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July 21, 2016

Board of Directors  
River Ridge Development Authority  
6200 East Highway 62 Suite 600  
Jeffersonville, IN 47130

We have reviewed the audit report prepared by Mountjoy Chilton Medley, LLP, Independent Public Accountants, for the period January 1, 2014 to December 31, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the River Ridge Development Authority, as of December 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

Paul D. Joyce, CPA  
State Examiner

**River Ridge Development Authority**  
**Report on Audits of Financial Statements**  
**Years Ended December 31, 2015 and 2014**

## **River Ridge Development Authority**

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December 31, 2015 and 2014

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## **Independent Auditor's Report**

The Board of Directors  
**River Ridge Development Authority**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of River Ridge Development Authority (the Authority), which comprise the statements of net position as of December 31, 2015 and 2014, and the statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain 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 Authority'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 Authority'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.

## **Independent Auditor's Report (Continued)**

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2015 and 2014, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such 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. 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.

### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2016, on our consideration of the 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 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 Authority's internal control over financial reporting and compliance.



Jeffersonville, Indiana  
April 18, 2016

**River Ridge Development Authority  
Management's Discussion and Analysis  
December 31, 2015 and 2014**

As management of the River Ridge Development Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities for the fiscal years ended December 31, 2015 and 2014.

**Nature of Organization and Reporting Entity**

The Authority was established in 1998 under the laws of the State of Indiana and an interlocal agreement between Clark County, the City of Charlestown, the City of Jeffersonville, the Town of Utica, and the Indiana Port Commission. The Authority was established for the purpose of accepting conveyance of the Indiana Army Ammunition Plant from the United States Army, managing and leasing the real estate and improvements of the Ammunition Plant, removing conditions of blight, and developing the Ammunition Plant into a commerce and industrial park.

**Overview of the Financial Statements**

This annual report consists of both the Management Discussion and Analysis and audited Financial Statements. The Financial Statements include notes that provide additional information relating to the Authority's financial condition. Readers are encouraged to read the notes to better understand the financial statements.

**Required Financial Statements**

*The Statements of Net Position*

The Statements of Net Position present the Authority's assets and liabilities and provides information about the nature and amounts of investment in resources (assets) and the obligations to creditors (liabilities). The Statements of Net Position also provide the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the organization.

*The Statements of Revenues, Expenses and Changes in Net Position*

The Statements of Revenues, Expenses and Changes in Net Position identify the revenues generated and the expenses incurred during the fiscal year.

*The Statements of Cash Flows*

The Statements of Cash Flows provide information relating to the Authority's cash receipts and cash expenditures during the fiscal year. The statements report cash receipts, cash payments and net changes in cash resulting from operations, and provide answers to such questions as where did cash come from, what was cash used for and what was the change in the cash balance during the reporting period.

**River Ridge Development Authority  
Management's Discussion and Analysis (Continued)  
December 31, 2015 and 2014**

**Required Financial Statements (Continued)**

**Table 1  
Condensed Statements of Net Position**

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
<b>Assets</b>			
Current Assets	\$ 6,189,975	\$ 3,738,864	\$ 2,451,111
Restricted Assets	18,445,248	15,489,962	2,955,286
Capital Assets, Net	27,332,242	21,488,938	5,843,304
Other Assets	<u>7,143,658</u>	<u>6,067,907</u>	<u>1,075,751</u>
Total Assets	<u>\$ 59,111,123</u>	<u>\$ 46,785,671</u>	<u>\$ 12,325,452</u>
<b>Liabilities</b>			
Current Liabilities	\$ 3,531,682	\$ 2,316,254	\$ 1,215,428
Other Liabilities	323,313	78,054	245,259
Long-Term Debt	<u>34,835,617</u>	<u>29,321,912</u>	<u>5,513,705</u>
Total Liabilities	38,690,612	31,716,220	6,974,392
Net Investment in Capital Assets	(6,729,124)	(5,100,449)	(1,628,675)
Restricted	13,625,660	11,884,652	1,741,008
Unrestricted	10,795,319	6,082,682	4,712,637
Unrestricted - Board designated	<u>2,728,656</u>	<u>2,202,566</u>	<u>526,090</u>
Total Net Position	<u>\$ 20,420,511</u>	<u>\$ 15,069,451</u>	<u>\$ 5,351,060</u>

Total assets increased by \$12,325,452 in 2015, in part due to an increase in restricted assets of \$2,955,286 and an increase in capital assets of \$5,843,304. The primary factor in the increase in current restricted assets is the receipt of bond funds from the 2015 issuance. The primary increase in net capital assets resulted from infrastructure improvements. A major factor in the current asset increase is a result of cash proceeds received from land sales. Total liabilities increased by \$5,351,060 primarily from the overall net long-term debt increase of \$5,513,705, which was the result of the \$8.5 million 2015 bond issuance.

The land sales in 2015 were transactions between the Authority and seven entities. The three largest transactions in 2015 were; River Ridge Industrial Development Co., LLC (America Place) purchased 52.1 acres resulting in net proceeds of \$2,168,414; PG River Ridge, LLC (Pinchal & Company LLC) purchased 32.95 acres resulting in net proceeds of \$1,809,925; and 1250 Patrol Road Ventures (Crossdock) purchased 26.9 acres resulting in net proceeds of \$1,446,245.

**River Ridge Development Authority  
Management's Discussion and Analysis (Continued)  
December 31, 2015 and 2014**

**Required Financial Statements (Continued)**

**Table 2  
Condensed Statements of Revenues, Expenses and Changes Net Position**

	2015	2014	Increase
Total Revenues, including nonoperating revenues	\$ 13,621,725	\$ 8,426,463	\$ 5,195,262
Total Expenses	8,270,665	4,966,526	3,304,139
Changes in Net Position	\$ 5,351,060	\$ 3,459,937	\$ 1,891,123

- Total revenues increased by \$5,195,262 in 2015 primarily due to an increase of approximately \$800,000 in revenues from the Urban Enterprise Zone and an increase of approximately \$7 million in net revenues generated through land sales.

2015 was another successful year for the Authority in terms of leveraging land sales from the prior infrastructure investments within the park. New companies arriving at River Ridge during 2015 included Magnolia Automotive Services LLC, Enjoy Life Foods and GenPak LLC.

- Operating expenses as compared to 2014 increased primarily due to the transfer of parcel C at a cost of \$1,795,368, bond interest increasing to \$1,345,649, and other related site engineering and design and corresponding improvements. These expenses are directly correlated to continuing development activities. Other expenses were generally within budgeted amounts.

*Future Operations*

The Authority anticipates an increase in land sales for 2016 based on activities carried over from 2015. Additional increases in Tax Increment Financing (TIF) and Urban Enterprise Zone (UEZ) revenue is expected in 2016 due to new assessments of recent private investments by developers and new tenants.

Our emphasis will continue to be site development and infrastructure improvements required to support existing projects and future private investments. Significant on-site infrastructure and road improvements were completed in 2015, with additional projects slated for 2016. With the opening of the East End Crossing in the fall of 2016, and the scheduled completion of the River Ridge segment of the transportation corridor project, River Ridge anticipates the continuation of our current growth trajectory. Completion of internal and external infrastructure improvements provide added value to the overall marketability of the River Ridge Commerce Center.

*Requests for Additional Information*

This report is intended to provide readers with a general overview of the Authority's finances and to provide information regarding the receipts and uses of funds. If you need clarification regarding a statement(s) made in the report or need additional information, please contact the office of River Ridge Development Authority.

**River Ridge Development Authority**  
**Statements of Net Position**  
**December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 5,867,887	\$ 3,455,120
Accounts receivable - tenants	4,835	1,550
Accounts receivable	-	19,901
Grants receivable	269,251	89,251
Interest rebate receivable	-	75,833
Prepaid expenses	<u>48,002</u>	<u>97,209</u>
Total Current Assets	6,189,975	3,738,864
<b>Restricted Assets</b>		
Cash and cash equivalents - security deposits	34,537	34,654
Cash and cash equivalents - escrow deposits	288,776	43,400
Cash and cash equivalents - bond reserve funds	-	800,000
Cash and cash equivalents - Army repayment reserve funds	1,228,656	2,202,566
Cash and cash equivalents - bond proceeds and reserve	15,393,279	12,409,342
Cash and cash equivalents - demolition reserve	<u>1,500,000</u>	<u>-</u>
Total Restricted Assets	18,445,248	15,489,962
<b>Capital Assets</b>		
Equipment	1,103,115	962,151
Vehicles	233,734	228,498
Infrastructure	17,954,437	13,903,593
Leasehold improvements	67,705	67,705
Construction in process	<u>10,940,238</u>	<u>8,783,919</u>
	30,299,229	23,945,866
Less accumulated depreciation	<u>(2,966,987)</u>	<u>(2,456,928)</u>
Capital Assets, Net	27,332,242	21,488,938
<b>Other Assets</b>		
Army credit	94,972	-
Real estate available for sale	<u>7,048,686</u>	<u>6,067,907</u>
Total Other Assets	<u>7,143,658</u>	<u>6,067,907</u>
Total Assets	<u>\$ 59,111,123</u>	<u>\$ 46,785,671</u>

**River Ridge Development Authority  
Statements of Net Position (Continued)  
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Liabilities</b>		
Current Liabilities		
Current portion of bonds payable	\$ 1,541,474	\$ 1,103,019
Accounts payable and accruals	1,291,121	528,873
Bond interest payable	565,067	566,709
Advanced rental payments	35,972	33,135
Accrued compensated absences	<u>98,048</u>	<u>84,518</u>
Total Current Liabilities	3,531,682	2,316,254
Other Liabilities (Payable From Restricted Assets)		
Security deposits	34,537	34,654
Escrow deposits	<u>288,776</u>	<u>43,400</u>
Total Other Liabilities	323,313	78,054
Long - Term Debt		
Bonds payable	32,519,892	25,486,368
Payable to United States Army	<u>2,315,725</u>	<u>3,835,544</u>
Total Long - term Debt	<u>34,835,617</u>	<u>29,321,912</u>
Total Liabilities	38,690,612	31,716,220
<b>Net Position</b>		
Net investment in capital assets (deficit)	(6,729,124)	(5,100,449)
Restricted	13,625,660	11,884,652
Unrestricted	<u>13,523,975</u>	<u>8,285,248</u>
Total Net Position	<u><u>\$ 20,420,511</u></u>	<u><u>\$ 15,069,451</u></u>

See accompanying notes.

**River Ridge Development Authority**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Rental income	\$ 771,733	\$ 850,066
Rental income River Ridge property	108,112	118,667
Equipment rental	-	5,503
Urban Enterprise Zone income	2,998,082	2,196,752
Tax Increment Financing income	1,014,753	918,401
Recycling and scrap sale income	382,360	191,418
Land proceeds, net	6,164,266	3,439,344
Water sales	221,855	165,779
Grant income	200,000	-
	<u>11,861,161</u>	<u>7,885,930</u>
Total Operating Revenues		
Operating Expenses		
Payroll	992,081	962,243
Employee benefits	306,963	308,118
Payroll taxes	68,962	68,368
Temporary labor	-	8,616
Redevelopment expenses	427,082	154,645
Road and ground maintenance	254,224	140,690
Depreciation expense	793,622	736,081
Legal fees	390,009	354,508
Insurance	155,017	112,701
Marketing	208,393	192,333
Office equipment and supplies	76,077	79,949
Professional fees	48,916	30,405
Rental expense	64,845	64,600
Security	218,722	237,374
Telephone repair and service	-	2,580
Training expense	1,966	5,005
Travel	20,871	29,990
Utilities	12,505	13,617
Water supplies and contract	169,378	144,603
Environmental monitoring	149,385	281,720
Army operational expenses	668,548	5,600
Employee recruitment	550	3,582
TIF administration	5,842	3,731
Settlement expense	264,000	-
Interest expense	1,345,649	1,025,467
	<u>6,643,607</u>	<u>4,966,526</u>
Total Operating Expenses		
Operating Income	5,217,554	2,919,404
Nonoperating Revenues		
Interest income	239,364	319,346
Other income	1,381	118,012
Loss on disposal/transfer of capital assets	(1,627,058)	-
Army Credits	1,519,819	103,175
	<u>133,506</u>	<u>540,533</u>
Total Nonoperating Revenues		
Changes in Net Position	5,351,060	3,459,937
Net Position, Beginning of Year	<u>15,069,451</u>	<u>11,609,514</u>
Net Position, End of Year	<u>\$ 20,420,511</u>	<u>\$ 15,069,451</u>

See accompanying notes.

**River Ridge Development Authority**  
**Statements of Cash Flows**  
**Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Cash received from tenant, land sales, and others	\$ 8,579,746	\$ 5,794,972
Cash paid to suppliers, employees, and others	(5,121,614)	(3,727,073)
Urban Enterprise Zone income received	2,998,082	2,196,752
Interest received	239,364	319,346
Grant received	200,000	-
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	6,895,578	4,583,997
Cash Flows from Investing Activities		
Transfer of board designated to unrestricted	-	394,950
Transfer from Reserve fund for Army repayment	973,910	-
Purchase of real estate available for sale, net	(980,779)	(1,551,544)
Cost value of real estate available for sale	-	88,763
Purchases of capital assets	(6,107,665)	(1,932,596)
Construction in process, net	(2,156,319)	(8,783,919)
Proceeds from sale of capital assets	-	64,322
Transfer to restricted cash and bond reserve	(2,183,937)	(12,409,342)
Transfer to demolition reserve	(1,500,000)	-
	<hr/>	<hr/>
Net Cash Used by Investing Activities	(11,954,790)	(24,129,366)
Cash Flows from Financing Activities		
Receipt of bonds	8,575,000	20,000,000
Payment on bonds	(1,103,021)	(1,030,613)
Payment to United States Army	-	(88,763)
	<hr/>	<hr/>
Net Cash Provided Financing Activities	7,471,979	18,880,624
Net Increase (Decrease) in Cash	2,412,767	(664,745)
Cash and Cash Equivalents, Beginning of Year	<hr/>	<hr/>
	3,455,120	4,119,865
Cash and Cash Equivalents, End of year	<u>\$ 5,867,887</u>	<u>\$ 3,455,120</u>
Reconciliation of Change in Net Position to Net Cash		
Provided by Operating Activities:		
Change in net position	\$ 5,351,060	\$ 3,459,937
Adjustments to reconcile changes in net position		
to net cash provided by operating activities:		
Depreciation expense	793,622	736,081
Army credit deferred income	(1,519,819)	(103,175)
Loss on sale/transfer of capital assets	1,627,058	-
(Increase) decrease in:		
Accounts receivable - tenants	(3,285)	2,750
Accounts receivable	19,901	(19,901)
Grant receivable	(180,000)	-
Interest rebate receivable	75,833	4,307
Prepaid expenses	49,207	(45,678)
Security deposit asset	117	15,244
Escrow deposit asset	(245,376)	191,600
Army credits	(94,972)	-
Increase (decrease) in:		
Accounts payable and accruals	762,248	163,568
Bond interest payable	(1,642)	360,334
Advanced rental payments	2,837	626
Accrued compensated absences	13,530	25,148
Security deposit liability	(117)	(15,244)
Escrow deposit liability	245,376	(191,600)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	<u>\$ 6,895,578</u>	<u>\$ 4,583,997</u>

See accompanying notes.

**River Ridge Development Authority**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note A - Nature of Operations**

River Ridge Development Authority (the "Authority") was established in 1998 under the laws of the State of Indiana and an interlocal agreement between Clark County, the City of Charlestown, the City of Jeffersonville, the Town of Utica and the Indiana Port Commission. The Authority was established for the purpose of accepting conveyance of the Indiana Army Ammunition Plant from the United States Army, managing and leasing the real estate and improvements of the Ammunition Plant, removing conditions of blight, and developing the Ammunition Plant into a commerce and industrial park.

**Note B - Summary of Significant Accounting Policies**

This summary of significant accounting policies of the Authority is presented to assist in understanding the Authority's financial statements. The financial statements and notes are representations of the Authority's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America ("GAAP") and have been consistently applied in the preparation of the financial statements. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The more significant accounting policies of the Authority are as follows:

1. Basis of Accounting: The financial statements are presented using the accrual basis of accounting with an economic resources measurement focus. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. As permitted by GAAP, the Authority has elected to apply all relevant GASB pronouncements and only applicable Financial Accounting Standards Board ("FASB") Accounting Standards Certification ("ASC") pronouncements that do not contradict GASB pronouncements in the preparation of the financial statements.
2. Basis of Presentation: These financial statements present the Authority (primary government). There are no other component units which require inclusion. All of the Authority's programs are accounted for as one business-type activity for financial reporting purposes. This financial statement presentation provides an indication of the financial performance of the Authority as a whole. Enterprise designations are used to account for activities if any of the following criteria applies: (a) The activity is financed with debt that is solely secured by pledge of the net revenues from fees and charges of the activity; (b) laws or regulations that require that the activity's costs of providing services be recovered with fees and charges rather than taxes or similar revenues; or (c) the pricing policies of the activity establish fees and charges designated to recover its costs.
3. Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (and disclosure of contingent assets and liabilities, if any) at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
4. Cash Equivalents: The Authority considers all short-term investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2015 and 2014.
5. Accounts Receivable: Accounts receivable consists of amounts due from tenants for monthly lease income. The Authority uses the allowance for bad debts method of valuing doubtful accounts receivable, which is based on historical experience, coupled with a review of the current status of existing receivables. Management has determined no allowance was required at December 31, 2015 and 2014.

**River Ridge Development Authority**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**Note B - Summary of Significant Accounting Policies (Continued)**

6. Capital Assets: Capital assets are recorded at cost. Maintenance and repairs are charged to expense as incurred; major renewals or betterments are capitalized. Gain or loss on retirements or dispositions of assets is charged to operations, and respective costs and accumulated depreciation are eliminated from the accounts.

Depreciation is provided on the estimated useful lives of the assets using the straight-line method. The estimated useful lives are 5 to 7 years for office equipment, 7 to 10 years for furniture and fixtures, 5 years for vehicles, and 20 years for infrastructure.

Public domain (infrastructure) capital assets consisting of the development of roads, bridges, curbs, gutters, streets, sidewalks, drainage systems, and lighting systems on land that has not been deeded to the Authority are not capitalized, as these assets are included as documented costs per the master lease agreement (See Note M). Documented costs are used to offset the rental income received by the Authority and due to the United States Army.

7. Revenue Recognition: The Authority recognizes revenue when earned and not when received. Advanced and unearned rentals arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period.
8. Subsequent Events: The Authority has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

**Note C - Grants Receivable**

During 2012, the Authority was granted approximately \$2.7 million to use for improvements along State Road 62. This grant required a 20% local match totaling approximately \$700,000 for a total project cost of approximately \$3.5 million. At December 31, 2015 and 2014, the Authority has a receivable from the grantor in the amount of \$89,251, for reimbursement of expenses. Management has determined no allowance was required at December 31, 2015 and 2014.

During 2015, the Authority received a \$200,000 grant award for the reconstruction and completion of an infrastructure project. At December 31, 2015, the Authority has a receivable from the grantor in the amount of \$180,000 for reimbursement of expenses.

**Note D - Board Designated and Restricted Assets**

Security deposits total \$34,537 and \$34,654 at December 31, 2015 and 2014, respectively, and represent deposits made by tenants for the property leased from the Authority.

Restricted escrow deposits consist of earnest money totaling \$288,776 and \$43,400 at December 31, 2015 and 2014, respectively. The Authority received this money for possible real estate transactions.

In a prior year, the Board passed a resolution to establish a designated reserve fund for the United States Army repayment. At December 31, 2015 and 2014, the balance of this reserve account was \$1,228,656 and \$2,202,566, respectively. This is displayed as a component of unrestricted net position on the Statements of Net Position.

Additionally during 2015, the Board resolved to establish a designated reserve fund for financing future infrastructure improvements planned at River Ridge Commerce Center. At December 31, 2015 and 2014, the balance of this reserve account was \$1,500,000.

**River Ridge Development Authority**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**Note D - Board Designated and Restricted Assets (Continued)**

In a prior year, the Authority obtained financing for future infrastructure improvements planned at River Ridge Commerce Center through a bond issuance of \$8,500,000. See Note G for additional information on the bonds payable. The Authority was required to establish a bond reserve fund totaling \$800,000 for future bond payments. During 2015, the Authority refinanced these bonds under a new bond issuance and the reserved funds were expended on approved bond related projects.

During 2015, the Authority obtained financing for future infrastructure improvements planned at River Ridge Commerce Center through the issuance of bonds. In 2014, the Authority obtained financing for future infrastructure improvements planned at River Ridge Commerce Center through a bond issuance of \$20 million. At December 31, 2015, \$8,551,609 remains available to fund anticipated future improvements and is classified as part of restricted net position in the Statements of Net Position. See Note G for additional information on the bonds payable.

**Note E - Capital Assets**

The following is a summary of the capital assets activity during the years ended December 31, 2015 and 2014:

	Balance at 12/31/14	Additions	Transfers	Dispositions	Balance at 12/31/15
Office equipment	\$ 962,151	\$ 182,441	\$ -	\$ (41,477)	\$ 1,103,115
Vehicles	228,498	37,150	-	(31,913)	233,735
Infrastructure	13,903,593	-	5,888,074	(1,837,230)	17,954,437
Leasehold Improvements	67,705	-	-	-	67,705
CIP	8,783,919	8,044,393	(5,888,074)	-	10,940,238
	<u>23,945,866</u>	<u>8,263,984</u>	<u>-</u>	<u>(1,910,620)</u>	<u>30,299,230</u>
Accumulated depreciation	(2,456,928)	(793,622)	-	283,562	(2,966,988)
Total, net	<u>\$ 21,488,938</u>	<u>\$ 7,470,362</u>	<u>\$ -</u>	<u>\$(1,627,058)</u>	<u>\$ 27,332,242</u>
	Balance at 12/31/2013	Additions	Transfers	Dispositions	Balance at 12/31/2014
Office equipment	\$ 577,597	\$ 384,554	\$ -	\$ -	\$ 962,151
Vehicles	190,498	38,000	-	-	228,498
Infrastructure	12,525,578	1,442,337	-	(64,322)	13,903,593
Leasehold Improvements	-	67,705	-	-	67,705
CIP	-	8,783,919	-	-	8,783,919
	<u>13,293,673</u>	<u>10,716,515</u>	<u>-</u>	<u>(64,322)</u>	<u>23,945,866</u>
Accumulated depreciation	(1,720,846)	(736,082)	-	-	(2,456,928)
Total, net	<u>\$ 11,572,827</u>	<u>\$ 9,980,433</u>	<u>\$ -</u>	<u>\$ (64,322)</u>	<u>\$ 21,488,938</u>

Depreciation expense was \$793,622 and \$736,081 for the years ended December 31, 2015 and 2014, respectively.

Included in the 2015 activity was property/infrastructure that was transferred to various municipalities.

**River Ridge Development Authority**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**Note F - Real Estate Available For Sale and Payable to United States Army**

At various dates starting in 2005, through quitclaim deeds, the United States of America, acting by and through the Deputy Assistant Secretary of the Army, entered into agreements with the Authority to deed land to the Authority. The agreements state that in accordance with the Federal Act, the Authority shall pay to the Army a monetary consideration for conveyance of the property to the Authority (the "Conveyance Consideration") as agreed upon in the deed agreements.

According to the agreements, the Conveyance Consideration shall be paid to the United States of America no later than ten years after the date of conveyance of the property. The Authority is currently making improvements to the land and holding it available for sale to the extent the property is not subject to prior lease by the Authority. A breakdown of real estate conveyed and available for sale is as follows:

Year Conveyed	Number of Acres	Acquisition Price Per Acre	Original Purchase Price	Year Sold	Acres Sold	RRDA Required Payment	Repaid with Credits	Acres Remaining	Inventory Cost Remaining	Payable to U.S. Army
2005	26.40	\$1,093	\$ 28,855	2006	24.35	\$ 27,144	\$ -	-	\$ -	\$ -
				2015	-	-	1,711	2	2,241	-
	36.40	\$1,122	40,841	2006	10.00	11,215	-	-	-	-
				2015	-	-	29,626	26	29,621	-
	2,082.58	\$1,122	2,336,655	2007	65.18	74,689	-	-	-	-
				2008	13.92	17,276	-	-	-	-
				2009	27.71	31,087	-	-	-	-
				2012	11.96	13,419	-	-	-	-
				2013	32.66	14,098	-	-	-	-
				2014	23.56	27,125	-	-	-	-
				2015	77.60	1,753,356	405,605	1,830	2,053,251	-
	182.22	\$1,122	204,451	2006	70.84	80,123	-	-	-	-
				2010	1.42	1,609	-	-	-	-
				2011	2.00	2,262	-	-	-	-
				2015	7.70	8,638	111,819	100	112,488	-
2006	577.63	\$1,153	666,007	2006	0.46	523	-	-	-	-
				2007	57.17	66,664	-	-	-	-
				2008	11.80	13,772	-	-	-	-
				2010	19.90	23,207	-	-	-	-
				2011	3.44	-	4,016	-	-	-
				2012	47.60	-	55,014	-	-	-
				2013	21.49	21,846	-	-	-	-
				2014	33.61	38,752	-	-	-	-
				2015	35.79	41,262	-	346	399,376	400,951
2009	143.77	\$1,248	179,425	2013	3.98	4,966	-	-	-	-
				2015	26.82	33,475	-	113	140,984	140,984
2010	80.45	\$1,282	103,137	2012	20.00	-	30,800	60	77,497	72,337
2011	246.71	\$1,316	324,669	2012	0.41	-	10,478	-	-	-
				2013	10.42	11,990	-	-	-	-
				2014	17.92	23,577	-	-	-	-
				2015	28.30	38,264	-	190	249,593	240,361
2012	417.26	\$1,668	695,990	2012	22.99	-	695,990	417	695,990	-
	86.97	\$1,352	117,583	-	-	-	-	87	117,583	117,583
2014	699.89	\$1,759	1,231,106	-	-	1,220,044	11,062	700	1,231,107	-
	239.28	\$1,425	340,974	-	-	-	-	239	340,974	340,974
2015	146.15	\$1,806	263,947	-	-	-	263,947	146	263,947	-
	<u>685.26</u>	<u>\$1,463</u>	<u>1,002,535</u>	-	-	-	-	<u>685</u>	<u>1,002,535</u>	<u>1,002,535</u>
	<u>5,650.97</u>				<u>730.99</u>			<u>4,942.97</u>	<u>6,717,186</u>	<u>2,315,725</u>
Purchased from the United States Army			<u>7,536,175</u>			\$ 3,600,383	\$ 1,620,068			
2014	8.50	\$39,000	<u>331,500</u>					8.50	331,500	-
Purchased from other than United States Army			<u>331,500</u>							
									<u>\$ 7,048,686</u>	
Total Real Estate Purchased			<u>\$ 7,867,675</u>							<u>\$ 2,315,725</u>

**River Ridge Development Authority**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**Note G - Bonds Payable**

On December 29, 2010, the Authority obtained financing for future infrastructure improvements planned at River Ridge Commerce Center through a bond issuance of \$8,500,000 (Build America Bonds (BAB) \$5,240,000 and Recovery Zone Economic Development Bonds (RZB) \$3,260,000). The bonds were set to mature February 1, 2026 and bore interest at 6.5%. During 2015, the Authority refinanced the bonds through a bond issuance of \$6,815,000 (Tax Increment Revenue Refunding Bonds (TIRR)). The bonds were issued August 3, 2015 and mature February 1, 2026. The bonds bear interest at 2.66%. Semiannual payments of both principal and interest will begin February 1, 2016.

During 2014, the Authority obtained financing for future infrastructure improvements planned at River Ridge Commerce Center through a bond issuance of \$20,000,000 (Tax Increment Revenue (TIR) Bonds). The bonds were issued May 23, 2014 and mature on February 1, 2034. The bond bears interest at 4.60%. Principal and interest is payable semiannually and payments began on August 1, 2014. The cash balance at December 31, 2015 and 2014 was \$6,783,990 and \$11,884,652, respectively. The Authority also established a debt service reserve in accordance with the bond agreement. The cash balance of the reserve at December 31, 2015 and 2014 was \$1,767,619 and \$1,071,462, respectively.

During 2015, the Authority obtained financing for future infrastructure improvements planned at River Ridge Commerce Center through a bond issuance of \$8,540,000 (Tax Increment Revenue Refunding Bonds (TIRR)). The bonds were issued August 3, 2015 and mature August 1, 2035. The bonds bear interest at 3.38%. Semiannual payments of both principal and interest will begin February 1, 2016.

Accrued interest payable at December 31, 2015 and 2014 was \$565,067 and \$566,709, respectively.

Bond payable activity for the year ended December 31, 2015 was as follows:

	Balance 12/31/14	Additions	Reductions	Balance 12/31/15	Amounts Due within One Year
Series 2010 BAB Bond	\$ 4,445,000	\$ -	\$ (4,445,000)	\$ -	\$ -
Series 2010 RZB Bond	2,765,000	-	(2,765,000)	-	-
Series 2014 TIR Bond	19,379,387	-	(673,021)	18,706,366	665,972
Series 2015A TIR Bond	-	8,540,000	-	8,540,000	304,832
Series 2015B TIR Bond	-	6,815,000	-	6,815,000	570,670
	<u>\$ 26,589,387</u>	<u>\$ 15,355,000</u>	<u>\$ (7,883,021)</u>	<u>\$ 34,061,366</u>	<u>\$ 1,541,474</u>

Bond payable activity for the year ended December 31, 2014 was as follows:

	Balance 12/31/13	Additions	Reductions	Balance 12/31/14	Amounts Due within One Year
Series 2010 BAB Bond	\$ 4,700,000	\$ -	\$ (255,000)	\$ 4,445,000	\$ 265,000
Series 2010 RZB Bond	2,920,000	-	(155,000)	2,765,000	165,000
Series 2014 TIR Bond	-	20,000,000	(620,613)	19,379,387	673,019
	<u>\$ 7,620,000</u>	<u>\$ 20,000,000</u>	<u>\$ (1,030,613)</u>	<u>\$ 26,589,387</u>	<u>\$ 1,103,019</u>

**River Ridge Development Authority  
Notes to Financial Statements (Continued)  
December 31, 2015 and 2014**

**Note G - Bonds Payable (Continued)**

As of December 31, 2015, bonds mature as follows:

2016	\$ 1,541,474
2017	1,560,631
2018	1,616,396
2019	1,713,522
2020	1,776,855
Thereafter	<u>25,852,488</u>
Total	<u>\$ 34,061,366</u>

**Note H - Short-Term Bank Borrowings**

The Authority had a \$1,500,000 line of credit with Your Community Bank, which expired in June 2015. The line of credit bore interest at prime with a floor of 4.0% per annum. The Authority had also established an additional \$120,000 line of credit at Your Community Bank, which expired in May 2015 and bore interest at 4.0%. There was no outstanding balance on either line of credit at December 31, 2014.

**Note I - Advanced Rental Payments**

The Authority recognizes rent received by tenants for future periods as "Advanced rental payments" on the Statements of Net Position. The liability for "Advanced rental payments" at December 31, 2015 and 2014, was \$35,972 and \$33,135, respectively.

**Note J - Compensated Absences**

The Authority employees earn paid time off (sick/vacation) at a rate of 18 to 22 days per year based upon the number of years of service. Except for the Executive Director, employees may carry unused time until the accumulated paid time off balance equals two times the annual paid time off. The Executive Director may accrue up to 32 days per year without expiration. At December 31, 2015 and 2014, accrued compensated absences were \$98,048 and \$84,518, respectively.

**Note K - Rental Income Under Operating Leases**

The Authority leases land, buildings, and equipment of the Ammunition Plant to various entities. The leases vary in amounts and maturity dates. Certain lease agreements are structured to include scheduled and specified rent increases over the lease term. Future minimum rental payments to be received are as follows:

2016	\$ 155,466
2017	120,717
2018	14,319
2019	12,375
2020	12,375

**River Ridge Development Authority**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**Note L - Defined Contribution Plan**

The Authority has established a 401(a) retirement plan for all eligible employees. All employees are eligible upon the beginning of their employment. Employer contributions to the Plan are based upon 6% of each eligible employee's compensation. Contributions to the Plan totaled \$60,105 and \$57,789 for the years ended December 31, 2015 and 2014, respectively. These amounts are included in employee benefits in the Statements of Revenues, Expenses and Changes in Net Position.

**Note M - Operating Leases**

In May 2003, the Authority and United States Department of the Army executed a master lease agreement for a term of twenty-five years ending in April 2028, with an option to renew for one additional twenty-five year period pending certain provisions. The original lease consisted of approximately 5,904 acres located in Clark County, Indiana. The Army has subsequently conveyed to the Authority various parcels of acreage at agreed upon prices. This property is part of the Real Estate available for sale and payable to the Army as discussed in Note F.

Consideration for the original lease was based on the fair market rental value. This value was based on Government appraisals and includes the value of those facilities occupied by existing tenants. The parties originally agreed the total value of the property under lease was \$1,723,998 at the date the master lease was signed. The Army has agreed that all documented costs, which are directly related to improvement, operation, maintenance, protection, and repair of the Ammunition Plant, will offset rents due the Army under the lease. In the event that documented costs exceed rent, the costs will be carried over to future years. In the event that rent exceeds documented costs, the Army may request excess rent to be paid to the Army based upon the terms of the master lease agreement. As of December 31, 2015, management believes the Authority had incurred cumulative documented costs greater than the rent obligation and therefore no payments for rent were required to be recognized in the financial statements at this time.

Additionally, the Authority leases office space from an unrelated party. The lease expires in December 2016. Lease expense under this lease was \$64,845 and \$64,600 for the years ended December 31, 2015 and 2014, respectively. Future minimum lease payments under this operating lease are expected to be approximately \$67,535 for the year ending December 31, 2016.

**Note N - Cash and Cash Held For Restricted Deposits**

Cash deposits made in accordance with IC 5-13 with financial institutions in the State of Indiana were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution. Therefore, all cash values are considered secured.

The carrying value of cash including restricted deposits at December 31, 2015 and 2014 was \$24,313,135 and \$18,945,082, respectively. The bank balance at December 31, 2015 and 2014 was \$25,433,052 and \$19,165,813, respectively.

**Note O - Major Customers**

In 2015, approximately \$595,000 (73%) of the Authority's rental income was generated from three customers. In 2014, approximately \$680,000 (71%) of the Authority's rental income was generated from three customers.

**River Ridge Development Authority**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**Note P - Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage. There were no significant reductions in insurance coverage by major category of risk.

In September 2014, the Board voted to purchase an environmental liability insurance policy that provides coverage for five years beginning October 1, 2014, with a maximum of \$20 million in payouts, either individually, or in the aggregate. The policy premiums, totaling \$298,434 are payable over five years and become fully non-refundable after the first policy anniversary. This policy will protect the Authority from claims of pollution incidents and up to \$2 million in business interruption coverage at insured sites. The Authority has determined the insurance is necessary after a review of its master lease with the Department of Defense by environmental attorneys. There have been no payouts through December 31, 2015 under this policy.

Although the Department of Defense is required to clean up environmental contamination and hazardous substances at the site, the timing of the cleanup is based upon available funds. In addition, the Department of Defense does not cover property damage or personal injury claims which could arise due to environmental contamination.

**Note Q - Commitments**

The Authority entered into a four-year contract, which was set to expire on June 30, 2015, with Louisville Water Company ("LWC"), whereby LWC would provide the Authority with various operational and maintenance related needs for water treatment, pumping and storage facilities. The Authority agreed to pay a total of \$212,351 during the four-year contract period (\$4,424 monthly) for the services. During July 2015, the Authority negotiated a four-year extension to the original contract, which expires June 30, 2019. The Authority agreed to pay a total of \$393,600 during the four-year contract period (\$8,200 monthly) for the services. The total paid to LWC for the years ended December 31, 2015 and 2014 was \$80,168 and \$53,088, respectively.

**Note R - Environmental Remediation**

The Department of Defense is responsible for any environmental remediation of designated areas as defined in the master lease agreement with River Ridge Development Authority. Management believes no accrual is necessary for environmental issues.

**Note S - Litigation**

The Authority is subject to various legal actions and general asserted and unasserted claims arising in the ordinary course of its business. Litigation is subject to many uncertainties; the outcome of individual litigated matters is not predictable with assurance. Should any legal action occur the Authority would defend itself vigorously against any claims.

## **Supplementary Information**

**River Ridge Development Authority**  
**Tax Increment Bonds of 2014, Series A - Amortization Schedule**  
**December 31, 2015**

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
2/1/2016	\$ 329,200	4.6%	\$ 430,247	\$ 759,447	\$ 759,447
8/1/2016	336,772	4.6%	422,675	759,447	
2/1/2017	344,517	4.6%	377,430	721,947	1,481,394
8/1/2017	314,941	4.6%	407,006	721,947	
2/1/2018	322,185	4.6%	436,768	758,953	1,480,900
8/1/2018	366,602	4.6%	392,351	758,953	
2/1/2019	375,034	4.6%	383,919	758,953	1,517,906
8/1/2019	383,659	4.6%	375,294	758,953	
2/1/2020	392,484	4.6%	366,469	758,953	1,517,906
8/1/2020	401,511	4.6%	357,442	758,953	
2/1/2021	410,745	4.6%	348,208	758,953	1,517,906
8/1/2021	420,193	4.6%	338,760	758,953	
2/1/2022	429,857	4.6%	329,096	758,953	1,517,906
8/1/2022	439,744	4.6%	319,209	758,953	
2/1/2023	449,858	4.6%	309,095	758,953	1,517,906
8/1/2023	460,205	4.6%	298,748	758,953	
2/1/2024	470,789	4.6%	288,164	758,953	1,517,906
8/1/2024	481,617	4.6%	277,336	758,953	
2/1/2025	492,695	4.6%	266,258	758,953	1,517,906
8/1/2025	504,027	4.6%	254,926	758,953	
2/1/2026	515,619	4.6%	243,334	758,953	1,517,906
8/1/2026	527,479	4.6%	231,474	758,953	
2/1/2027	539,611	4.6%	219,342	758,953	1,517,906
8/1/2027	552,022	4.6%	206,931	758,953	
2/1/2028	564,718	4.6%	194,235	758,953	1,517,906
8/1/2028	577,707	4.6%	181,246	758,953	
2/1/2029	590,994	4.6%	167,959	758,953	1,517,906
8/1/2029	604,587	4.6%	154,366	758,953	
2/1/2030	618,492	4.6%	140,461	758,953	1,517,906
8/1/2030	632,718	4.6%	126,235	758,953	
2/1/2031	647,270	4.6%	111,683	758,953	1,517,906
8/1/2031	662,157	4.6%	96,796	758,953	
2/1/2032	677,387	4.6%	81,566	758,953	1,517,906
8/1/2032	692,967	4.6%	65,986	758,953	
2/1/2033	708,905	4.6%	50,048	758,953	1,517,906
8/1/2033	725,210	4.6%	33,743	758,953	
2/1/2034	741,888	4.6%	17,065	758,953	1,517,906
	<u>\$ 18,706,366</u>		<u>\$ 9,301,871</u>	<u>\$ 28,008,237</u>	<u>\$ 28,008,237</u>

**River Ridge Development Authority**  
**Tax Increment Bonds of 2015, Series A - Amortization Schedule**  
**December 31, 2015**

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
2/1/2016	\$ 151,139	3.38%	\$ 142,722	\$ 293,861	
8/1/2016	153,693	3.38%	141,772	295,465	\$ 589,326
2/1/2017	156,290	3.38%	139,174	295,465	
8/1/2017	158,932	3.38%	136,533	295,465	590,929
2/1/2018	161,618	3.38%	133,847	295,465	
8/1/2018	164,349	3.38%	131,116	295,465	590,929
2/1/2019	167,126	3.38%	128,338	295,465	
8/1/2019	169,951	3.38%	125,514	295,465	590,929
2/1/2020	172,823	3.38%	122,642	295,465	
8/1/2020	175,744	3.38%	119,721	295,465	590,929
2/1/2021	178,714	3.38%	116,751	295,465	
8/1/2021	181,734	3.38%	113,731	295,465	590,929
2/1/2022	184,805	3.38%	110,659	295,465	
8/1/2022	187,929	3.38%	107,536	295,465	590,929
2/1/2023	191,105	3.38%	104,360	295,465	
8/1/2023	194,334	3.38%	101,130	295,465	590,929
2/1/2024	197,619	3.38%	97,846	295,465	
8/1/2024	200,958	3.38%	94,506	295,465	590,929
2/1/2025	204,354	3.38%	91,110	295,465	
8/1/2025	207,808	3.38%	87,657	295,465	590,929
2/1/2026	211,320	3.38%	84,145	295,465	
8/1/2026	214,891	3.38%	80,573	295,465	295,465
2/1/2027	218,523	3.38%	76,942	295,465	
8/1/2027	222,216	3.38%	73,249	295,465	295,465
2/1/2028	225,972	3.38%	69,493	295,465	
8/1/2028	229,790	3.38%	65,674	295,465	295,465
2/1/2029	233,674	3.38%	61,791	295,465	
8/1/2029	237,623	3.38%	57,842	295,465	295,465
2/1/2030	241,639	3.38%	53,826	295,465	
8/1/2030	245,722	3.38%	49,742	295,465	295,465
2/1/2031	249,875	3.38%	45,590	295,465	
8/1/2031	254,098	3.38%	41,367	295,465	295,465
2/1/2032	258,392	3.38%	37,072	295,465	
8/1/2032	262,759	3.38%	32,706	295,465	295,465
2/1/2033	267,200	3.38%	28,265	295,465	
8/1/2033	271,715	3.38%	23,749	295,465	295,465
2/1/2034	276,307	3.38%	19,157	295,465	
8/1/2034	280,977	3.38%	14,488	295,465	295,465
2/1/2035	285,726	3.38%	9,739	295,465	
8/1/2035	290,554	3.38%	4,910	295,465	295,465
	<u>\$ 8,540,000</u>		<u>\$ 3,276,985</u>	<u>\$ 11,816,985</u>	<u>\$ 8,862,338</u>

**River Ridge Development Authority**  
**Tax Increment Bonds of 2015, Series B - Amortization Schedule**  
**December 31, 2015**

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
2/1/2016	\$ 283,450	2.66%	\$ 89,632	\$ 373,083	
8/1/2016	287,220	2.66%	86,870	374,090	\$ 747,173
2/1/2017	291,040	2.66%	83,050	374,090	
8/1/2017	294,911	2.66%	79,179	374,090	748,180
2/1/2018	298,834	2.66%	75,256	374,090	
8/1/2018	302,808	2.66%	71,282	374,090	748,180
2/1/2019	306,835	2.66%	67,255	374,090	
8/1/2019	310,916	2.66%	63,174	374,090	748,180
2/1/2020	315,051	2.66%	59,038	374,090	
8/1/2020	319,242	2.66%	54,848	374,090	748,180
2/1/2021	323,488	2.66%	50,602	374,090	
8/1/2021	327,790	2.66%	46,300	374,090	748,180
2/1/2022	332,150	2.66%	41,940	374,090	
8/1/2022	336,567	2.66%	37,523	374,090	748,180
2/1/2023	341,043	2.66%	33,046	374,090	
8/1/2023	345,579	2.66%	28,511	374,090	748,180
2/1/2024	350,176	2.66%	23,914	374,090	
8/1/2024	354,833	2.66%	19,257	374,090	748,180
2/1/2025	359,552	2.66%	14,538	374,090	
8/1/2025	364,334	2.66%	9,756	374,090	748,180
2/1/2026	369,180	2.66%	4,910	374,090	374,090
	<u>\$ 6,815,000</u>		<u>\$ 1,039,882</u>	<u>\$ 7,854,882</u>	<u>\$ 7,854,882</u>



**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
*Government Auditing Standards***

The Board of Directors  
**River Ridge Development Authority**

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 River Ridge Development Authority (the "Authority") which comprise the statements of net position as of December 31, 2015 and 2014, and the statement of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 18, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority'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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

**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 (Continued)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 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.



Jeffersonville, Indiana  
April 18, 2016