2024

NORTHWEST INDIANA
REGIONAL DEVELOPMENT AUTHORITY
ANNUAL REPORT

Our Vision

Northwest Indiana will be the first choice in suburban Chicago for new and current residents, businesses and access to jobs. With diverse opportunities in all areas, Northwest Indiana will be the leading area for economic growth in Indiana. We will be the best example in the nation for balancing growth with preservation, exciting and trendy urban and lakefront communities with tranquil rural areas. Northwest Indiana will be the example of what Hoosiers can be when given global opportunity.

RDA

REGIONAL DEVELOPMENT AUTHORITY

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From The Chairman And President/CEO

Donald P. Fesko
Chairman of the Board

Sherri Ziller
President & CEO

On behalf of the Board of Directors and staff of the Northwest Indiana Regional Development Authority (RDA), we are pleased to present the 2024 annual report. This report includes the results of our fiscal 2023 audit conducted by the London Witte Group.

For more than a decade, the RDA has diligently worked to fund the expansion of commuter rail service in Northwest Indiana. In May of 2024, a major milestone was achieved when Gov. Eric Holcomb, the RDA, and the Northern Indiana Commuter Transportation District joined with federal, state and local officials in Miller to celebrate the substantial completion of the Double Track project.

As the state's fiscal agent on the project, we are pleased to report that the project came in on time and under budget. Double Track will vastly improve commuter rail service into and out of downtown Chicago, providing connectivity to high-paying careers in Chicago on a par with that offered by METRA. West Lake, the second part of $1.5 billion in commuter rail investments in Northwest Indiana, remains on track for completion next year.

When the RDA updated its comprehensive strategic plan in 2016, we estimated that the rail projects would spur $2.7 billion in development over the next 20 years. Even with those improvements only half-complete, more than $500 million in development directly related to the rail projects is already underway in Hammond, Munster and Michigan City.

The RDA has established 10 transit development districts, or TDDs, along both the original and West Lake lines and continues to work with our partner communities to establish incentive programs to further accelerate development. These districts should begin generating revenues for the RDA to use in 2025.

The RDA is in the process of drawing up the final three TDDs currently contemplated. These are the districts in South Bend at the South Bend Airport, at the Beverly Shores station in Porter County, and the special TDD in Valparaiso centered on the city's bus transit center, which also provides daily commuter service to downtown Chicago.

The Gary South Shore Metro Station was a focus for the legislature in 2023, and as a result the RDA was given additional tasks. First, the legislature instructed the RDA to provide $3 million in matching funds in 2024 and another $3 million in 2025 for a blight elimination program in downtown Gary centered around the Metro station. We believe that this program will substantially increase the Metro Station TDD's prospects for success in attracting development to downtown Gary.

The legislature also agreed to provide up to $3 million a year for 25 years – potentially $75 million total – in matching funds to build a new Gary Metro downtown station. The RDA and the city are exploring avenues to obtain funds to activate that match.

Finally, in 2023 the state legislature required the RDA to update its 2018 feasibility study for a Lake County Convention Center. We delivered this update to the Lake County Commissioners in March of 2024. The update confirmed the continued feasibility of a Lake County convention center, which would inject nearly $60 million annually into the local economy, create over 1,300 full-time, part-time and temporary construction jobs, and boost local and state tax revenues by more than $3.5 million a year. The RDA and its consultant, Johnson Consulting, subsequently presented the study to a packed house of local business and civic leaders, urging them to take advantage of the state's offer of up to $100 million in matching funds to build a convention center.

The Lake County Commissioners have issued an RFP/RFQ for convention center proposals with an October 2024 deadline. If they receive and approve a proposal, the RDA will act as a ”pass through” for the state's matching funds and serve as the state's fiscal agent on the project.

With the rail projects nearing completion, the RDA is in the process of updating its 2016 comprehensive strategic plan for the next two decades. Our mission to build the Region's major multi-jurisdictional infrastructure assets continues. However, the specific projects, the timing of those investments, and the possible returns to the regional economy have yet to be determined. The RDA has engaged a team of firms with several different skills sets, including multi-modal surface and air transportation, and civil and environmental engineering expertise, to accomplish this. We look forward to sharing the results in 2025 and continuing our role in transforming Northwest Indiana for decades to come. ❒

The Board of Directors

Donald P. Fesko
Governor's Appointment and Chairman of the Board

Donald Fesko, OD, MBA, FACHE is the President and CEO of the Powers Health. A doctor of optometry, Fesko also holds a Bachelor's degree in Economics from Purdue University and a Masters in Business Administration from Indiana University Northwest. He was named a Modern Healthcare Up & Comer in 2008, designated as a Fellow of the American College of Healthcare Executives (ACHE) in 2009 and was the recipient of the group's Robert S. Hudgens Award honoring the Young Healthcare Executive of the Year in 2012. Fesko is active on numerous boards and councils including the Community Cancer Research Foundation Board, the Indiana University School of Medicine Advisory Council, and the Hospice of the Calumet Area Board.

Randolph Palmateer
Lake County Appointment and Vice-Chairman of the Board

Randolph Palmateer is Business Manager of the Northwestern Indiana Building Trades Council. He is a 24-year veteran of the Northwest Indiana construction industry, joining the International Brotherhood of Electrical Workers Local 697 as an apprentice in 1997. He holds multiple industry certifications and an Associate's Degree in Applied Science from Ivy Tech Community College. Palmateer is active on numerous boards and commissions, including the Saint John Police Commission and the Lake County Economic Alliance.

Chris Campbell
Porter County Appointment and Treasurer

Chris Campbell, is an executive at Centier Bank. He is president of the bank holding company and a member of Centier's Board of Directors. Chris Campbell, is President at Centier Bank. He is CEO of the bank holding company and a member of Centier's Board of Directors. He serves on several nonprofit boards including Chairman of the EF Wildermuth Foundation, an organization that is dedicated to helping people with eyesight issues. He holds an undergraduate degree from Wittenberg University and an MBA from Valparaiso University.

Milton Reed
East Chicago Appointment

Milton Reed Jr. is Principal of Global Consulting Solutions. Reed is an economic development and organizational cost reduction specialist with over 20 years of experience in business and economics. He received a Bachelor of Science Degree from Purdue University and is a six sigma certified Engagement Manager for strategic, technical and efficiency oriented projects. He has worked for many years leading senior managers and directors in large-scale projects from engineering concept, contractual agreement, compliance and vertical integration. Reed is a lifelong resident of Northwest Indiana, enthusiastic supporter of "The Region" and community volunteer.

Patrick Lyp
Governor's Appointment

Patrick Lyp is General Counsel/City Attorney for the City of Valparaiso. He has practiced law in northwest Indiana since 1997. His community involvement includes serving on the Board of Directors for Opportunity Enterprises and the Valparaiso Advisory Human Relations Committee. He also works with the Valparaiso Economic Development Corporation. Lyp earned his Bachelor's degree in Philosophy from The Catholic University of America and his law degree from Seton Hall University.

Alesia Pritchett
Gary Appointment

Alesia Y. Pritchett, CPA, is the Executive Director of Business Services/Grant Management for the School City of Hammond. She earned a Bachelor's degree in Accounting from Purdue University, West Lafayette, IN and MBA from Indiana University Northwest. With over 35 years of experience, she has provided expert financial guidance to school districts and businesses, ensuring compliance with accounting standards, state regulations, and optimizing financial strategies. She is a former member of the Gary/Chicago International Airport Authority. Her philosophy is embracing the adage that it takes all of us working together to bring about change. She is compassionate and believes that if you put God first, then whatever you undertake will be successful.

Phil Taillon
Hammond Appointment

Philip Taillon is Chief of Staff for the City of Hammond. A longtime banking industry veteran, Phil has led many of the City's high-profile economic development projects, including the Oxbow Landing development, the Hammond Sportsplex, Potash, Lear Seating, and many more. He has been a leader in Hammond's Downtown Revitalization plan and recently was a speaker at the One Region Destination 2024 Conference. In 2016 he was named one of The Times Indiana Business Professionals to Watch. Phil also serves on seven boards including United Way of Northwest Indiana, Legacy Foundation, Regional Development Authority and Hammond Development Corporation. Phil believes that working toward a greater good is an important driving factor for fulfillment and achievement in life. He has a wife, Kellie, and two sons, Nate and Carter.

Jason Gilliana
Governor's Appointment, Porter County TDD Appointee

Jason Gilliana is a lifelong resident of Northwest Indiana. He is the Managing Member of Gilliana Pools and Whiteco Pool Solutions LLC. A Qualifier and Commercial Construction License holder in several states and local municipalities throughout the country, Jason has more than 25 years of experience in Residential and Commercial Real estate development. He is current a Board Member of the Porter County Redevelopment Commission and a past Board Member of the Porter County Alcoholic Beverage Commission.

John Carr
Governor's Appointment, LaPorte County TDD Appointee

John is a seasoned leader in the construction industry and community development. As the Senior Business Representative for the Central Midwest Regional Council of Carpenters in Northwest Indiana, John brings over two decades of experience and dedication to his craft. As a member of the LaPorte Economic Advancement Partnership (LEAP) board of directors, the LaPorte County Economic Development Board, and serving as President of the LaPorte County Regional Sewer District, John plays a vital role in shaping the future of his community. Additionally, his involvement in the LaPorte County Plan Commission and the LaPorte County Board of Zoning Appeals underscores his dedication to thoughtful and sustainable growth.

Dewey Pearman
Governor's Appointment, Lake County TDD Appointee

Dewey Pearman has served as the Executive Director of the Construction Advancement Foundation of Northwest Indiana since 1995. In his role at the CAF, Dewey oversees the operations of the Foundation and advocates to impact policies that affect the professional construction and maintenance industry in Northwest Indiana. Prior to joining CAF, Mr. Pearman was Vice President of Operations and Governmental Affairs for the Northwest Indiana Forum. He holds an undergraduate degree in business administration and a graduate degree in economics from Indiana State University.

Commuter Rail Expansion

Indiana Governor Eric Holcomb (center) cuts the ribbon marking the opening of the double-tracked South Shore commuter rail line at the Miller Station in Gary. The project added a second set of tracks from Gary to Michigan City, allowing for faster and more frequent service to Chicago. The 25-mile-long project included 16 miles of new track, and the closing of 20 grade-level crossings and elimination of street running in Michigan City

For the Northwest Indiana Regional Development Authority, 2024 was an important year in two respects. First, it marked the completion of the South Shore Double Track project, something for which the RDA spent years assembling the financing, and years after that overseeing construction to ensure it was delivered on time and on budget. It also saw the clock wind down to less than a year to completion of the second phase of commuter rail expansion in the Region, the West Lake Corridor, and economic development gear up in places like Hammond to take advantage of the new rail service.

Make no mistake, this represents an extraordinary feat. In the span of roughly a dozen years, the Double Track and West Lake projects will have gone from an idea, to a plan, to fully funded projects with federal, state, local and RDA support, to operating systems delivering thousands of Hoosiers to and from jobs every day. At $1.5 billion combined, they are the largest investment in commuter rail in the history of Indiana, and the first expansion of the South Shore line in more than 100 years.

To say that RDA had never done anything like this in an understatement. The RDA was founded in 2006 and for most of the first decade of its existence, concentrated on the Lake Michigan shoreline. Lake Michigan is one of Northwest Indiana's greatest assets, and one that in Indiana is unique to us. However, time had taken its toll on once-beautiful lakefront parks like Marquette Park East in Gary, while other spots like the Whiting lakefront had never seen the kind of investment needed to bring out its potential.

To remedy this, RDA partnered with individual communities along the lakefront – Hammond, Whiting, East Chicago, Gary and Portage – to revitalize existing facilities and create new ones. We funded the Pavilion at Wolf Lake, which became the centerpiece of the city's makeover of the entire Wolf Lake area. We restored Marquette Park in Gary and Jeorse Beach in East Chicago. We funded the transformation of Whiting's lakefront from a gravel lot to what has been called the best lakefront park in Northwest Indiana. And we restored an environmentally contaminated piece of land on the Portage lakefront to its natural glory. That subsequently became part of the Indiana Dunes National Park.

While the lakefront projects were the crown jewels of the era from 2006 through 2012, the RDA funded far more initiatives in Northwest Indiana, approving 30 grants, including 10 in conjunction with the Indiana Economic Development Corporation that brought hundreds of new jobs to Lake and Porter counties. There was also a total of $50 million for the Gary/Chicago International Airport's main runway extension and railroad relocation project, which continues to fuel growth and new business at the airport today.

But our focus shifted in 2013 with the approval of funds for a strategic business plan for the Northern Indiana Commuter Transportation District (NICTD), operator of the South Shore commuter rail trains. That created a road map to upgrade and expand the commuter rail system in Northwest Indiana. Doing so had been the subject of numerous studies, but the cost had proven an insurmountable barrier to progress.

The RDA joined with local, state and federal officials in March 2024 to break ground for the new parking garage and station at 11th Street in Michigan City.

However, funding regional infrastructure projects that were too big for a single municipal entity to handle was the reason the RDA was created in the first place. So we began to talk with NICTD and the legislature about how we could fund such a project. That led to updating the RDA's strategic plan in 2016, laying out a business case for commuter rail expansion and detailing how it would bring people, jobs and more than $2.5 billion in development to Northwest Indiana. In turn, that growth would deliver higher tax revenues to the state, covering the cost of the projects several times over. Local government units would benefit as through stronger local income tax and property tax revenues. Between the RDA's own revenues, the State of Indiana's participation and financial commitments made by more than a dozen local government bodies, RDA secured sufficient funds to attract a federal match that covered the roughly $1.5 billion price tag of Double Track and West Lake.

While that process sounds simple, getting from those initial conversations to full funding grant agreements with the Federal Transit Administration took until fall of 2021 (for Double Track) and the start of 2022 (for West Lake). However, once funding was in place, construction moved forward rapidly. The Double Track project was completed in May of 2024, and West Lake is on track for completion in the Spring of 2025. ❐

The new South Shore station in Miller. Featuring indoor seating, restrooms and space for retail, the station is a significant upgrade over the previous station. The project also included an upgraded and expanded parking lot.

Transit Development Districts

In order to support and accelerate transit-oriented development in Northwest Indiana, the RDA has established ten transit development districts, or TDDs. In these districts, anchored on a South Shore station, the RDA will receive incremental tax revenues that can then be used for infrastructure improvements and development incentives in the TDD. To date, more than half a billion dollars worth of projects have begun in TDDs in Munster, Hammond and Michigan City. The RDA works to spread the word about the TDDs and other developments in Northwest Indiana on a local, statewide and national basis. RDA President and CEO Sherri Ziller was a featured speaker at numerous events in late 2023 and 2024, as pictured below. ❒

Local Contractor and MBE/WBE Participation

The Board of Directors of the RDA has set goals of 15% minority-owned business (MBE) and 5% women owned business (WBE) participation of RDA-funded projects.

The results of the most recent report on MBE/WBE participation on our active projects through Q2 of 2024 are presented on the opposite page. Two important caveats about these numbers:

First, the RDA does not usually fund the entirety of a project. Typically, our funds are used to match local, federal or private dollars. This "leverage" increases the impact of our investment and allows for projects that otherwise would not have enough money to move forward. As an example, the RDA provided a total of $50 million for the runway expansion project at the Gary Chicago International Airport. The total cost of the project was approximately $177 million; that other $127 million comes from local and federal funds. The report reflects only how the RDA's investment is being utilized. It does not represent the local or MBE/ WBE participation on the project as a whole.

Second, not all companies working on RDA-funded projects have provided the requested information. The majority have, and we are grateful for how far they have gone above and beyond. The data we have requested is not something usually required and so has imposed an extra expense and reporting burden on them. We appreciate their cooperation and we continue to work with our grantees to collect data from their contractors and subcontractors.

The RDA has also established a “buy Indiana” initiative to encourage the use of local contractors and workers on projects funded by the RDA. In order to be considered an Indiana business, a contractor must meet at least one of four criteria:

- A business whose principal place of business is located in Indiana.
- A business that pays a majority of its payroll (in dollar volume) to residents of Indiana.
- A business that employs Indiana residents as a majority of its employees.
- A business that makes “significant capital investments” in Indiana demonstrating a minimum capital investment of $5 million or more in plan/equipment or annual lease payments of $2.5 million or more.

As of the end of the second quarter of 2023, more than 77% of the contractors tracked met these criteria. Additionally, 73% of contractors were based in Lake or Porter counties. ❐

PROJECT	% COMPLETED	AWARD AMOUNT	MBE EXPENDITURES	% OF GOAL	WBE EXPENDITURES	% OF GOAL
City of Hammond, Lakefront Phase 1	100.0%	$31,486,500	$4,098,867	100.5%	$4,964,668	365.3%
East Chicago Lakefront Phase I	96.1%	$17,495,000	$2,773,595	105.7%	$884,954	101.2%
East Chicago Lakefront Phase II	97.0%	$12,925,000	$288,958	14.9%	$253,510	39.2%
East Chicago Lakefront Phase III	96.3%	$8,545,000	$327,997	25.6%	$166,201	38.9%
Valparaiso Chicago Dash	41.4%	$6,847,000	$687,068	66.9%	$773,006	225.8%
Gary Buffington Harbor	100.0%	$7,456,000	$387,545	34.7%	$591,689	158.7%
City of Gary	96.1%	$4,500,000	$717,164	106.3%	$882,323	392.1%
Porter Lakefront Phase II	85.0%	$3,915,000	$206,624	35.2%	$215,631	110.2%
Hobart 69th Avenue	83.6%	$2,500,000	$30,645	8.2%	$457,644	366.1%
Porter County Airport	70.7%	$317,197	$109,598	230.4%	$279,323	1761.2%

Independent Auditor's Report

To the Board of Directors of the Northwest Indiana Regional Development Authority

We have audited the financial statements of Northwest Indiana Regional Development Authority, as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements, which collectively comprise Northwest Indiana Regional Development Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of Northwest Indiana Regional Development Authority, as of December 31, 2023 and 2022 and the related statements of activities and changes in net position, and cash flows, for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest Indiana Regional Development Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Report on Internal Control over Financial Reporting

We also have audited, in accordance with auditing standards generally accepted in the United States of America, Northwest Indiana Regional Development Authority's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated April 30, 2024 expressed an unmodified opinion.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2024 on our consideration of Northwest Indiana Regional Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwest Indiana Regional Development Authority's internal control over financial reporting and compliance.

LWG CPAs & Advisors
Indianapolis, Indiana
April 28, 2023

Management's Discussion and Analysis

Years Ended December 31, 2023, 2022, and 2021

The following discussion and analysis of Northwest Regional Development Authority's (the "Authority") financial performance provides an introduction and overview of the Authority's financial activities for the years ended December 31, 2023, 2022 and 2021. Please read this discussion in conjunction with the Authority's financial statements and the notes to financial statements immediately following this section.

Financial Highlights

2023

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

2022

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

2021

- Operating revenues for 2021 increased from $23,233,525 to $23,369,049 due to an increase in revenues from the Lake County Local Income Tax.
- Total expenses for 2021 decreased from $12,922,505 to $5,712,355 due to less grants and less expenses associated with rail projects.
- Non-operating revenues for 2021 increased from $441,800 to $457,240 due to an increase in interest income .

Overview of the Financial Statements

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

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

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

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

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

In addition to the financial statements, this report includes Additional Information. Required additional information begins on page 29 and is related to the Authority's participating in the public Employer's Retirement Fund. The additional information continues to present the 2023 Supplemental Schedule for Supporting Services on page 31.

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

Financial Analysis

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

The RDA receives Local Income Tax revenue collected by the State and distributed to the RDA by the State Auditor (IC 6-3.6-9-5) which is derived from the governmental units in Lake County. These amounts are restricted to be used for the West Lake Corridor project.

Factors Bearing on the Future

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

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

Requests for Information

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

A comparative condensed summary of the Authority's net assets at December 31, 2023, 2022, and 2021 is as follows :

	2023	2022	2021
Current assets	$ 104,667,127	$ 109,848,071	$ 104,629,296
Property and equipment			
Furniture & fixtures, net	18,452	19,648	20,865
Long-term assets	2,510,000	4,010,000	5,580,000
Total assets	107,195,579	113,877,719	110,230,161
Deferred outflows of resources	57,171	57,838	63,689
Current liabilities	6,782,456	9,480,687	8,795,099
Long-term liabilities	24,300,302	20,372,734	16,826,171
Total liabilities	31,082,758	29,853,421	25,621,270
Deferred inflow of resources	51,861	62,689	189,825
Net position	$ 76,118,131	$ 84,019,447	$ 84,482,755

2023

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

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

2022

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

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

2021

Long-term assets decreased by $1,335,000 due to the Authority receiving payments from a bond anticipation note from the City of Gary.

Current liabilities decreased by $8,324,380 from 2020 due to a decrease in accounts payable and grants payable.

A comparative condensed summary of the Authority's changes in net assets for the years ended December 31, 2023, 2022, and 2021 is as follows :

	2023	2022	2021
Operative revenues	$ 23,663,886	$ 23,118,211	$ 23,369,049
Operating expenses	34,742,238	24,505,315	5,712,355
Operating income	(11,078,352)	(1,387,104)	17,656,694
Non-operating revenue	3,177,036	923,796	457,240
Change in net assets	$ (7,901,316)	$ (463,308)	$ 18,113,934

2023

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

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

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

2022

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

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

Non-operating revenue increased in 2022 due to an increase in interest income **2020**

Operating revenues for 2020 decreased by $13,345,567 due to a decrease in revenue from the Lake County Local Income Tax. Operating expenses for 2020 decreased from 2019 by $28,378,553 due to decreased activity related to the rail projects and less grants in 2020. Non-operating revenue decreased in 2020 due to a decrease in interest income.

2021

Operating revenues for 2021 increased by $135,524 due to an increase in revenue from the Lake County Local Income Tax.

Operating expenses for 2021 decreased from 2020 by $7,210,150 due to decreased activity related to the rail projects and less grants in 2021.

Non-operating revenue increased in 2021 due to an increase in interest income.

A comparative condensed summary of the Authority's operating expenses for the years ended December 31, 2023, 2022, and 2021 is as follows :

	2023	2022	2021
Salaries and wages	$ 535,603	$ 440,743	$ 634,627
Professional fees	4,532,530	4,120,302	4,974,192
Program services	29,566,090	19,826,955	-
Other	108,015	117,315	103,536
Total operating expenses	$ 34,742,238	$ 24,505,315	$ 5,712,355

2023

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

2022

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

2021

The decrease in professional fees was due to decreased professional fees in 2021. Program services decreased from the prior year due to no grants being awarded in 2021.

A comparative condensed summary of the Authority's cash flows for the years ended December 31, 2023, 2022, and 2021 is as follows :

	2023	2022	2021
Cash from activities:			
Operating	$ (10,839,374)	$ 3,896,713	$ 14,191,672
Investing	4,752,297	2,268,942	2,414,729
Net change in cash	(6,087,077)	6,165,655	16,606,401
Cash:			
Beginning of the year	103,155,594	96,989,939	80,383,538
End of the year	$ 97,068,517	$ 103,155,594	$ 96,989,939

2023

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

2022

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

2021

The Authority's available cash increased by $16,606,401 as of December 31, 2021. The increase is primarily due to less cash expended for grants payable and payments to outside professionals/consultants .

STATEMENTS OF FINANCIAL POSITION—December 31, 2023 and 2022

		2023		Restated 2022
ASSETS				
Current assets				
Cash and cash equivalents	$	52,889,172	$	63,618,539
Restricted cash		44,179,345		39,537,055
Accounts receivable		6,057,375		5,078,312
Interest receivable		13,672		18,933
Current portion of note receivable		100,000		200,000
Prepaid expenses		27,563		25,232
Current portion of bond receivable		1,400,000		1,370,000
TOTAL CURRENT ASSETS		104,667,127		109,848,071
Property and equipment				
Furniture, fixtures & leasehold improvements		75,557		75,557
Accumulated depreciation		(57,105)		(55,909)
TOTAL PROPERTY AND EQUIPMENT (NET)		18,452		19,648
Long-term assets				
Bond receivable		2,160,000		3,560,000
Note receivable		350,000		450,000
TOTAL LONG-TERM ASSETS		2,510,000		4,010,000
TOTAL ASSETS		107,195,579		113,877,719
DEFERRED OUTFLOWS OF RESOURCES				
Pension costs		57,171		57,838
TOTAL DEFERRED OUTFLOWS OF RESOURCES		57,171		57,838
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses		546,924		1,941,155
Accrued vacation		34,885		34,850
Grants payable		6,200,647		7,504,682
TOTAL CURRENT LIABILITIES		6,782,456		9,480,687
Non-current liabilities				
Net pension liability		182,820		198,691
West Lake operating escrow		24,117,482		20,174,043
TOTAL NON-CURRENT LIABILITIES		24,300,302		20,372,734
TOTAL LIABILITIES		31,082,758		29,853,421
DEFERRED INFLOWS OF RESOURCES				
Pension costs		51,861		62,689
TOTAL DEFERRED INFLOWS OF RESOURCES		51,861		62,689
NET POSITION				
Net position - unrestricted		56,417,039		64,318,355
Net position - restricted		19,701,092		19,701,092
TOTAL NET POSITION	$	76,118,131	$	84,019,447

STATEMENTS OF ACTIVITIES Years Ended December 31, 2023 and 2022

	Amount 2023	Amount Restated 2022
UNRESTRICTED NET ASSETS		
Support		
Lake County Local Income Tax	$ 6,163,886	$ 5,618,211
City of East Chicago	3,500,000	3,500,000
Lake County	3,500,000	3,500,000
City of Gary	3,500,000	3,500,000
City of Hammond	3,500,000	3,500,000
Porter County	3,500,000	3,500,000
TOTAL SUPPORT	23,663,886	23,118,211
EXPENSES		
Program services		
Brownsfield RLF Loan	-	40,910
Rail Projects Annual Lease	20,263,886	16,271,483
West Lake Project Lease Transfer	9,302,204	3,514,562
TOTAL PROGRAM SERVICES	29,566,090	19,826,955
Supporting services		
Salaries & professional services	5,068,133	4,561,045
Operating expenses	106,819	116,098
TOTAL SUPPORTING SERVICES	5,174,952	4,677,143
Depreciation expense	1,196	1,217
TOTAL EXPENSES	34,742,238	24,505,315
NON-OPERATING REVENUE		
Interest income	3,177,036	923,796
TOTAL NON-OPERATING REVENUE	3,177,036	923,796
CHANGE IN NET POSITION	(7,901,316)	(463,308)
NET POSITION - BEGINNING OF YEAR	84,019,447	84,482,755
NET POSITION - END OF YEAR	$ 76,118,131	$ 84,019,447

STATEMENTS OF CASH FLOWS Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Fee revenue	$ 26,628,262	$ 27,752,161
Payments to grantees	(10,606,239)	(3,756,629)
Payments to others	(26,861,397)	(20,098,819)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(10,839,374)	3,896,713
CASH FLOWS FROM INVESTING ACTIVITIES		
Bond payment proceeds	1,370,000	1,340,000
Note receivable payment proceeds	200,000	-
Investment interest income	3,182,297	928,942
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	4,752,297	2,268,942
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,087,077)	6,165,655
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, BEGINNING OF YEAR	103,155,594	96,989,939
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, END OF YEAR	$ 97,068,517	$ 103,155,594

	2023	2022
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	$ (11,078,352)	$ (1,387,104)
Depreciation expense	1,196	1,217
Decrease (increase) in assets		
Accounts receivable	(979,063)	1,172,915
Prepaid expenses	(2,331)	(1,181)
Increase (decrease) in liabilities		
West Lake operating escrow	3,943,439	3,461,035
Net pension liability	(26,032)	(35,757)
Accounts payable and other accruals	(1,394,196)	886,745
Grants payable	(1,304,035)	(201,157)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (10,839,374)	$ 3,896,713

NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

(1) Summary of significant accounting policies

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

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

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

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

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

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

Power and Duties

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

The RDA developed a Comprehensive Strategic Development Plan which identified the following:

- Projects to be funded
- Timeline and budget
- Return on investment
- Need for ongoing subsidy
- Expected federal matching funds

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

- Riverboat admission, wagering, or incentive payments received by Lake County, Hammond, East Chicago, or Gary
- County economic development income tax received by a county or city
- Amounts from the Toll Road Authority
- Food and beverage tax (the RDA does not have the authority to impose any tax; only the right to receive income in accordance with the legislation.)
- Federal funds

- Appropriations from the general assembly
- Other revenue appropriated to the fund by a political subdivision
- Gifts, Donations or Grants
- Private Equity

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

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

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

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

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

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

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

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

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

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

At times, the RDA receives money from federal agencies and acts as the fiscal agent responsible for distributing funds to local municipalities to leverage local matches from the RDA. The funds are drawn-down from the federal agencies only upon the grantee spending the money and requesting reimbursement. The RDA monitors the grant and the grantee and ensures that the grantee is in compliance with the eligibility on how the monies are spent. The RDA submits quarterly reports to the federal agencies. The RDA received $40,910 and $458,693 of federal funds related to Brownfield during 2023 and 2022, respectively .

Accounts Receivable – Accounts receivable represent payments due to the RDA at December 31. In addition, any shortfalls in admissions tax distributions during the year are included in accounts receivable. All amounts are expected to be collected.

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

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

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

Grants Payable and Other Related Accruals – The Authority is committed to various organizations via reimbursement based grants. These payments are made when the organization has fulfilled the terms of the grant and submitted for reimbursement from the Authority. See Note 6 for further detail.

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

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

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

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

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

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

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

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

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

Operating Leases – The agency has a twelve (12) month rental agreement for office space and supply reimbursement. The lease expense for the year ended December 31, 2023 was $49,519. The agreement expires June 30, 2024. The monthly lease amount, which is due at the beginning of each month, is $4,577. The remaining obligation due for the rental agreement is $27,462 .

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

Subsequent Events – Subsequent events have been evaluated through April 30, 2024, which is the date the financial statements were available to be issued

(2) Concentrations

At December 31, 2023 and 2022, $750,000 of the RDA's cash and cash equivalents was insured by the Federal Depository Insurance Corporation, and therefore classified under Risk Category 1. The Public Deposit Insurance Fund (PDIF) was created by the Acts of 1937 in the State of Indiana to protect the public funds of the state and its political subdivisions deposited in approved financial institutions. The PDIF insures those public funds deposited in approved financial institutions which exceed the limits of coverage provided by any FDIC. The RDA has funds deposited in PDIF approved financial institutions.

At December 31, 2023 and 2022, the remaining portion of cash respectively, was covered by the PDIF and classified in Risk Category 1.

(3) Furniture, Fixtures, and Leasehold Improvements

All furniture, fixtures, and leasehold improvements is depreciated using the straight-line method. Depreciation expense at December 31, 2023 and 2022 was $1,196 and $1,217. Furniture, fixtures, and leasehold improvements at year end consist of the following:

	2023	2022
Furniture and fixtures	$ 37,655	$ 37,655
Leasehold improvements	37,902	37,902
Accumulated depreciation	(57,105)	(55,909)
Total property and equipment, net	$ 18,452	$ 19,648

(4) Pension plan

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

Public Employees' Defined Benefit Account

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

Eligibility for Pension Benefit Payment

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

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

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

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

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

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

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

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

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

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

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

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

1% Decrease (5.25%)	Current (6.25%)	1% Increase (7.25%)
$ 297,938	$ 182,820	$ 86,834

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At December 31, 2023 and 2022, the RDA reported a liability of $198,691 and $113,163, respectively, for its proportionate share of the net pension liability. The RDA's proportionate share of the net pension liability was based on the RDA's wages

as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the December 31, 2023 and 2022, measurement dates was 0.0000518 and 0.0000630, respectively .

For the years ended December 31, 2023 and 2022, the RDA recognized pension expense of $26,032 and $35,757, respectively. At December 31, 2023 and 2022, the RDA reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources: Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

As of December 31, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	$ 1,558	$ 51,861
Differences between expected and actual experience	3,740	-
Net difference of projected and actual investment earnings	41,903	-
Changes in assumption	9,970	-
Total	$ 57,171	$ 51,861

As of December 31, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	$ 2,120	$ 53,432
Differences between expected and actual experience	4,285	756
Net difference of projected and actual investment earnings	24,521	-
Changes in assumption	26,912	8,501
Total	$ 57,838	$ 62,689

(5) Bond receivable

In 2016, the RDA agreed to loan $13,100,000 to the City of Gary, Indiana. The amount due to the RDA from the City of Gary at December 31, 2023 and 2022 was $3,560,000 and $4,930,000, respectively.

Year Ending December 31:		
2023	$	(7,684)
2024		(15,586)
2025		22,873
2026		5,707
Total	$	5,310

(6) Note receivable

In 2019, the RDA agreed to loan $650,000 to the City of East Chicago Housing Authority. Based on an agreement with the EPA, this loan was made to establish a revolving loan fund (RLF) that would be used for future eligible cleanup and mitigation work that meets EPA guidelines. The amount due to the RDA from the City of East Chicago Housing Authority at December 31, 2023 and 2022 was $450,000 and $650,000, respectively.

Year Ending December 31:		Principal
2024	$	100,000
2025		100,000
2026		250,000
Total	$	450,000

(7) Commitments

Since the inception of the RDA, there have been contracts awarded for approved projects within Northwest Indiana. Because not all awarded contracts have been completed, the RDA has remaining commitments of $6,200,647 at December 31, 2023 as listed on page 31.

Effective August 31, 2018 the RDA entered into a governance agreement with NICTD and IFA for the development of the South Shore Line, specifically the Double Track and the West Lake Corridor projects. On June 1, 2022 and December 1, 2022, the RDA signed a lease agreement as a lessee with the IFA and the U.S. Department of Transportation's Build America Bureau for Railroad Rehabilitation and Improvement Financing loans for the West Lake Corridor project and the Double Track project, respectively. These loans are subject to additional federal

Name	Nature of Project	Date Awarded	Initial Total Cost	Cost Through 12/31/23	Remaining Balance at 12/31/23	% Complete as of 12/31/23
Water Filtration Plant Demolition	Shoreline Restoration	11/13/2008	$1,980,000	$225,000	$1,755,000	11%
Hammond Lakes Area	Shoreline Restoration	1/8/2009	$31,480,000	$31,443,909	$36,091	100%
Porter Gateway to the Dunes (Grant 2)	Shoreline Restoration	7/7/2011	$3,915,000	$3,345,333	$569,667	85%
NICTD	Surface Transportation	5/7/2013	$275,000	$262,621	$12,379	95%
Southlake County Community Service	Surface Transportation	1/15/2014	$318,791	$318,791	$0	100%
Tec Air	Deal Closing	4/3/2014	$2,450,000	$2,446,700	$3,300	100%
Shoreline and Demolition	Shoreline Restoration	7/18/2014	$17,495,000	$16,842,877	$652,123	96%
Modem Forge	Deal Closing	9/18/2014	$2,000,000	$1,968,750	$31,250	98%
RLF Loan	Deal Closing	12/22/2014	$160,000	$99,213	$60,787	62%
Shoreline and Demolition Phase II	Shoreline Restoration	9/22/2016	$12,935,000	$12,534,557	$400,443	97%
Porter County Airport	Econ. Dvlp.	2/21/2017	$317,917	$224,954	$92,963	71%
Valpo Chicago Dash Phase II	Surface Transportation	8/1/2017	$6,847,000	$4,260,356	$2,586,644	62%

oversight. The terms of the lease agreements are governed under IC 5-1.3-5 and IC 5-13-10.5-20. The agreements specify that RDA's receipt of "Member Dues" transferred by the Auditor of State under IC 36-7.5-4-2 and of local income tax transferred under IC 6-3.6-9-5(c) will be used to make the lease payments. The LIT funds received by the RDA may only be used for the West Lake Corridor project, which is located within Lake County. The RDA will make "pay-go" payments from the loans inception until the leases begin in 2025, the actual lease payments, in the same amount, will then begin and continue through 2048. The future payments are as follows:

	West Lake Corridor	Double Track	Total
2024	$ -	$ -	$ -
2025	-	641,277	641,277
2026	14,100,000	2,117,385	16,217,385
2027	14,100,000	2,117,385	16,217,385
2028	14,100,000	2,117,385	16,217,385
Thereafter	281,999,998	42,347,668	324,347,666
	$ 324,299,998	$ 49,341,100	$ 373,641,098

(8) <u>No interest security forgivable loan</u>

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

(9) <u>Prior period adjustment</u>

The RDA restated the Statement of Financial Position and the Statement of Activities for the year ended December 31, 2022. An amount of $650,000 that was receivable from the City of East Chicago Housing Authority was previously not recorded. This amount should have been recorded as a note receivable and as restricted net position. This change increased net position $650,000 for the year ended December 31, 2022.

Staff

Sherri Ziller, President and Chief Executive Officer

Sherri Ziller, a lifelong resident of Northwest Indiana, was named President and Chief Executive Officer of the RDA in 2021. Previously she was the organization's Chief Operating Officer, responsible for day-to-day operations, strategic planning and fiscal management. Ziller has been with the RDA since its inception in the spring of 2006 and provides leadership to our efforts to maximize the economic development and redevelopment potential throughout the region, increase job creation and develop greater connectivity to Chicago to promote new economic growth statewide. She holds a Master's degree in Education and a Bachelor's in Political Science from Purdue University Calumet.

Amy Jakubin, Program Director

Amy Jakubin, a resident of Crown Point, IN is the Program Director at the Northwest Indiana Regional Development Authority and has been with the organization since 2011. As Program Director, Amy is responsible for managing the administrative aspects of all RDA projects as they relate to scheduling, logistical coordination, communication, organizing, managing, and reporting. Amy is also responsible for general fiscal and office management functions and provides highly sensitive support to the President and CEO and Board of Directors. During her time at the RDA, she has proven to be a highly dynamic, energetic, and reliable professional who is always willing to be challenged with new opportunities while maintaining a positive attitude and producing high quality work.

David Wellman, Director of Communications

David Wellman joined the RDA in 2012 as Communications Manager. A 20-year business-to-business media veteran, Wellman was previously senior writer for *Building Indiana* magazine. Prior to that, he held various positions ranging from assistant editor to editor-in-chief for a diverse collection of b2b publications, including *Frozen Food Age, Supermarket Business and Food & Beverage Marketing*. He holds a Bachelor's degree in Journalism from Ohio University.