4,300 | 25,260 | 17,200 | 4,300 | 21,500 | - |
| IN-2016-020-00 | 20.507 | - | 98,471 | - | 98,471 | 98,471 | - | 98,471 | - |
| IN-90-X606 | 20.507 | 553 | 2,408 | 464 | 2,872 | 1,855 | 464 | 2,319 | - |
| IN-95-X055 | 20.507 | - | - | - | - | - | - | - | - |
| IN-2016-020-00 | 20.525 | 436,241 | 3,205,908 | 778,291 | 3,984,199 | 3,113,167 | 778,291 | 3,891,458 | 343,500 |
| IN-2017-023-00 | 20.525 | - | 442,778 | 129,865 | 572,643 | 519,458 | 129,865 | 649,323 | 76,680 |
| IN-54-0001 | 20.525 | 744,611 | 816,980 | 18,490 | 835,470 | 73,961 | 18,490 | 92,451 | 1,592 |
| IN-54-0002 | 20.525 | 150,458 | 1,573,347 | 361,331 | 1,934,678 | 1,445,322 | 361,331 | 1,806,653 | 22,433 |
| IN-54-0003 | 20.525 | 950,820 | 5,173,297 | 1,081,160 | 6,254,457 | 4,324,638 | 1,081,160 | 5,405,798 | 102,161 |
| FTA Subtotal | | <u>2,348,515</u> | <u>17,092,671</u> | <u>3,937,356</u> | <u>21,030,027</u> | <u>15,847,893</u> | <u>3,937,356</u> | <u>19,785,249</u> | <u>1,103,737</u> |
| Summary by Federal | | | | | | | | | |
| CFDA Number | 20.500 ¹ | \$ 65,832 | \$ 578,064 | \$ 267,401 | \$ 845,465 | \$ 1,069,603 | \$ 267,401 | \$ 1,337,004 | \$ 557,371 |
| | 20.507 ² | 553 | 5,302,297 | 1,300,818 | 6,603,115 | 5,301,744 | 1,300,818 | 6,602,562 | - |
| | 20.525 ³ | <u>2,282,130</u> | <u>11,212,310</u> | <u>2,369,137</u> | <u>13,581,477</u> | <u>9,476,546</u> | <u>2,369,137</u> | <u>11,845,683</u> | <u>546,366</u> |
| | | <u>\$ 2,348,515</u> | <u>\$ 17,092,671</u> | <u>\$ 3,937,356</u> | <u>\$ 21,030,027</u> | <u>\$ 15,847,893</u> | <u>\$ 3,937,356</u> | <u>\$ 19,785,249</u> | <u>\$ 1,103,737</u> |

¹ CFDA 20.500 Federal Transit – Capital Investment Grants (Fixed Guideway Capital Investment Grants)

² CFDA 20.507 Federal Transit – Formula Grants (Urbanized Area Formula Program)

³ CFDA 20.525 State of Good Repair Grants

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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the statements of net position, statements of revenues, expenses and changes in net position, or statements of cash flows of the District.

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

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

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

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, 2017, and the related notes to the financial statements, and have issued our report thereon dated April 3, 2018.

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 3, 2018

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

Board of Trustees
Northern Indiana Commuter
Transportation District
Chesterton, Indiana

Report on Compliance for Each Major Federal Program

We have audited Northern Indiana Commuter Transportation District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Crowe Horwath LLP
Crowe Horwath LLP

South Bend, Indiana
April 3, 2018

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 December 31, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

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

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
December 31, 2017

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.54-55

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

Revenue Capacity P.56-63

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

Debt Capacity P.65-66

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

Demographic and Economic Information P.67-68

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.69-73

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

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

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

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| NET POSITION | | | | | | | | | | |
| Net investment in capital assets | \$ 212,073 | \$ 222,053 | \$ 238,232 | \$ 245,929 | \$ 239,260 | \$ 234,580 | \$ 233,493 | \$ 245,477 | \$ 273,034 | \$ 291,178 |
| Restricted for debt service | 15,611 | 15,183 | 12,321 | 14,576 | 15,712 | 17,854 | 21,892 | 13,373 | 19,345 | 26,068 |
| Restricted for capital projects | 16,473 | 6,223 | 6,227 | 6,230 | 6,233 | 6,237 | 6,239 | 6,241 | 5,204 | 6,216 |
| Unrestricted | 40,433 | 41,035 | 38,426 | 36,539 | 39,997 | 45,092 | 44,728 | 46,840 | 27,255 | 25,750 |
| TOTAL NET POSITION | <u>\$ 284,590</u> | <u>\$ 284,494</u> | <u>\$ 295,206</u> | <u>\$ 303,274</u> | <u>\$ 301,202</u> | <u>\$ 303,763</u> | <u>\$ 306,352</u> | <u>\$ 311,931</u> | <u>\$ 324,838</u> | <u>\$ 349,212</u> |

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

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| OPERATING REVENUE | | | | | | | | | | |
| Passenger fares (net of refunds) | \$ 19,053 | \$ 17,719 | \$ 17,677 | \$ 18,184 | \$ 19,556 | \$ 19,341 | \$ 19,371 | \$ 20,698 | \$ 21,358 | \$ 22,178 |
| Parking lot collections | 32 | 40 | 42 | 46 | 44 | 41 | 45 | 36 | 35 | 35 |
| Total operating revenue | <u>19,085</u> | <u>17,759</u> | <u>17,719</u> | <u>18,230</u> | <u>19,600</u> | <u>19,382</u> | <u>19,416</u> | <u>20,734</u> | <u>21,393</u> | <u>22,213</u> |
| OPERATING EXPENSES | | | | | | | | | | |
| Transportation | 13,514 | 12,527 | 12,883 | 13,130 | 16,229 | 15,835 | 15,937 | 16,958 | 17,811 | 18,518 |
| Maintenance of Way | 7,170 | 7,914 | 7,793 | 7,524 | 5,633 | 5,611 | 6,689 | 6,400 | 7,237 | 7,005 |
| Maintenance of Equipment | 9,636 | 10,002 | 9,280 | 9,709 | 9,755 | 10,077 | 12,497 | 12,345 | 12,759 | 12,030 |
| Claims and Insurance | 1,700 | 2,004 | 2,205 | 1,691 | 1,682 | 1,639 | 1,601 | 1,352 | 1,692 | 1,731 |
| General and administrative | 5,570 | 5,723 | 5,889 | 5,920 | 6,467 | 6,392 | 7,716 | 7,494 | 7,855 | 9,342 |
| Depreciation | 15,087 | 17,405 | 19,575 | 19,742 | 21,307 | 20,078 | 17,545 | 17,974 | 17,712 | 17,287 |
| Total operating expenses | <u>52,677</u> | <u>55,575</u> | <u>57,625</u> | <u>57,716</u> | <u>61,073</u> | <u>59,632</u> | <u>61,985</u> | <u>62,523</u> | <u>65,066</u> | <u>65,913</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | | | | |
| Maintenance grant | 4,586 | 4,495 | 4,520 | 4,293 | 4,586 | 4,586 | 4,947 | 5,064 | 5,177 | 5,201 |
| State operating assistance | 7,867 | 9,985 | 8,089 | 8,286 | 12,331 | 11,666 | 11,820 | 12,951 | 11,288 | 11,240 |
| Local subsidies | 4,058 | 3,780 | 3,723 | 3,958 | 4,748 | 4,891 | 5,215 | 6,410 | 5,452 | 5,030 |
| Interest - unreserved | 1,374 | 355 | 106 | 65 | 48 | 48 | 40 | 155 | 91 | 90 |
| Interest - reserved for accident claims | 118 | 35 | 14 | 9 | 7 | 6 | 6 | 4 | - | - |
| Rental income | 81 | 92 | 109 | 109 | 199 | 133 | 166 | 196 | 191 | 254 |
| Sale of maintenance services | 2 | 1 | 2 | - | 4 | 3 | 2 | 7 | 4 | 3 |
| Sale of scrap material | 118 | 67 | 95 | 268 | 66 | 44 | 326 | 281 | 59 | 108 |
| Advertising activities | 76 | 57 | 85 | 145 | 129 | 143 | 135 | 83 | 128 | 103 |
| Lawsuit settlement | - | 420 | - | - | - | - | - | - | - | - |
| Miscellaneous | 39 | 4 | 7 | 8 | 2 | 6 | 6 | 9 | 16 | 55 |
| Interest expense | (2,304) | (2,350) | (2,235) | (2,130) | (2,108) | (1,409) | (1,292) | (661) | (964) | (29) |
| Indefinite Situs tax | 5,623 | 5,342 | 3,580 | 6,082 | 6,721 | 7,590 | 9,163 | 9,989 | 11,902 | 13,649 |
| Total nonoperating revenues, net | <u>21,638</u> | <u>22,283</u> | <u>18,095</u> | <u>21,093</u> | <u>26,733</u> | <u>27,707</u> | <u>30,534</u> | <u>34,488</u> | <u>33,344</u> | <u>35,704</u> |
| CAPITAL CONTRIBUTIONS | | | | | | | | | | |
| Federal | 22,908 | 12,490 | 28,199 | 22,266 | 11,367 | 12,886 | 12,953 | 10,885 | 19,551 | 10,646 |
| State | 5,559 | 2,947 | 4,324 | 4,195 | 1,804 | 2,218 | 2,514 | 1,995 | 3,685 | 2,637 |
| Region | - | - | - | - | - | - | - | - | - | 19,087 |
| Change in net position | <u>16,513</u> | <u>(96)</u> | <u>10,712</u> | <u>8,068</u> | <u>(1,569)</u> | <u>2,561</u> | <u>3,432</u> | <u>5,579</u> | <u>12,907</u> | <u>24,374</u> |
| Adjustment per GASB 65 | | | | | (503) | | | | | |
| Adjustment per GASB 68 | | | | | | | (843) | | | |
| Net position beginning of year | 268,077 | 284,590 | 284,494 | 295,206 | 303,274 | 301,202 | 303,763 | 306,352 | 311,931 | 324,838 |
| Net position end of year | <u>\$ 284,590</u> | <u>\$ 284,494</u> | <u>\$ 295,206</u> | <u>\$ 303,274</u> | <u>\$ 301,202</u> | <u>\$ 303,763</u> | <u>\$ 306,352</u> | <u>\$ 311,931</u> | <u>\$ 324,838</u> | <u>\$ 349,212</u> |

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

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| OPERATING REVENUE | | | | | | | | | | |
| Passenger fares (net of refunds) | \$ 19,053 | \$ 17,719 | \$ 17,677 | \$ 18,184 | \$ 19,556 | \$ 19,341 | \$ 19,371 | \$ 20,698 | \$ 21,358 | \$ 22,178 |
| Parking lot collections | 32 | 40 | 42 | 46 | 44 | 41 | 45 | 36 | 35 | 35 |
| Total operating revenue | <u>19,085</u> | <u>17,759</u> | <u>17,719</u> | <u>18,230</u> | <u>19,600</u> | <u>19,382</u> | <u>19,416</u> | <u>20,734</u> | <u>21,393</u> | <u>22,213</u> |
| NONOPERATING REVENUES | | | | | | | | | | |
| Maintenance grant | 4,586 | 4,495 | 4,520 | 4,293 | 4,586 | 4,586 | 4,947 | 5,064 | 5,177 | 5,201 |
| State operating assistance | 7,867 | 9,985 | 8,089 | 8,286 | 12,331 | 11,666 | 11,820 | 12,951 | 11,288 | 11,240 |
| Other local funds | 4,058 | 3,780 | 3,723 | 3,958 | 4,748 | 4,891 | 5,215 | 6,410 | 5,452 | 5,030 |
| Other revenue | 1,808 | 1,031 | 418 | 604 | 455 | 383 | 681 | 735 | 489 | 613 |
| Indefinite Situs tax | 5,623 | 5,342 | 3,580 | 6,082 | 6,721 | 7,590 | 9,163 | 9,989 | 11,902 | 13,649 |
| Total nonoperating revenues before capital grants | <u>23,942</u> | <u>24,633</u> | <u>20,330</u> | <u>23,223</u> | <u>28,841</u> | <u>29,116</u> | <u>31,826</u> | <u>35,149</u> | <u>34,308</u> | <u>35,733</u> |
| CAPITAL CONTRIBUTIONS | | | | | | | | | | |
| Federal capital grants | 22,908 | 12,490 | 28,199 | 22,266 | 11,367 | 12,886 | 12,953 | 10,885 | 19,551 | 10,646 |
| State capital grants | 5,559 | 2,947 | 4,324 | 4,195 | 1,804 | 2,218 | 2,514 | 1,995 | 3,685 | 2,637 |
| Region capital grants | - | - | - | - | - | - | - | - | - | 19,087 |
| Total nonoperating revenues | <u>52,409</u> | <u>40,070</u> | <u>52,853</u> | <u>49,684</u> | <u>42,012</u> | <u>44,220</u> | <u>47,293</u> | <u>48,029</u> | <u>57,544</u> | <u>68,103</u> |
| TOTAL REVENUES | <u>\$ 71,494</u> | <u>\$ 57,829</u> | <u>\$ 70,572</u> | <u>\$ 67,914</u> | <u>\$ 61,612</u> | <u>\$ 63,602</u> | <u>\$ 66,709</u> | <u>\$ 68,763</u> | <u>\$ 78,937</u> | <u>\$ 90,316</u> |

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

Business-Type Activities

| Fiscal Year | 2016 Series- Revenue Bonds | 2007 Series- Revenue Bonds | 2004 Series- Special Program Bonds | Premium on Bonds Payable | Total | Outstanding Debt Per Capita | Outstanding Debt as a Percentage of Per Capita Personal Income |
|-------------|----------------------------------|----------------------------------|--|--------------------------------|---------------|-----------------------------------|---|
| 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 | 38.28 | 0.10% |
| 2012 | - | 25,270,000 | 18,555,000 | 459,000 | 44,284,000 | 35.33 | 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 | 28.63 | 0.07% |
| 2015 | - | 18,213,000 | - | - | 18,213,000 | 14.55 | 0.03% |
| 2016 | 89,100,000 | - | - | 11,844,000 | 100,944,000 | 80.93 | 0.18% |
| 2017 | 87,190,000 | - | - | 11,062,000 | 98,252,000 | * | * |

* Information not yet available

Source: Bureau of Economic Analysis, Average of counties serviced

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

TRANSPORTATION INDUSTRY (1)

| Year | <u>Operating and Other Revenue</u> | | | <u>Operating Assistance</u> | | | <u>Totals</u> |
|------|------------------------------------|-------|-------|-----------------------------|---------|-------|--------------------|
| | Passenger | Other | Total | State & Local | Federal | Total | Total All Revenues |
| 2008 | 31.2% | 12.9% | 44.1% | 48.9% | 7.0% | 55.9% | 100.0% |
| 2009 | 31.5% | 12.4% | 43.9% | 47.8% | 8.3% | 56.1% | 100.0% |
| 2010 | 32.1% | 11.9% | 44.0% | 46.6% | 9.4% | 56.0% | 100.0% |
| 2011 | 32.8% | 11.1% | 43.9% | 46.3% | 9.8% | 56.1% | 100.0% |
| 2012 | 32.5% | 11.1% | 43.6% | 47.5% | 8.9% | 56.4% | 100.0% |
| 2013 | 32.5% | 10.2% | 42.7% | 48.4% | 8.9% | 57.3% | 100.0% |
| 2014 | 32.0% | 10.8% | 42.8% | 48.6% | 8.6% | 57.2% | 100.0% |
| 2015 | 32.5% | 11.6% | 44.1% | 47.6% | 8.3% | 55.9% | 100.0% |
| 2016 | * | * | * | * | * | * | * |
| 2017 | * | * | * | * | * | * | * |

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT (2)

| Year | <u>Operating and Other Revenue</u> | | | <u>Operating Assistance</u> | | | <u>Totals</u> |
|------|------------------------------------|--------------|-------|-----------------------------|---------|-------|--------------------|
| | Passenger | (3) Other | Total | State & Local | Federal | Total | Total All Revenues |
| 2008 | 51.0% | 15.7% | 66.7% | 21.0% | 12.3% | 33.3% | 100.0% |
| 2009 | 47.9% | 13.0% | 60.9% | 27.0% | 12.1% | 39.1% | 100.0% |
| 2010 | 51.4% | 12.0% | 63.4% | 23.5% | 13.1% | 36.6% | 100.0% |
| 2011 | 51.5% | 12.9% | 64.4% | 23.4% | 12.2% | 35.6% | 100.0% |
| 2012 | 47.0% | 12.5% | 59.5% | 29.6% | 10.9% | 40.5% | 100.0% |
| 2013 | 47.4% | 12.9% | 60.3% | 28.5% | 11.2% | 39.7% | 100.0% |
| 2014 | 46.1% | 14.0% | 60.1% | 28.1% | 11.8% | 39.9% | 100.0% |
| 2015 | 45.2% | 15.6% | 60.8% | 28.2% | 11.0% | 39.2% | 100.0% |
| 2016 | 48.8% | 13.6% | 62.4% | 25.8% | 11.8% | 37.6% | 100.0% |
| 2017 | 50.1% | 12.7% | 62.8% | 25.4% | 11.8% | 37.2% | 100.0% |

* Information not yet available

(1) Source: The American Public Transit Association. 2017 APTA Transit Fact Book, Appendix A Table 87

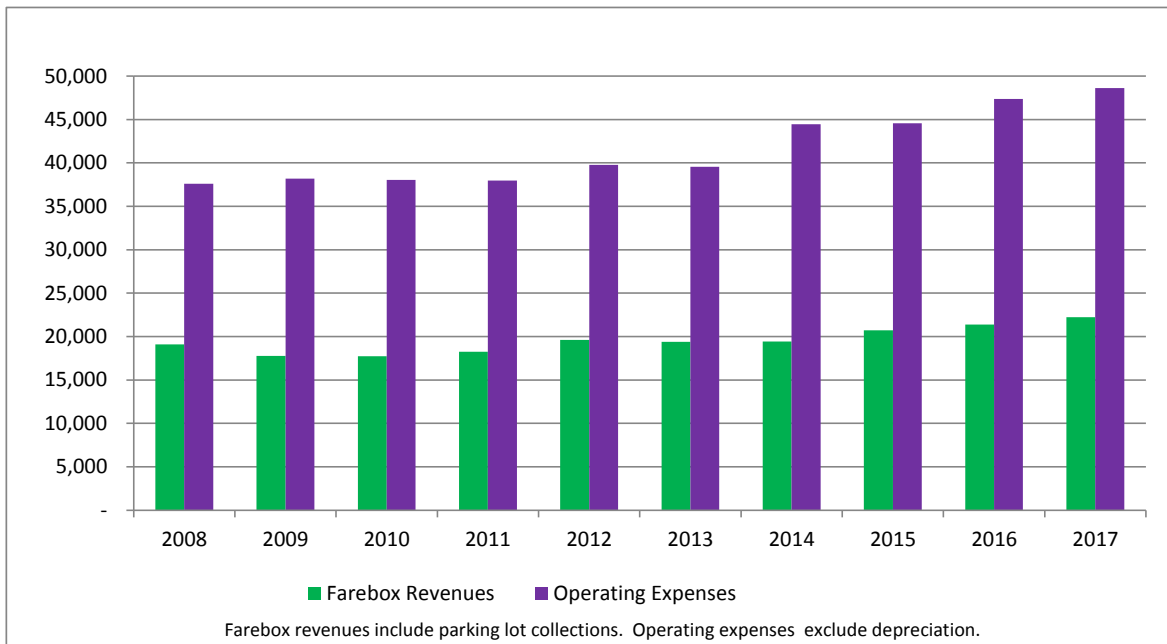
(2) Percentages are derived from the District's independently audited annual financial statements

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

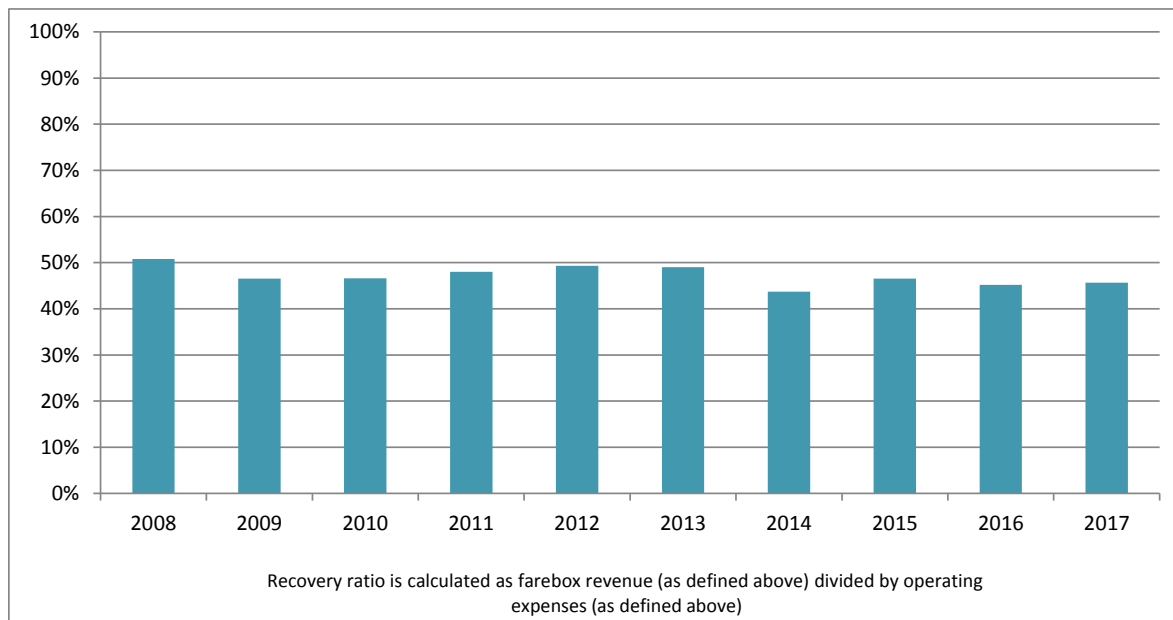
NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
System Recovery Ratio
Last Ten Fiscal Years
(In thousands of dollars)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| OPERATING REVENUE | | | | | | | | | | |
| Passenger fares (net of refunds) | \$ 19,053 | \$ 17,719 | \$ 17,677 | \$ 18,184 | \$ 19,556 | \$ 19,341 | \$ 19,371 | \$ 20,698 | \$ 21,358 | \$ 22,178 |
| Parking lot collections | 32 | 40 | 42 | 46 | 44 | 41 | 45 | 36 | 35 | 35 |
| Total operating revenue for recovery ratio calculation (A) | \$ 19,085 | \$ 17,759 | \$ 17,719 | \$ 18,230 | \$ 19,600 | \$ 19,382 | \$ 19,416 | \$ 20,734 | \$ 21,393 | \$ 22,213 |
| OPERATING EXPENSES | | | | | | | | | | |
| Transportation | \$ 13,514 | \$ 12,527 | \$ 12,883 | \$ 13,130 | \$ 16,229 | \$ 15,835 | \$ 15,937 | \$ 16,958 | \$ 17,811 | \$ 18,518 |
| Maintenance of Way | 7,170 | 7,914 | 7,793 | 7,524 | 5,633 | 5,611 | 6,689 | 6,400 | 7,237 | 7,005 |
| Maintenance of Equipment | 9,636 | 10,002 | 9,280 | 9,709 | 9,755 | 10,077 | 12,497 | 12,345 | 12,759 | 12,030 |
| Claims and Insurance | 1,700 | 2,004 | 2,205 | 1,691 | 1,682 | 1,639 | 1,601 | 1,352 | 1,692 | 1,731 |
| General and administrative | 5,570 | 5,723 | 5,889 | 5,920 | 6,467 | 6,392 | 7,716 | 7,494 | 7,855 | 9,342 |
| Total operating expenses for recovery ratio calculation (B) | \$ 37,590 | \$ 38,170 | \$ 38,050 | \$ 37,974 | \$ 39,766 | \$ 39,554 | \$ 44,440 | \$ 44,549 | \$ 47,354 | \$ 48,626 |
| Recovery ratio (A/B) | 50.8% | 46.5% | 46.6% | 48.0% | 49.3% | 49.0% | 43.7% | 46.5% | 45.2% | 45.7% |

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



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



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

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| OPERATING EXPENSES | | | | | | | | | | |
| OTHER THAN DEPRECIATION | | | | | | | | | | |
| Salaries and wages | \$ 13,741 | \$ 14,190 | \$ 13,414 | \$ 13,385 | \$ 14,441 | \$ 13,802 | \$ 14,481 | \$ 15,519 | \$ 16,404 | \$ 16,944 |
| Fringe benefits and payroll taxes | 10,927 | 11,180 | 11,366 | 11,475 | 11,909 | 11,549 | 11,997 | 12,354 | 12,897 | 15,645 |
| Equipment expense | 100 | 61 | 25 | 24 | 48 | 52 | 57 | 104 | 60 | 181 |
| Repair and maintenance materials | 3,893 | 3,052 | 1,758 | 2,804 | 2,668 | 3,368 | 5,123 | 4,204 | 4,417 | 3,507 |
| Operating costs | 3,441 | 2,536 | 2,907 | 2,734 | 5,061 | 4,893 | 4,989 | 5,178 | 5,686 | 5,758 |
| Utilities | 705 | 658 | 630 | 654 | 637 | 681 | 859 | 752 | 761 | 899 |
| Other services | 1,318 | 1,659 | 2,252 | 1,041 | 926 | 1,226 | 1,766 | 1,520 | 1,844 | 1,506 |
| Office supplies | 253 | 237 | 141 | 151 | 204 | 281 | 263 | 367 | 282 | 312 |
| Administration | (1,382) | (1,283) | (660) | 284 | (493) | (815) | (429) | (67) | (536) | (1,865) |
| Rents and leases | 98 | 88 | 68 | 27 | 79 | 52 | 79 | 62 | 128 | 167 |
| Traction power | 1,978 | 2,892 | 3,210 | 3,083 | 1,943 | 2,095 | 2,092 | 2,086 | 2,054 | 2,245 |
| Claims and insurance | 1,700 | 2,004 | 2,205 | 1,691 | 1,682 | 1,639 | 1,601 | 1,352 | 1,692 | 1,731 |
| Professional services | 818 | 896 | 734 | 621 | 661 | 731 | 1,562 | 1,118 | 1,665 | 1,596 |
| Total | <u>37,590</u> | <u>38,170</u> | <u>38,050</u> | <u>37,974</u> | <u>39,766</u> | <u>39,554</u> | <u>44,440</u> | <u>44,549</u> | <u>47,354</u> | <u>48,626</u> |
| DEPRECIATION | <u>15,087</u> | <u>17,405</u> | <u>19,575</u> | <u>19,742</u> | <u>21,307</u> | <u>20,078</u> | <u>17,545</u> | <u>17,974</u> | <u>17,712</u> | <u>17,287</u> |
| Total operating expenses | <u>52,677</u> | <u>55,575</u> | <u>57,625</u> | <u>57,716</u> | <u>61,073</u> | <u>59,632</u> | <u>61,985</u> | <u>62,523</u> | <u>65,066</u> | <u>65,913</u> |
| NONOPERATING EXPENSES | | | | | | | | | | |
| Interest expense | <u>2,304</u> | <u>2,350</u> | <u>2,235</u> | <u>2,130</u> | <u>2,108</u> | <u>1,409</u> | <u>1,292</u> | <u>661</u> | <u>964</u> | <u>29</u> |
| TOTAL EXPENSES | <u>\$ 54,981</u> | <u>\$ 57,925</u> | <u>\$ 59,860</u> | <u>\$ 59,846</u> | <u>\$ 63,181</u> | <u>\$ 61,041</u> | <u>\$ 63,277</u> | <u>\$ 63,184</u> | <u>\$ 66,030</u> | <u>\$ 65,942</u> |

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

TRANSPORTATION INDUSTRY (1)

| Year | Vehicle Operations | Vehicle Maintenance | Non-Vehicle Maintenance | General Administration | Purchased Transportation | Total Operating Expenses |
|------|--------------------|---------------------|-------------------------|------------------------|--------------------------|--------------------------|
| 2008 | 46.1% | 17.4% | 9.1% | 13.7% | 13.7% | 100.0% |
| 2009 | 45.6% | 17.0% | 9.0% | 14.3% | 14.1% | 100.0% |
| 2010 | 45.1% | 16.9% | 9.1% | 15.2% | 13.7% | 100.0% |
| 2011 | 45.9% | 16.9% | 9.2% | 14.8% | 13.2% | 100.0% |
| 2012 | 45.3% | 16.8% | 9.5% | 14.6% | 13.8% | 100.0% |
| 2013 | 44.2% | 15.9% | 10.5% | 15.7% | 13.7% | 100.0% |
| 2014 | 43.5% | 16.2% | 10.9% | 15.7% | 13.7% | 100.0% |
| 2015 | 42.8% | 16.1% | 10.8% | 16.1% | 14.2% | 100.0% |
| 2016 | * | * | * | * | * | * |
| 2017 | * | * | * | * | * | * |

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT (2)

| Year | Vehicle Operations | Vehicle Maintenance | Non-Vehicle Maintenance | General Administration | Purchased Transportation | Total Operating Expenses |
|------|--------------------|---------------------|-------------------------|------------------------|--------------------------|--------------------------|
| 2008 | 39.5% | 28.2% | 21.0% | 11.3% | - | 100.0% |
| 2009 | 32.8% | 26.3% | 20.7% | 20.2% | - | 100.0% |
| 2010 | 33.8% | 24.4% | 20.5% | 21.3% | - | 100.0% |
| 2011 | 34.5% | 25.6% | 19.8% | 20.1% | - | 100.0% |
| 2012 | 40.8% | 24.5% | 14.2% | 20.5% | - | 100.0% |
| 2013 | 40.0% | 25.5% | 14.2% | 20.3% | - | 100.0% |
| 2014 | 35.9% | 28.1% | 15.0% | 21.0% | - | 100.0% |
| 2015 | 38.1% | 27.7% | 14.4% | 19.8% | - | 100.0% |
| 2016 | 37.6% | 26.9% | 15.3% | 20.2% | - | 100.0% |
| 2017 | 38.1% | 24.7% | 14.4% | 22.8% | - | 100.0% |

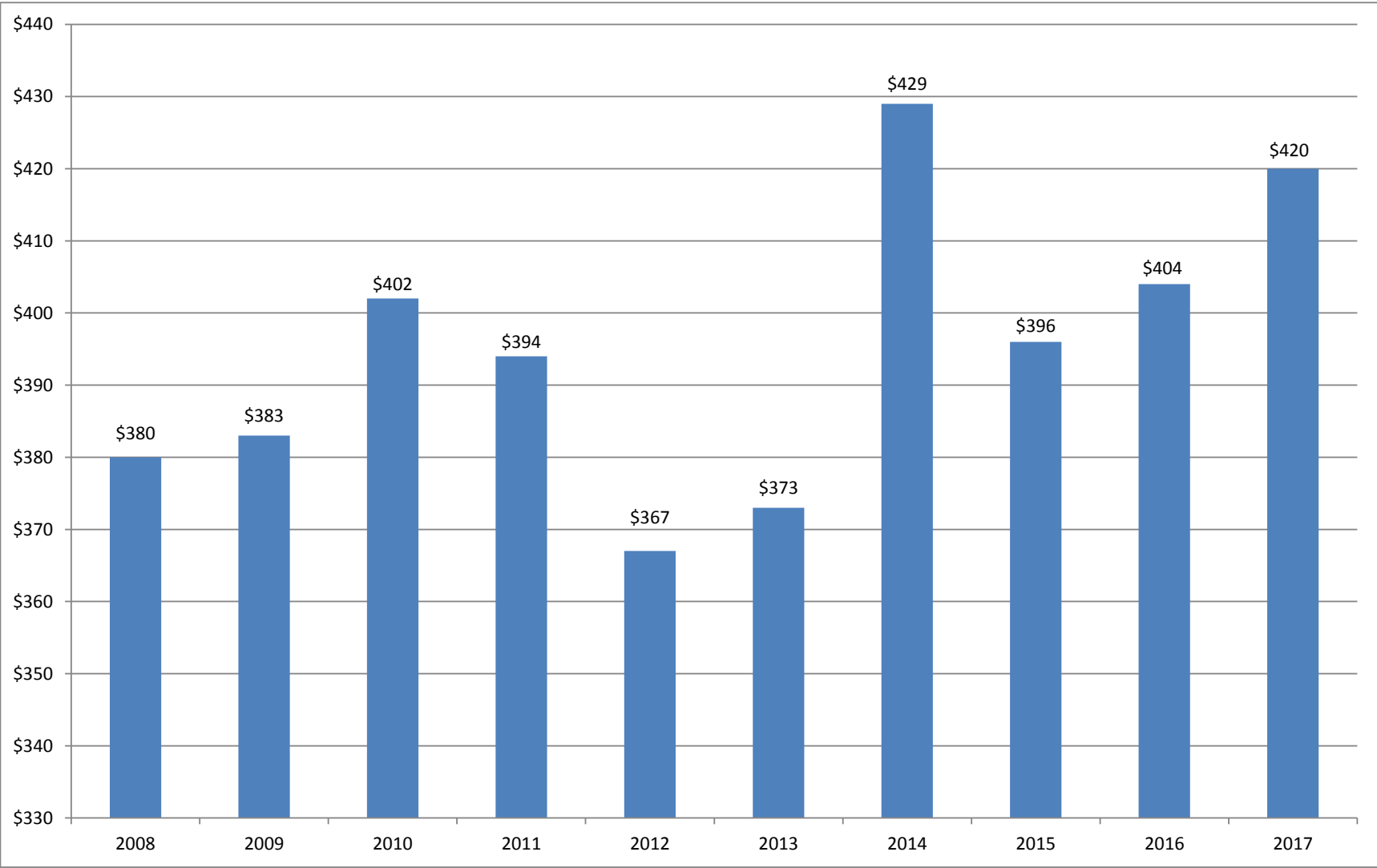
* Information not yet available

(1) Source: The American Public Transit Association. 2017 APTA Transit Fact Book, Appendix A Table 69

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

(3) Includes claims and insurance

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



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

Limited Obligation Revenue Bonds (2016 Bond Issuance):

| Fiscal Year | Commuter Rail Service Fund | | Electric Rail Service Fund Receipts | Debt Service | | Coverage Ratio |
|-------------|----------------------------------|-----------------------|---|--------------|--------------|-------------------|
| | Indefinite Situs Tax Receipts | Sales Tax Receipts | | Principal | Interest | |
| 2016 | \$ 10,402,260 | \$ 9,494,994 | \$ 152,270 | - | \$ 1,259,903 | 15.91 |
| 2017 | 12,015,215 | 8,472,327 | 143,939 | 1,910,000 | 4,238,925 | 3.36 |

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

| Fiscal Year | Commuter Rail Service Fund | | Capital Grant Receipts | Debt Service | | Coverage Ratio |
|-------------|----------------------------------|-----------|---------------------------|--------------|--------------|-------------------|
| | Indefinite Situs Tax Receipts | | | Principal | Interest | |
| 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 | 2,872,186 | 1,660,000 | 1,212,186 | 1.00 |
| 2011 | - | 2,871,657 | 2,871,657 | 1,727,000 | 1,144,657 | 1.00 |
| 2012 | - | 2,888,348 | 2,888,348 | 1,848,000 | 1,040,348 | 1.00 |
| 2013 | - | 2,904,238 | 2,904,238 | 2,294,000 | 610,238 | 1.00 |
| 2014 | - | 2,905,203 | 2,905,203 | 2,352,000 | 553,203 | 1.00 |
| 2015 | - | 2,905,738 | 2,905,738 | 2,411,000 | 494,738 | 1.00 |
| 2016 | - | 2,905,798 | 2,905,798 | 2,471,000 | 434,797 | 1.00 ** |

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

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

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

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

* Series 2004 Bonds were fully redeemed in July 2015.

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

| <u>Fiscal Year</u> | Commuter Rail Service Fund | | Electric Rail Service Fund <u>Receipts</u> | Capital Grant <u>Receipts</u> | <u>Debt Service</u> | | <u>Coverage Ratio</u> |
|--------------------|---|------------------------------|--|----------------------------------|---------------------|-----------------|---------------------------|
| | Indefinite Situs <u>Tax Receipts</u> | Sales Tax <u>Receipts</u> | | | <u>Principal</u> | <u>Interest</u> | |
| 2008 | \$ 4,922,480 | \$ - | \$ - | \$ - | 5,678,925 | 2,450,916 | 0.61 |
| 2009 | 5,113,558 | - | - | - | 3,080,000 | 2,391,805 | 0.93 *** |
| 2011 | 5,189,566 | - | - | 2,871,657 | 3,302,000 | 2,169,084 | 1.47 |
| 2012 | 5,947,731 | - | - | 2,888,348 | 3,498,000 | 1,986,025 | 1.61 |
| 2013 | 6,760,730 | - | - | 2,904,238 | 4,029,000 | 1,473,416 | 1.76 |
| 2014 | 7,953,373 | - | - | 2,905,203 | 4,152,000 | 1,353,053 | 1.97 |
| 2015 | 8,960,512 | - | - | 2,905,738 | 2,411,000 | 860,913 | 3.63 * |
| 2016 | 10,402,260 | 9,494,994 | 152,270 | 2,905,798 | 2,471,000 | 1,694,700 | 5.51 ** |
| 2017 | 12,015,215 | 8,472,327 | 143,939 | - | 1,910,000 | 4,238,925 | 3.36 |

* Series 2004 Bonds were fully redeemed in July 2015.

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

*** Coverage balanced by situs reserves

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

Business-Type Activities

| Fiscal Year | 2016 Series- Revenue Bonds | 2007 Series- Revenue Bonds | 2004 Series- Special Program Bonds | Premium on Bonds Payable | Total | Outstanding Debt Per Capita | Outstanding Debt as a Percentage of Per Capita Personal Income |
|-------------|----------------------------------|----------------------------------|--|--------------------------------|---------------|-----------------------------------|---|
| 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 | 38.28 | 0.10% |
| 2012 | - | 25,270,000 | 18,555,000 | 459,000 | 44,284,000 | 35.33 | 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 | 28.63 | 0.07% |
| 2015 | - | 18,213,000 | - | - | 18,213,000 | 14.55 | 0.03% |
| 2016 | 89,100,000 | - | - | 11,844,000 | 100,944,000 | 80.93 | 0.18% |
| 2017 | 87,190,000 | - | - | 11,062,000 | 98,252,000 | * | * |

* 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 |
|--------------------|-------------------|---|---------------------------------------|------------------------------|
| 2008 | 495,479 | \$ 16,901,593 | \$ 34,112 | 6.1 |
| 2009 | 495,789 | \$ 16,425,146 | \$ 33,129 | 10.7 |
| 2010 | 495,970 | \$ 16,779,083 | \$ 33,831 | 11 |
| 2011 | 494,729 | \$ 17,586,252 | \$ 35,547 | 9.9 |
| 2012 | 493,071 | \$ 18,256,630 | \$ 37,026 | 9.5 |
| 2013 | 491,354 | \$ 18,103,423 | \$ 36,844 | 9.2 |
| 2014 | 490,572 | \$ 18,595,424 | \$ 37,906 | 8.1 |
| 2015 | 487,649 | \$ 19,350,971 | \$ 39,682 | 6.6 |
| 2016 | 485,846 | \$ 19,739,017 | \$ 40,628 | 5.9 |
| 2017 | * | * | * | 4.8 |

LaPorte County, Indiana

| Fiscal Year | Population | Personal Income in thousands | Per Capita Personal Income | Unemployment Rate |
|--------------------|-------------------|---|---------------------------------------|------------------------------|
| 2008 | 111,267 | \$ 3,525,233 | \$ 31,683 | 6.2 |
| 2009 | 111,465 | \$ 3,430,127 | \$ 30,773 | 11.9 |
| 2010 | 111,454 | \$ 3,527,928 | \$ 31,654 | 11.9 |
| 2011 | 111,202 | \$ 3,750,744 | \$ 33,729 | 10.4 |
| 2012 | 111,201 | \$ 3,951,059 | \$ 35,531 | 10 |
| 2013 | 111,323 | \$ 3,931,508 | \$ 35,316 | 9.4 |
| 2014 | 111,665 | \$ 4,030,953 | \$ 36,099 | 7.7 |
| 2015 | 110,762 | \$ 4,102,328 | \$ 37,037 | 6.4 |
| 2016 | 110,015 | \$ 4,204,339 | \$ 38,216 | 5.7 |
| 2017 | * | * | * | 4.2 |

Porter County, Indiana

| Fiscal Year | Population | Personal Income in thousands | Per Capita Personal Income | Unemployment Rate |
|--------------------|-------------------|---|---------------------------------------|------------------------------|
| 2008 | 162,538 | \$ 6,480,642 | \$ 39,872 | 4.7 |
| 2009 | 163,572 | \$ 6,168,256 | \$ 37,710 | 9.4 |
| 2010 | 164,558 | \$ 6,300,762 | \$ 38,289 | 8.8 |
| 2011 | 165,519 | \$ 6,791,845 | \$ 41,034 | 7.8 |
| 2012 | 165,772 | \$ 7,179,918 | \$ 43,312 | 7.7 |
| 2013 | 166,552 | \$ 7,192,778 | \$ 43,186 | 7.2 |
| 2014 | 167,336 | \$ 7,416,154 | \$ 44,319 | 6.3 |
| 2015 | 167,631 | \$ 7,671,759 | \$ 45,766 | 5.4 |
| 2016 | 167,791 | \$ 7,880,295 | \$ 46,965 | 4.7 |
| 2017 | * | * | * | 3.7 |

St. Joseph County, Indiana

| Fiscal Year | Population | Personal Income in thousands | Per Capita Personal Income | Unemployment Rate |
|--------------------|-------------------|---|---------------------------------------|------------------------------|
| 2008 | 267,282 | \$ 9,708,040 | \$ 36,321 | 6.5 |
| 2009 | 266,827 | \$ 9,041,593 | \$ 33,886 | 11.6 |
| 2010 | 266,791 | \$ 9,144,238 | \$ 34,275 | 11.4 |
| 2011 | 266,710 | \$ 9,667,621 | \$ 36,248 | 10.1 |
| 2012 | 266,612 | \$ 10,152,273 | \$ 38,079 | 9.7 |
| 2013 | 266,972 | \$ 10,349,296 | \$ 38,765 | 8.8 |
| 2014 | 267,620 | \$ 10,964,131 | \$ 40,969 | 6.7 |
| 2015 | 268,134 | \$ 11,684,730 | \$ 43,578 | 4.6 |
| 2016 | 269,141 | \$ 11,995,028 | \$ 44,568 | 4.1 |
| 2017 | * | * | * | 3.3 |

Cook County, Illinois

| Fiscal Year | Population | Personal Income in thousands | Per Capita Personal Income | Unemployment Rate |
|--------------------|-------------------|---|---------------------------------------|------------------------------|
| 2008 | 5,161,831 | \$ 243,513,411 | \$ 47,176 | 6.4 |
| 2009 | 5,181,728 | \$ 224,311,065 | \$ 43,289 | 10.4 |
| 2010 | 5,199,500 | \$ 227,020,927 | \$ 43,662 | 10.8 |
| 2011 | 5,214,682 | \$ 236,436,703 | \$ 45,341 | 10.3 |
| 2012 | 5,230,016 | \$ 250,500,052 | \$ 47,897 | 9.3 |
| 2013 | 5,240,283 | \$ 257,827,087 | \$ 49,201 | 9.6 |
| 2014 | 5,239,254 | \$ 277,007,331 | \$ 52,872 | 7.4 |
| 2015 | 5,224,823 | \$ 290,008,075 | \$ 55,506 | 5.7 |
| 2016 | 5,203,499 | \$ 294,875,826 | \$ 56,669 | 5.7 |
| 2017 | * | * | * | 5.0 |

* Information not yet available

Sources: Bureau of Economic Analysis, Annual Earnings and Bureau of Labor Statistics
2017 Unemployment rates based on preliminary figures

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

| Employer | 2017 | | | 2008 | | |
|----------------------------------|------------------------------|-------------|---|------------------------------|-------------|---|
| | Chicago Employees | Rank | Percentage of Total County Labor Force | Chicago Employees | Rank | Percentage of Total County Labor Force |
| U.S. Government | 41,500 | 1 | 1.57% | 78,000 | 1 | 2.95% |
| Chicago Public Schools | 35,447 | 2 | 1.34% | 43,910 | 2 | 1.66% |
| City of Chicago | 31,160 | 3 | 1.18% | 35,570 | 3 | 1.34% |
| Cook County | 21,316 | 4 | 0.81% | 22,142 | 5 | 0.84% |
| Advocate Health Care | 19,049 | 5 | 0.72% | 15,660 | 7 | 0.59% |
| University of Chicago | 16,583 | 7 | 0.63% | 14,287 | 8 | 0.54% |
| Northwestern Memorial Healthcare | 16,667 | 6 | 0.63% | - | - | - |
| JPMorgan Chase & Co. | 15,701 | 8 | 0.59% | 18,124 | 6 | 0.68% |
| State of Illinois | 14,690 | 9 | 0.56% | - | - | - |
| Amazon.com Inc. | 13,240 | 10 | 0.50% | - | - | - |
| Wal-Mart Stores, Inc. | - | - | - | 23,453 | 4 | 0.89% |
| Walgreen Co. | - | - | - | 14,254 | 9 | 0.54% |
| AT&T Inc. | - | - | - | 14,000 | 10 | 0.53% |
| | <u>225,353</u> | | <u>8.54%</u> | <u>279,400</u> | | <u>10.55%</u> |

Source: Crain's Chicago Business Largest Employers 2008 and 2017

Percentage of Total County Employment based on Cook County Labor Force figures pulled from LAUS, Bureau of Labor Statistics, US Department of Labor 2017 Labor Force figures are preliminary

Northern Indiana Commuter Transportation District
 Statistical Information (Unaudited)
 Fare Rate Structure
 12/31/2017

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

| Zone | Station | Fare Type | Zone 1 | Zone 2 | Zone 3 | Zone 4 | Zone 5 | Zone 6 | Zone 7 | Zone 8 | Zone 10 |
|------|--|---|--|---|---|---|--|---|---|--|--|
| | The South Shore may not carry passengers between Zones 1 and 2 - Use Metra instead | | Millennium Station Van Buren St. Museum Campus/11th St. McCormick Place | 63rd St. 57th St. | | | | | | | |
| 3 | Hegewisch | One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride | 6.00 57.00 135.00 171.00 3.00 75.00 | 5.25 50.00 118.25 149.75 2.50 62.50 | | | | | | | |
| 4 | Hammond East Chicago | One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride | 6.50 61.75 146.25 187.75 3.25 81.25 | 6.25 59.50 140.75 175.50 3.00 75.00 | 4.00 38.00 90.00 137.50 2.00 50.00 | 3.75 35.75 84.50 126.00 1.75 43.75 | | | | | |
| 5 | Gary Gary/Chicago Airport Metro Center Miller | One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride | 7.00 66.50 157.50 201.50 3.50 87.50 | 6.75 64.25 152.00 190.75 3.25 81.25 | 5.50 52.25 123.75 156.75 2.75 68.75 | 4.25 40.50 95.75 133.50 2.00 50.00 | 3.75 35.75 84.50 123.00 1.75 43.75 | | | | |
| 6 | Portage/Ogden Dunes Dune Park | One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride | 8.50 80.75 191.25 239.75 4.25 106.25 | 7.50 71.25 168.75 216.00 3.75 93.75 | 6.75 64.25 152.00 194.00 3.25 81.25 | 6.00 57.00 135.00 170.50 3.00 75.00 | 5.75 54.75 129.50 159.75 2.75 68.75 | 3.75 35.75 84.50 125.00 1.75 43.75 | | | |
| 7 | Beverly Shores | One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride | 9.50 90.25 213.75 271.00 4.75 118.75 | 8.75 83.25 197.00 249.25 4.25 106.25 | 7.50 71.25 168.75 214.50 3.75 93.75 | 7.00 66.50 157.50 204.25 3.50 87.50 | 6.75 64.25 152.00 193.25 3.25 81.25 | 6.00 57.00 135.00 169.00 3.00 75.00 | 4.25 40.50 95.75 135.00 2.00 50.00 | 3.50 33.25 78.75 113.50 1.75 43.75 | |
| 8 | Michigan City 11th St. Carroll Ave. | One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride | 9.75 92.75 219.50 282.50 4.75 118.75 | 9.50 90.25 213.75 269.50 4.75 118.75 | 8.50 80.75 191.25 237.50 4.25 106.25 | 7.50 71.25 168.75 214.00 3.75 93.75 | 7.00 66.50 157.50 203.25 3.50 87.50 | 6.00 57.00 135.00 169.00 3.00 75.00 | 4.25 40.50 95.75 135.00 2.00 50.00 | 3.50 33.25 78.75 113.50 1.75 43.75 | |
| 10 | Hudson Lake | One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride | 12.25 116.50 275.75 347.75 6.00 150.00 | 11.50 109.25 258.75 326.50 5.75 143.75 | 10.25 97.50 230.75 292.50 5.00 125.00 | 9.75 92.75 219.50 282.00 4.75 118.75 | 9.50 90.25 213.75 269.00 4.75 118.75 | 8.50 80.75 191.25 237.00 4.25 106.25 | 7.00 66.50 157.50 202.75 3.50 87.50 | 6.00 57.00 135.00 168.50 3.00 75.00 | |
| 11 | South Bend | One-Way 10-Ride 25-Ride Monthly Reduced 1-Ride Reduced 25-Ride | 13.50 128.25 303.75 383.00 6.75 168.75 | 12.50 118.75 281.25 359.75 6.25 156.25 | 11.50 109.25 258.75 327.25 5.75 143.75 | 11.00 104.50 247.50 316.75 5.50 137.50 | 10.25 97.50 230.75 293.50 5.00 125.00 | 9.50 90.25 213.75 269.50 4.75 118.75 | 8.50 80.75 191.25 237.50 4.25 106.25 | 7.00 66.50 157.50 203.25 3.50 87.50 | 5.75 54.75 129.50 158.25 2.75 68.75 |

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

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Operating Statistics: | | | | | | | | | | |
| Annual System Trips | 4,180,380 | 3,885,073 | 3,714,356 | 3,706,676 | 3,668,098 | 3,606,926 | 3,614,252 | 3,616,660 | 3,504,080 | 3,455,842 |
| Average Weekday System Trips | 13,897 | 12,991 | 12,531 | 12,363 | 12,205 | 12,049 | 12,045 | 12,056 | 11,723 | 11,467 |
| Average Saturday System Trips | 6,685 | 5,994 | 5,422 | 5,620 | 5,799 | 5,630 | 5,675 | 5,538 | 5,183 | 5,565 |
| Average Sunday System Trips | 4,732 | 4,345 | 3,973 | 4,328 | 4,301 | 4,244 | 4,484 | 4,343 | 4,138 | 4,279 |
| Passenger Miles | 117,468,678 | 109,170,551 | 104,373,404 | 107,122,936 | 106,008,032 | 104,204,092 | 104,415,740 | 104,159,808 | 113,035,111 | 112,953,766 |
| Assets in Passenger Car Fleet: | | | | | | | | | | |
| Total Passenger Cars in Fleet | 68 | 75 | 82 | 82 | 82 | 82 | 82 | 82 | 82 | 82 |
| Passenger Car Revenue Miles | 3,510,998 | 3,560,893 | 3,387,037 | 3,450,855 | 3,679,324 | 3,736,383 | 3,694,590 | 4,026,813 | 4,233,598 | 4,184,136 |
| Passenger Car Revenue Hours | 98,871 | 99,554 | 94,747 | 96,470 | 108,482 | 105,928 | 103,661 | 112,543 | 117,214 | 115,659 |

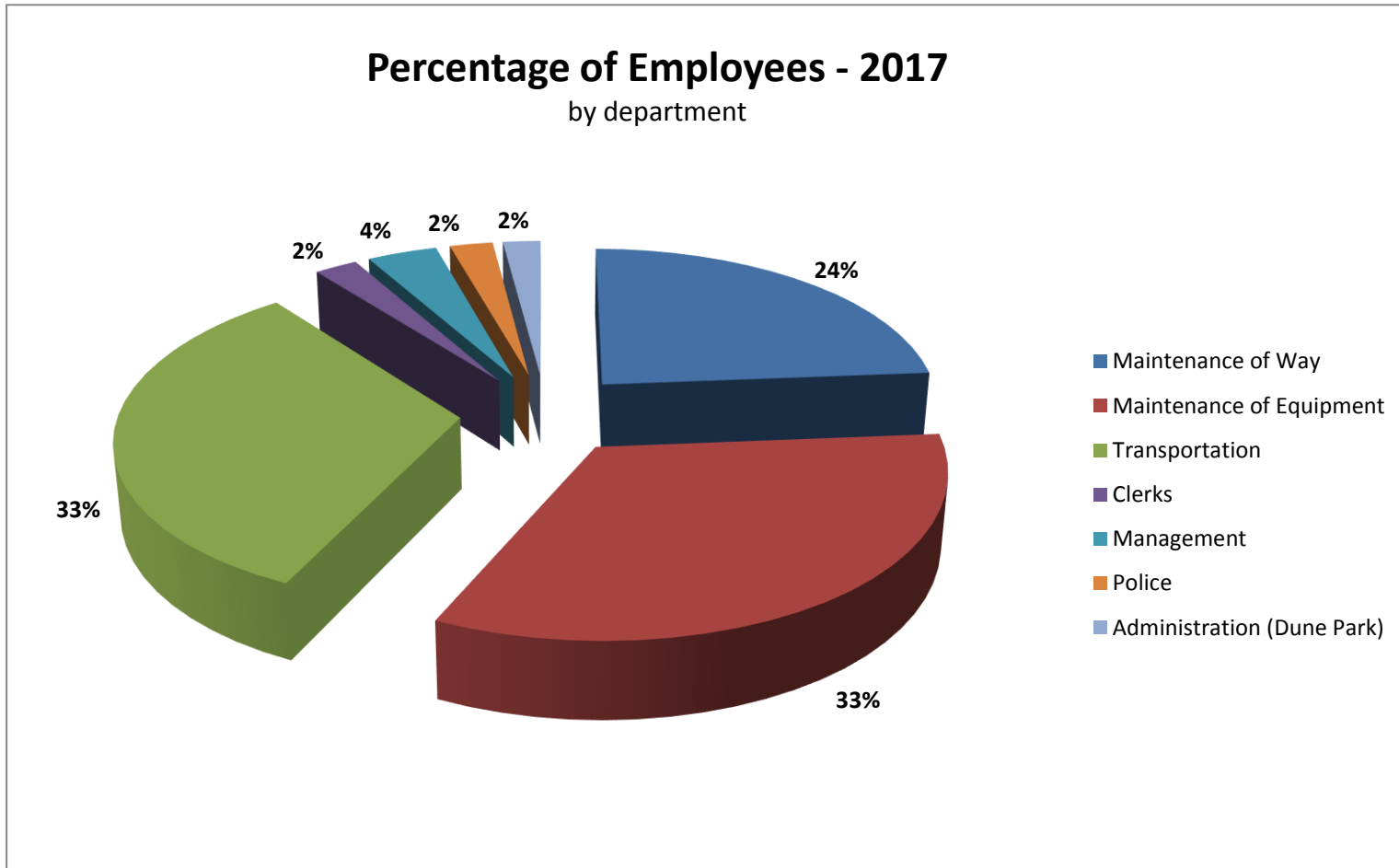
Source: The District's annual *National Transit Database Report*, filed with the Federal Transit Administration

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

| | <u>2008</u> | | <u>2009</u> | | <u>2010</u> | | <u>2011</u> | | <u>2012</u> | |
|---|-------------|----------|-------------|----------|-------------|----------|-------------|----------|-------------|----------|
| | Salary | Contract | Salary | Contract | Salary | Contract | Salary | Contract | Salary | Contract |
| <u>Michigan City Cost Center</u> | | | | | | | | | | |
| Maintenance of Way | 12 | 60 | 12 | 62 | 10 | 57 | 10 | 56 | 12 | 49 |
| Maintenance of Equipment | 11 | 101 | 11 | 99 | 10 | 91 | 10 | 92 | 8 | 93 |
| Transportation | 7 | 101 | 7 | 94 | 6 | 95 | 6 | 93 | 7 | 90 |
| Clerks | 0 | 8 | 0 | 10 | 0 | 10 | 0 | 10 | 0 | 8 |
| Management | 8 | - | 8 | - | 7 | - | 6 | - | 7 | - |
| <u>Dune Park Cost Center</u> | | | | | | | | | | |
| Police | 8 | - | 8 | - | 7 | - | 7 | - | 7 | - |
| Administration (Dune Park) | 11 | - | 11 | - | 12 | - | 12 | - | 12 | - |
| Subtotal | 57 | 270 | 57 | 265 | 52 | 253 | 51 | 251 | 53 | 240 |
| TOTAL LABOR | 327 | | 322 | | 305 | | 302 | | 293 | |
| <u>2013</u> | | | | | | | | | | |
| | Salary | Contract | Salary | Contract | Salary | Contract | Salary | Contract | Salary | Contract |
| <u>Michigan City Cost Center</u> | | | | | | | | | | |
| Maintenance of Way | 13 | 53 | 12 | 52 | 12 | 58 | 18 | 58 | 22 | 59 |
| Maintenance of Equipment | 7 | 92 | 9 | 95 | 10 | 102 | 11 | 92 | 11 | 102 |
| Transportation | 6 | 93 | 6 | 90 | 7 | 106 | 8 | 96 | 9 | 102 |
| Clerks | 0 | 8 | 0 | 8 | 0 | 8 | 0 | 8 | 0 | 8 |
| Management | 8 | - | 11 | - | 10 | - | 12 | - | 13 | - |
| <u>Dune Park Cost Center</u> | | | | | | | | | | |
| Police | 7 | - | 7 | - | 8 | - | 8 | - | 8 | - |
| Administration (Dune Park) | 11 | - | 9 | - | 8 | - | 8 | - | 7 | - |
| Subtotal | 52 | 246 | 54 | 245 | 55 | 274 | 65 | 254 | 70 | 271 |
| TOTAL LABOR | 298 | | 299 | | 329 | | 319 | | 341 | |

Source: The District's Payroll Journals

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
Statistical Information (Unaudited)
Percentage of Employees by Department
For the Year Ended December 31, 2017



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