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July 27, 2023

Board of Directors
River Ridge Development Authority
300 Corporate Drive, Suite 300
Jeffersonville, IN 47130

We have reviewed the audit report of River Ridge Development Authority which was opined upon by MCM CPAs & Advisors LLP, Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. Per the *Independent Auditor's Report on Financial Statements*, the financial statements included in the report present fairly the financial condition of River Ridge Development Authority as of December 31, 2022, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, MCM CPAs & Advisors LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

River Ridge Development Authority
Report on Audit of Financial Statements
Years Ended December 31, 2022 and 2021

River Ridge Development Authority
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Years Ended December 31, 2022 and 2021

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Independent Auditor's Report on Financial Statements

The Board of Directors
River Ridge Development Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of River Ridge Development Authority (the "Authority"), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the 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 financial position of the business-type activities of the Authority, as of December 31, 2022 and 2021, and the change in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the 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 opinion.

Responsibilities of Management for the Financial Statements

The 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 the Authority's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

MCM CPAs & Advisors LLP

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Independent Auditor's Report on Financial Statements (Continued)

Auditor's Responsibilities for the Audits 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 opinion. 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 and in accordance with *Governmental Auditing Standards* 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 and *Government Auditing Standards*, 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, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- 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 the 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.

Emphasis of Matter

During the fiscal year ended December 31, 2022, River Ridge Development Authority implemented *Government Accounting Standards'* Board ("GASB") Statement No. 87 - *Leases*. The December 31, 2021, financial statements were restated to reflect retrospective adoption as required by the standard. The Authority recorded a lease receivable and deferred inflow of resources of equal value as of January 1, 2021, and there was no impact on net position as of that date.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 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.

Independent Auditor's Report on Financial Statements (Continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Bond Amortization Schedules as of December 31, 2022, on pages 22 through 25 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Bond Amortization Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Bond Amortization Schedules are fairly stated, in all material respects, in relation to the basic 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 February 22, 2023, 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 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 the Authority's internal control over financial reporting and compliance.



Jeffersonville, Indiana
February 22, 2023

**River Ridge Development Authority
Management's Discussion and Analysis
Years Ended December 31, 2022 and 2021**

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, 2022 and 2021.

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 cash came 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)
Years Ended December 31, 2022 and 2021**

Required Financial Statements (Continued)

**Table 1
Condensed Statements of Net Position**

	2022	2021 Restated	Increase (decrease)	2020	Increase (decrease)
Assets					
Current assets	\$ 39,713,389	\$ 26,384,058	\$ 13,329,331	\$ 12,617,137	\$ 13,766,921
Noncurrent assets	5,155,056	4,617,357	537,699	11,846,938	(7,229,581)
Capital assets, net	102,185,823	79,731,562	22,454,261	76,057,684	3,673,878
Other assets	7,581,906	7,829,983	(248,077)	7,972,156	(142,173)
Total assets	154,636,174	118,562,960	36,073,214	108,493,915	10,069,045
Liabilities					
Current liabilities	19,066,064	17,115,324	1,950,740	5,536,099	11,579,225
Other liabilities	562,164	124,440	437,724	26,940	97,500
Long-term debt	80,170,000	58,445,000	21,725,000	60,070,555	(1,625,555)
Deferred inflows of resources	204,509	306,764	(102,255)	-	306,764
Total liabilities and deferred inflows of resources	100,002,737	75,991,528	24,011,209	65,633,594	10,357,934
Net investment in capital assets	28,834,261	5,401,053	23,433,208	13,631,404	(8,230,351)
Restricted	11,502,651	4,178,724	7,323,927	1,020,777	3,157,947
Unrestricted, restated	14,296,525	32,991,655	(18,695,130)	28,208,140	4,783,515
Total net position, restated	\$ 54,633,437	\$ 42,571,432	\$ 12,062,005	\$ 42,860,321	\$ (288,889)

Total assets increased \$36,073,214 in 2022. Restricted cash increased by \$7,323,927 which was due to additional borrowings in the current year. The capital asset increase of \$22,454,261 was attributable to additional projects completed in 2022, including the purchase of the Authority's office suite and capitalized infrastructure for future projects.

Long term liabilities increased \$21,725,000 primarily as a result of the Authority drawing down additional funding on bond anticipation notes ("BANs") to finance capital projects. This financing was permanentized in 2022.

Total net position increased \$12,062,005 in 2022. This increase was primarily the result of an increase in cash and restricted cash due to increased borrowings in the current year.

**River Ridge Development Authority
Management's Discussion and Analysis (Continued)
Years Ended December 31, 2022 and 2021**

Required Financial Statements (Continued)

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

	<u>2022</u>	<u>2021 Restated</u>	<u>Increase (decrease)</u>	<u>2020</u>	<u>Increase (decrease)</u>
Total revenues,					
including nonoperating revenues	\$ 27,910,870	\$ 17,222,894	\$ 10,687,976	\$ 15,115,619	\$ 2,107,275
Total expenses					
Including nonoperating expenses	<u>15,848,865</u>	<u>17,511,783</u>	<u>(1,662,918)</u>	<u>14,615,909</u>	<u>2,895,874</u>
Changes in net position, restated	<u>\$ 12,062,005</u>	<u>\$ (288,889)</u>	<u>\$ 12,350,894</u>	<u>\$ 499,710</u>	<u>\$ (788,599)</u>

The increased industrial activity experienced in the fourth quarter of 2021 carried over into 2022 resulting in RRDA's land sales for the year increasing \$10,556,556 or 245% over 2021. Much of the development was attributed to the re-shoring of manufacturing to the United States and much needed improvements to the worldwide supply chain.

In 2022 the Authority sold approximately 172 acres with proceeds of \$14,861,331, compared to 92 acres and \$4,304,775 in 2021. New investments for 2022 included 74.2 acres by Van Trust Development, and approximately 19.2 acres each by Denton Floyd Real Estate and BREG Industrial Development.

Future Operations

The Authority expects 2023 land sales to approach similar levels as experienced in 2022. Project activity will also likely continue at a strong pace throughout the year. Urban Enterprise Zone ("UEZ") and Tax Increment Financing ("TIF") revenues will continue to increase due to assessments of recent private investments in the River Ridge Commerce Center.

The Authority will continue to make additional investments in major site improvements and infrastructure necessary to support potential new private investments. In 2022 the Authority invested an additional \$12,416,455 in those improvements. The 2023 projects are expected to total approximately \$26 Million which will be funded through existing bonds, TIF revenues and the new 2022 bond anticipation note ("BAN"). In addition, the Authority has pledged \$12 Million each to the City of Jeffersonville and the City of Charlestown to assist in funding wastewater treatment expansions to support continued developments in the 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 at 300 Corporate Drive Suite 300, Jeffersonville, Indiana 47130.

River Ridge Development Authority
Statements of Net Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u> <u>(Restated)</u>
Assets		
Current assets		
Cash	\$ 27,780,279	\$ 21,870,876
Restricted cash - bond proceeds	11,502,651	4,178,724
Accounts receivable	231,750	97,736
Grants receivable	-	89,251
Lease receivable - current portion	127,448	88,874
Prepaid expenses	71,261	58,597
	<u>39,713,389</u>	<u>26,384,058</u>
Noncurrent assets		
Lease receivable - noncurrent portion	130,727	258,176
Investment in cash		
Debt service	4,462,165	4,234,741
Security deposits	25,940	25,440
Escrow deposits	536,224	99,000
	<u>5,155,056</u>	<u>4,617,357</u>
Capital assets		
Buildings	4,699,781	458,493
Equipment	1,687,508	1,584,080
Vehicles	812,532	669,879
Infrastructure	99,469,509	94,290,199
Leasehold improvements	-	67,705
Furniture and fixtures	109,877	-
Construction in process	30,354,924	11,148,262
	<u>137,134,131</u>	<u>108,218,618</u>
Less accumulated depreciation	<u>(34,948,308)</u>	<u>(28,487,056)</u>
Capital assets, net	102,185,823	79,731,562
Real estate available for sale	<u>7,581,906</u>	<u>7,829,983</u>
Total assets	<u><u>\$154,636,174</u></u>	<u><u>\$118,562,960</u></u>

See accompanying notes.

River Ridge Development Authority
Statements of Net Position (Continued)
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u> <u>(Restated)</u>
Liabilities		
Current liabilities		
Accounts payable and accruals	\$ 1,639,844	\$ 404,977
Payable to City of Jeffersonville	12,000,000	-
Current portion of bonds payable	3,620,000	3,275,000
Bond anticipation notes	1,064,213	12,610,509
Bond interest payable	644,526	711,829
Advanced rental payments	1,455	4,893
Accrued compensated absences	96,026	108,116
	<u>19,066,064</u>	<u>17,115,324</u>
Total current liabilities		
Other liabilities		
Security deposits	25,940	25,440
Escrow deposits	536,224	99,000
	<u>562,164</u>	<u>124,440</u>
Total other liabilities		
Long-term debt		
Bonds payable	80,170,000	58,445,000
	<u>80,170,000</u>	<u>58,445,000</u>
Total liabilities		
	99,798,228	75,684,764
Deferred inflows of resources		
	204,509	306,764
	<u>204,509</u>	<u>306,764</u>
Total liabilities and deferred inflows of resources		
	100,002,737	75,991,528
Net position		
Net investment in capital assets		
Restricted	28,834,261	5,401,053
Unrestricted	11,502,651	4,178,724
	14,296,525	32,991,655
	<u>14,296,525</u>	<u>32,991,655</u>
Total net position		
	<u>\$ 54,633,437</u>	<u>\$ 42,571,432</u>

See accompanying notes.

River Ridge Development Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u> <u>(Restated)</u>
Operating revenues		
Rental income River Ridge property	\$ 412,222	\$ 736,043
Urban Enterprise Zone income	6,901,836	6,056,625
Tax increment financing income	4,465,445	5,023,477
Recycling and scrap sale income	156,216	333,338
Land proceeds	14,861,331	4,304,775
Water sales	<u>1,073,102</u>	<u>900,415</u>
Total operating revenues	27,870,152	17,354,673
Cost of land/infrastructure sold or transferred		
Cost of land sold	<u>(362,300)</u>	<u>(250,341)</u>
Total cost of land/infrastructure sold or transferred	<u>(362,300)</u>	<u>(250,341)</u>
Total operating revenues, net	27,507,852	17,104,332
Operating expenses		
Payroll	1,637,710	1,459,562
Employee benefits	452,894	424,522
Payroll taxes	116,221	107,214
Redevelopment expenses	709,246	1,993,167
Road and ground maintenance	294,017	356,387
Common area improvements	45,747	35,492
Common area expense	987,873	385,996
Depreciation expense	6,603,222	6,133,557
Legal fees	164,513	201,375
Bond issuance fees	265,002	99,850
Insurance	169,313	131,438
Marketing	247,476	210,667
Office equipment and supplies	158,202	336,859
Professional fees	96,569	95,280
Rental expense	45,518	58,964
Security	68,706	66,078
Training expense	16,426	9,870
Travel and meeting expense	70,845	17,466
Water supplies and contract	401,879	444,600
Environmental monitoring	17,112	-
Employee recruitment	80	10,029
Development obligation expense	<u>250,000</u>	<u>3,000,000</u>
Total operating expenses	<u>12,818,571</u>	<u>15,578,373</u>
Operating income	14,689,281	1,525,959
Nonoperating revenues (expenses)		
Interest income	290,730	105,633
Interest expense	(1,918,893)	(1,927,606)
Loss on disposal of capital assets	(1,111,401)	(5,804)
Other income	<u>112,288</u>	<u>12,929</u>
Total nonoperating (expenses) revenues	<u>(2,627,276)</u>	<u>(1,814,848)</u>
Changes in net position	12,062,005	(288,889)
Net position, beginning of year	<u>42,571,432</u>	<u>42,860,321</u>
Net position, end of year	<u>\$ 54,633,437</u>	<u>\$ 42,571,432</u>

See accompanying notes.

River Ridge Development Authority
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u> <u>(Restated)</u>
Cash flows from operating activities		
Cash received from tenant, land sales, and others	\$ 20,892,908	\$ 11,052,967
Cash paid to suppliers, employees, and others	(4,596,506)	(9,313,487)
Urban Enterprise Zone income received	6,901,836	6,056,625
Grants received	89,251	-
	<u>23,287,489</u>	<u>7,796,105</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of capital assets	(25,581,537)	(11,817,396)
Proceeds from disposal of capital assets	7,252,000	101,000
Interest received	290,730	105,633
Cash paid for interest expense	(1,986,196)	(1,977,412)
Other income	112,288	12,929
	<u>(19,912,715)</u>	<u>(13,575,246)</u>
Net cash used by investing activities		
Cash flows from financing activities		
Principal payments made on bonds	(3,387,156)	(2,355,724)
Proceeds received from borrowings, net of refinancing	13,910,860	14,259,953
	<u>10,523,704</u>	<u>11,904,229</u>
Net cash provided by financing activities		
Net increase in cash	13,898,478	6,125,088
Cash, beginning of year	<u>30,408,781</u>	<u>24,283,693</u>
Cash, end of year	<u>\$ 44,307,259</u>	<u>\$ 30,408,781</u>
Reconciliation of cash to the statement of net position		
Cash	\$ 27,780,279	\$ 21,870,876
Restricted cash - bond proceeds	11,502,651	4,178,724
Investments in cash	5,024,329	4,359,181
	<u>\$ 44,307,259</u>	<u>\$ 30,408,781</u>
Total cash		
Non-cash activities		
Fixed assets in accounts payable at year end	\$ (12,000,000)	\$ (160,653)

See accompanying notes.

River Ridge Development Authority
Statements of Cash Flows (Continued)
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u> <u>(Restated)</u>
Reconciliation of net operating income to net cash provided by operating activities		
Operating income	\$ 14,689,281	\$ 1,525,959
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	6,603,222	6,133,557
(Increase) decrease in		
Accounts receivable	(134,014)	(53,562)
Grants receivable	89,251	-
Prepaid expenses	(12,664)	(11,640)
Real estate available for sale	248,077	142,173
Lease receivable	88,875	(347,050)
Increase (decrease) in		
Deferred inflows of resources	(102,255)	306,764
Accounts payable and accruals	1,395,520	795
Advanced rental payments	(3,438)	1,608
Accrued compensated absences	(12,090)	1
Security deposits	500	(1,500)
Escrow deposits	437,224	99,000
	<u>\$ 23,287,489</u>	<u>\$ 7,796,105</u>

See accompanying notes.

River Ridge Development Authority
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

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 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, 2022 and 2021.
5. Accounts Receivable: Accounts receivable consists of amounts due from tenants for monthly lease payments. 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, 2022 and 2021.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

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 40 years for buildings, 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. Documented costs are used to offset the rental income received by the Authority.

7. Land Sale Proceeds: The Authority records proceeds from the sale of land at the gross sales price, net of cost of land sold, which includes the original price/acre the Authority paid for the land, real estate commissions and costs of improvements made to the land. At December 31, 2022 and 2021, gross land sale proceeds were \$14,861,331 and \$4,304,775, respectively, and costs of land sold or donated were \$362,300 and \$250,341, respectively.
8. 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.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues consist of land sale proceeds, Urban Enterprise Zone income and Tax Increment Financing income. Operating expenses include payroll, redevelopment expenses, depreciation, and other general operating expenses. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses, including interest income and capital asset transactions.

9. Use of Restricted and Unrestricted Resources: Restricted resources are primarily for specific infrastructure improvements and development activities. However, when both restricted and unrestricted resources are available for operational use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.
10. 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.
11. Lease Receivable and Deferred Inflow of Leases: During FY2022, the Authority, as a lessor, changed its method of accounting for leases to comply with GASB Statement No. 87, *Leases*. Previously the Authority treated all leases as operating leases. The Authority now recognizes a lease receivable and a deferred inflow on leases at commencement of the lease term, with certain exceptions for regulated leases and short-term leases. The lease receivable is measured at the present value of the lease payments expected to be received during the lease period. The deferred inflow on leases is measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. Revenue from the included leases is recognized by amortizing the deferred inflow on a straight-line basis. The Authority recorded a lease receivable and deferred inflow on leases of equal amount as of January 1, 2021 utilizing the facts and circumstances that existed at that date.

**River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021**

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, 2021 the Authority had a receivable from the grantor in the amount of \$89,251, for reimbursement of expenses which was collected in full during 2022.

Note D - Restricted Cash and Investments in Cash

The Authority obtains financing for future infrastructure improvements planned at River Ridge Commerce Center through the issuance of bonds (see Note G for additional information on the bonds payable). At December 31, 2022 and 2021, \$11,502,651 and \$4,178,724 in unspent bond proceeds, respectively, was available to fund anticipated future improvements and is classified as restricted cash and restricted net position on the Statements of Net Position.

The Authority has established a debt service for the repayment of bond debt (see Note G for additional information on the bonds payable). The funds are made up of proceeds from Tax Increment Financing income and Urban Enterprise Zone income. At December 31, 2022 and 2021, the balance of the debt service was \$4,462,165 and \$4,234,741, respectively. These amounts are classified as investments in cash and unrestricted net position on the Statements of Net Position at December 31, 2022 and 2021, respectively.

Security deposits total \$25,940 and \$25,440 at December 31, 2022 and 2021, respectively, and represent deposits made by tenants for property leased from the Authority. The liability for such deposits at December 31, 2022 and 2021 was \$25,940 and \$25,440, respectively. These funds are classified as investments in cash on the Statements of Net Position.

Escrow deposits consist of earnest money received for potential future real estate transactions. Escrow deposits totaled \$536,224 and \$99,000 at December 31, 2022 and 2021, respectively. The liability for such deposits at December 31, 2022 and 2021 was \$536,224 and \$99,000, respectively. These funds are classified as investments in cash on the Statements of Net Position.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

Note E - Capital Assets

The following is a summary of the capital assets activity during the years ended December 31, 2022 and 2021:

	Balance at 12/31/2021	Additions	Transfers	Dispositions	Balance at 12/31/2022
Buildings	\$ 458,493	\$ 12,574,205	\$ 30,484	\$ (8,363,401)	\$ 4,699,781
Equipment	1,584,080	150,212	-	(46,784)	1,687,508
Vehicles	669,879	142,653	-	-	812,532
Infrastructure	94,290,199	-	5,179,310	-	99,469,509
Leasehold improvements	67,705	-	-	(67,705)	-
Furniture and fixtures	-	137,357	-	(27,480)	109,877
Construction in process	11,148,262	24,416,456	(5,209,794)	-	30,354,924
	108,218,618	37,420,883	-	(8,505,370)	137,134,131
Less accumulated depreciation	(28,487,056)	(6,603,222)	-	141,970	(34,948,308)
Capital assets, net	<u>\$ 79,731,562</u>	<u>\$ 30,817,661</u>	<u>\$ -</u>	<u>\$ (8,363,400)</u>	<u>\$ 102,185,823</u>
	Balance at 12/31/2020	Additions	Transfers	Dispositions	Balance at 12/31/2021
Buildings	\$ 435,292	\$ 23,201	\$ -	\$ -	\$ 458,493
Equipment	1,774,080	-	-	(190,000)	1,584,080
Vehicles	288,032	381,847	-	-	669,879
Infrastructure	91,840,901	50,800	2,398,498	-	94,290,199
Leasehold improvements	67,705	-	-	-	67,705
Construction in process	4,088,369	9,458,391	(2,398,498)	-	11,148,262
	98,494,379	9,914,239	-	(190,000)	108,218,618
Less accumulated depreciation	(22,436,695)	(6,133,557)	-	83,196	(28,487,056)
Capital assets, net	<u>\$ 76,057,684</u>	<u>\$ 3,780,682</u>	<u>\$ -</u>	<u>\$ (106,804)</u>	<u>\$ 79,731,562</u>

Depreciation expense was \$6,603,222 and \$6,133,557 for the years ended December 31, 2022 and 2021, respectively.

Note F - Real Estate Available for Sale

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.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

Note F - Real Estate Available for Sale (Continued)

According to the agreements, the Conveyance Consideration shall be paid to the United States Army no later than ten years after the date of conveyance of the property. The final conveyance of property occurred during the year ended December 31, 2016. During the year ended December 31, 2018, the Authority paid the Conveyance Consideration in full using reconciliation credits. 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.

Real estate available for sale totaled \$7,581,906 and \$7,829,983 at December 31, 2022 and 2021, respectively, and consisted of approximately 4,118 and 4,300 acres, respectively.

Note G - Long-term Debt

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 2015 Series B ("TIRR")). The refinanced bonds bore interest at 2.66%. These bonds were refinanced in 2021 with the TIRR Bonds Series 2021.

During May 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 were set to mature February 1, 2034. The bond bore interest at 4.60%. During 2019, the Authority refinanced the bonds through a bond issuance of \$16,270,000 (Tax Increment Revenue Refunding Bonds 2019 Series A ("TIRR")). The refinanced bonds bear interest at 2.69%. Principal and interest are payable semiannually and payments began on February 1, 2020. The remaining principal balance on the bonds at December 31, 2022 and 2021 was \$13,045,000 and \$14,100,000, respectively.

During August 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 bore interest at 3.38%. These bonds were refinanced in 2021 with the TIRR Bonds Series 2021.

During September 2016, the Authority obtained financing for future infrastructure improvements planned at River Ridge Commerce Center through a bond issuance of \$15,000,000 (Tax Increment Revenue ("TIR") Bonds). The bonds were issued September 30, 2016. The bonds bore interest at 3.09%. These bonds were refinanced in 2021 with the TIRRR Bonds Series 2021.

During May 2018, the Authority issued tax increment revenue bond anticipation notes ("BANs") in the amount of \$18,500,000 to temporarily fund capital projects prior to the issuance of serial revenue bonds. The note was issued on May 23, 2018 and was set to mature August 1, 2020. The note bore interest at 3.45%. Principal on the note was due in one installment at maturity. During 2019, the Authority refinanced the BANs through a bond issuance of \$18,750,000 (Tax Increment Revenue Refunding Bonds 2019 Series B ("TIRR")). The refinanced bonds mature on August 1, 2039 and bear interest at 3.09%. Principal and interest are payable semiannually and payments began on February 1, 2020. The remaining principal balance on the bonds at December 31, 2022 and 2021 was \$17,635,000 and \$17,950,000, respectively.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

Note G - Long-term Debt (Continued)

During December 2019, the Authority issued tax increment revenue bond anticipation notes in the amount of \$25,000,000 to temporarily fund capital projects prior to the issuance of serial revenue bonds. The note was issued on December 20, 2019. The note bore interest at 3.05%. The remaining principal balance on the bonds at December 31, 2021 was \$12,610,509. These bonds were refinanced in 2022 with the TIR Bond of 2022.

During August 2021, the Authority issued tax increment revenue bonds in the amount of \$29,670,000 to refinance various obligations as noted above. The bonds were issued August 16, 2021 and bear interest at 1.79%. Principal and interest are payable semiannually and payments began February 1, 2022 and have a maturity date of August 1, 2036. The unspent bond proceeds at December 31, 2022 and 2021 was \$0 and \$4,076,188, respectively. The remaining principal balance on the bonds at December 31, 2022 and 2021 was \$27,765,000 and \$29,670,000, respectively.

During December 2022, the Authority issued tax increment revenue bonds in the amount of \$25,345,000 to refinance various obligations as noted above. The bonds were issued December 20, 2022 and bear interest at 3.05%. Principal and interest are payable semiannually and payments began February 1, 2023 and have a maturity date of August 1, 2042. The principal balance on the bonds at December 31, 2022 was \$25,345,000. The unspent bond proceeds at December 31, 2022 was approximately \$11,503,000.

During December 2022, the Authority issued tax increment revenue bond anticipation notes in the amount of \$1,176,369 to temporarily fund capital projects prior to the issuance of serial revenue bonds. The note was issued on December 20, 2022. The note bore interest at 4.00% which is payable in semiannual installments to begin on February 1, 2023. Principal on the note is due in one installment at maturity. The remaining principal balance on the bonds at December 31, 2022 was \$1,064,213.

Bond interest payable at December 31, 2022 and 2021 was \$644,526 and \$711,829, respectively.

Long-term debt activity for the year ended December 31, 2022 was as follows:

	Balance 12/31/21	Additions	Payments	Refinanced	Balance 12/31/22	Amounts due within one year
2019 Bond Anticipation Notes	\$ 12,610,509	\$ -	\$ -	\$ (12,610,509)	\$ -	\$ -
TIR Bond of 2019, Series A	14,100,000	-	(1,055,000)	-	13,045,000	1,080,000
TIR Bond of 2019, Series B	17,950,000	-	(315,000)	-	17,635,000	330,000
TIRRR Bonds - Series 2021	29,670,000	-	(1,905,000)	-	27,765,000	1,470,000
TIR Bond of 2022	-	25,345,000	-	-	25,345,000	740,000
2022 Bond Anticipation Note	-	1,176,369	(112,156)	-	1,064,213	1,064,213
	<u>\$ 74,330,509</u>	<u>\$ 26,521,369</u>	<u>\$ (3,387,156)</u>	<u>\$ (12,610,509)</u>	<u>\$ 84,854,213</u>	<u>\$ 4,684,213</u>

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

Note G - Long-term Debt (Continued)

Long-term debt activity for the year ended December 31, 2021 was as follows:

	Balance 12/31/20	Additions	Payments	Refinanced	Balance 12/31/21	Amounts due within one year
TIR Bond of 2015, Series A	\$ 6,908,335	\$ -	\$ (360,448)	\$ (6,547,887)	\$ -	\$ -
TIR Bond of 2015, Series B	3,804,692	-	(651,276)	(3,153,416)	-	-
TIR Bond of 2016, Series A	14,805,000	-	(14,000)	(14,791,000)	-	-
2019 Bond Anticipation Notes	3,528,253	9,082,256	-	-	12,610,509	12,610,509
TIR Bond of 2019, Series A	15,125,000	-	(1,025,000)	-	14,100,000	1,055,000
TIR Bond of 2019, Series B	18,255,000	-	(305,000)	-	17,950,000	315,000
TIRRR Bonds - Series 2021	-	29,670,000	-	-	29,670,000	1,905,000
	<u>\$ 62,426,280</u>	<u>\$ 38,752,256</u>	<u>\$ (2,355,724)</u>	<u>\$ (24,492,303)</u>	<u>\$ 74,330,509</u>	<u>\$ 15,885,509</u>

As of December 31, 2022, bonds mature as follows:

	Principal	Interest	Total
2023	\$ 4,684,213	\$ 1,843,201	\$ 6,527,414
2024	3,405,000	2,057,561	5,462,561
2025	3,490,000	1,975,814	5,465,814
2026	3,570,000	1,893,035	5,463,035
2027	3,655,000	1,806,101	5,461,101
2028 - 2032	19,645,000	7,664,821	27,309,821
2033 - 2037	21,925,000	5,246,015	27,171,015
2038 - 2042	24,480,000	2,103,973	26,583,973
Total	<u>\$ 84,854,213</u>	<u>\$ 24,590,521</u>	<u>\$ 109,444,734</u>

Interest expense related to the 2022 Bond Anticipation Notes is excluded from the maturity table. Interest expense for the 2022 Bond Anticipation Notes is calculated from future draws, however, as of December 31, 2022 that amount cannot be reasonably estimated.

Note H - Advanced Rental Payments

The Authority recognizes rent paid by tenants for future periods as advanced rental payments on the Statements of Net Position. The liability for advanced rental payments at December 31, 2022 and 2021, was \$1,455 and \$4,893, respectively.

Note I - 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, 2022 and 2021, accrued compensated absences were \$96,026 and \$108,116, respectively.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

Note J - 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 \$92,842 and \$87,594 for the years ended December 31, 2022 and 2021, respectively. These amounts are included in employee benefits in the Statements of Revenues, Expenses and Changes in Net Position.

Note K - Leases Receivable and Deferred Inflows of Resources

On October 1, 2014, the Authority entered into a 60-month lease as Lessor for the use of the Authority's acreage. Upon adoption of GASB Statement No. 87, *Leases*, an initial lease receivable and deferred inflows of resources were recorded in the amount of \$231,107. As of December 31, 2022, and 2021, the value of the lease receivable was \$145,877 and \$196,093, respectively. The lessee is required to make monthly fixed payments of \$9,509. The value of the related deferred inflows of resources as of December 31, 2022, and 2021, was \$115,554 and \$173,330, respectively, and the Authority recognized lease revenue of \$50,216 and \$35,014 during the years ending December 31, 2022, and 2021, respectively. The Authority recognized lease interest income of \$63,892 and \$79,904 during the years ending December 31, 2022, and 2021, respectively. Lease income related to leases is seen to derive from the operating activities of the Authority and is therefore included in Rental income River Ridge property on the Statements of Revenue, Expenses and Changes in Net Position.

On October 1, 2019, the Authority entered into a 20-month lease as Lessor for the use of the Authority's acreage. Upon adoption of GASB Statement No. 87, *Leases*, an initial lease receivable and deferred inflows of resources were recorded in the amount of \$177,911. As of December 31, 2022, and 2021, the value of the lease receivable was \$112,298 and \$150,957, respectively. The lessee is required to make monthly fixed payments of \$7,320. The value of the related deferred inflows of resources as of December 31, 2022, and 2021, was \$88,955 and \$133,434, respectively, and the Authority recognized lease revenue of \$38,658 and \$26,955, during the years ending December 31, 2022 and 2021, respectively. The Authority recognized lease interest income of \$49,185 and \$60,888 during the years ending December 31, 2022, and 2021, respectively.

The Authority used its estimated incremental borrowing rate as of December 31, 2020, to determine the present values of the leases. The deferred inflow on lease activity for fiscal year 2022 is as follows:

Future minimum lease payments and net present value of these minimum lease payments included in the measurement of the lease receivable as of December 31, 2022, are as follows:

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 127,448	\$ 66,481	\$ 193,929
2024	130,727	20,735	151,462
Total	<u>\$ 258,175</u>	<u>\$ 87,216</u>	<u>\$ 345,391</u>

The deferred inflow on lease activity for fiscal year 2022 is as follows:

<u>Beginning balance</u>	<u>Deferred revenue recognized</u>	<u>Ending balance</u>
<u>\$ 306,764</u>	<u>\$ 102,255</u>	<u>\$ 204,509</u>

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

Note L - 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, 2022 and 2021 was \$44,307,259 and \$30,408,781, respectively. The bank balance at December 31, 2022 and 2021 was \$44,435,393 and \$30,999,455, respectively.

Note M - 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 for the past three years. There were no significant reductions in insurance coverage by major category of risk.

Note N - Environmental Remediation

The United States Department of the Army is responsible for any environmental remediation of designated areas as defined in the property deeds of conveyance issued to the Authority by the Army. Management believes no accrual is necessary for environmental issues.

Prior to expiration, the Authority renewed the environmental liability insurance policy in 2019. The environmental liability insurance policy provides coverage for five years beginning on September 16, 2019, with a maximum of \$20 million in payouts, either individually, or in the aggregate. The policy premium is \$298,198 and is payable in four quarterly installments two in which were made in 2022 and 2021, respectively. This policy will protect the Authority from claims of pollution incidents and business interruption coverage at insured sites. The Authority has determined the insurance is necessary after a review by environmental attorneys. There have been no payouts through December 31, 2022 under this policy.

Note O - Commitments and Contingencies

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.

Development obligation expense for the year ended December 31, 2022, and 2021 includes \$250,000 and \$3,000,000, respectively, related to RRDA terminating a tenant's leasehold interest early. This amount represents the appraised value of the tenant's remaining leasehold interest.

The Authority has entered into an agreement with the City of Charlestown, Indiana to commit \$12,000,000 for improvements to the City's wastewater treatment plant. As of December 31, 2022, the City had not made a substantial attempt to procure a developer for the construction of its wastewater treatment plant which is a requirement for the agreement to become irrevocably final and binding, thus no related asset or liability existed as of the balance sheet date.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

Note P - Estimated Cost of Future Land Improvements

The Authority must continue efforts in site development and infrastructure improvements to establish marketable land for purposes of land sales. Conservative estimates for site development and infrastructure improvements are at a minimum as follows:

2023	\$ 20,000,000
2024	20,000,000
2025	20,000,000
2026	20,000,000
2027	20,000,000
Thereafter	<u>170,000,000</u>
	<u>\$ 270,000,000</u>

Note Q - Recent Accounting Pronouncements

In June 2017, the *Governmental Accounting Standards Board* ("GASB") issued statement No. 87, *Leases*. The provisions of this Statement were effective for fiscal years beginning after December 15, 2018 but were postponed by eighteen months as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The Authority implemented GASB Statement No. 87, *Leases*, for the period ending December 31, 2022 and restated the December 31, 2021 financial statements to conform with the December 31, 2022 presentation.

GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements*, was issued in May 2020. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for governments. This Statement defines an SBITA, establishes that a SBITA results in a right-to-use subscription intangible asset and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments and requires note disclosures regarding an SBITA. The standards for SBITAs are based on the standards established in Statement No. 87 - *Leases*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 101 - *Compensated Absences*, was issued in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

The Authority is currently evaluating the impact that will result from adopting the Statements No. 96 and 101 noted above and is therefore unable to disclose the impact that adopting these Standards will have on the Authority's financial position and the results of its operations when the Statements are adopted.

Supplementary Information

River Ridge Development Authority
Tax Increment Revenue Bonds of 2019, Series A - Amortization Schedule
December 31, 2022

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Period total</u>	<u>Fiscal total</u>
2/1/2023	\$ 535,000	2.69%	\$ 175,455	\$ 710,455	\$ -
8/1/2023	545,000	2.69%	168,260	713,260	1,423,715
2/1/2024	550,000	2.69%	160,929	710,929	-
8/1/2024	560,000	2.69%	153,532	713,532	1,424,461
2/1/2025	565,000	2.69%	146,000	711,000	-
8/1/2025	575,000	2.69%	138,401	713,401	1,424,401
2/1/2026	580,000	2.69%	130,667	710,667	-
8/1/2026	590,000	2.69%	122,866	712,866	1,423,533
2/1/2027	600,000	2.69%	114,930	714,930	-
8/1/2027	605,000	2.69%	106,860	711,860	1,426,790
2/1/2028	615,000	2.69%	98,723	713,723	-
8/1/2028	620,000	2.69%	90,451	710,451	1,424,174
2/1/2029	630,000	2.69%	82,112	712,112	-
8/1/2029	640,000	2.69%	73,639	713,639	1,425,751
2/1/2030	645,000	2.69%	65,031	710,031	-
8/1/2030	655,000	2.69%	56,356	711,356	1,421,387
2/1/2031	665,000	2.69%	47,546	712,546	-
8/1/2031	675,000	2.69%	38,602	713,602	1,426,148
2/1/2032	685,000	2.69%	29,523	714,523	-
8/1/2032	690,000	2.69%	20,310	710,310	1,424,833
2/1/2033	325,000	2.69%	11,029	336,029	-
8/1/2033	330,000	2.69%	6,658	336,658	672,687
2/1/2034	165,000	2.69%	2,216	167,216	167,216
	<u>\$ 13,045,000</u>		<u>\$ 2,040,096</u>	<u>\$ 15,085,096</u>	<u>\$ 15,085,096</u>

See accompanying independent auditor's report.

River Ridge Development Authority
Tax Increment Revenue Bonds of 2019, Series B - Amortization Schedule
December 31, 2022

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Period total</u>	<u>Fiscal total</u>
2/1/2023	\$ 165,000	3.09%	\$ 272,461	\$ 437,461	\$ -
8/1/2023	165,000	3.09%	269,912	434,912	872,373
2/1/2024	170,000	3.09%	267,362	437,362	-
8/1/2024	165,000	3.09%	264,736	429,736	867,098
2/1/2025	170,000	3.09%	262,187	432,187	-
8/1/2025	175,000	3.09%	259,560	434,560	866,747
2/1/2026	180,000	3.09%	256,856	436,856	-
8/1/2026	180,000	3.09%	254,075	434,075	870,931
2/1/2027	180,000	3.09%	251,294	431,294	-
8/1/2027	185,000	3.09%	248,513	433,513	864,807
2/1/2028	185,000	3.09%	245,655	430,655	-
8/1/2028	195,000	3.09%	242,797	437,797	868,452
2/1/2029	195,000	3.09%	239,784	434,784	-
8/1/2029	195,000	3.09%	236,771	431,771	866,555
2/1/2030	200,000	3.09%	233,759	433,759	-
8/1/2030	205,000	3.09%	230,669	435,669	869,428
2/1/2031	205,000	3.09%	227,501	432,501	-
8/1/2031	210,000	3.09%	224,334	434,334	866,835
2/1/2032	210,000	3.09%	221,090	431,090	-
8/1/2032	220,000	3.09%	217,845	437,845	868,935
2/1/2033	595,000	3.09%	214,446	809,446	-
8/1/2033	605,000	3.09%	205,253	810,253	1,619,699
2/1/2034	25,000	3.09%	195,906	220,906	-
8/1/2034	190,000	3.09%	195,520	385,520	606,426
2/1/2035	195,000	3.09%	192,584	387,584	-
8/1/2035	195,000	3.09%	189,572	384,572	772,156
2/1/2036	200,000	3.09%	186,559	386,559	-
8/1/2036	205,000	3.09%	183,469	388,469	775,028
2/1/2037	1,870,000	3.09%	180,302	2,050,302	-
8/1/2037	1,900,000	3.09%	151,410	2,051,410	4,101,712
2/1/2038	1,930,000	3.09%	122,055	2,052,055	-
8/1/2038	1,960,000	3.09%	92,237	2,052,237	4,104,292
2/1/2039	1,990,000	3.09%	61,955	2,051,955	-
8/1/2039	2,020,000	3.09%	31,204	2,051,204	4,103,159
	<u>\$ 17,635,000</u>		<u>\$ 7,129,633</u>	<u>\$ 24,764,633</u>	<u>\$ 24,764,633</u>

See accompanying independent auditor's report.

River Ridge Development Authority
Tax Increment Revenue Bonds of 2021 - Amortization Schedule
December 31, 2022

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Period total</u>	<u>Fiscal total</u>
2/1/2023	\$ 735,000	1.79%	\$ 248,497	\$ 983,497	\$ -
8/1/2023	735,000	1.79%	241,919	976,919	1,960,416
2/1/2024	740,000	1.79%	235,340	975,340	-
8/1/2024	750,000	1.79%	228,717	978,717	1,954,057
2/1/2025	760,000	1.79%	222,005	982,005	-
8/1/2025	765,000	1.79%	215,203	980,203	1,962,208
2/1/2026	930,000	1.79%	208,356	1,138,356	-
8/1/2026	610,000	1.79%	200,033	810,033	1,948,389
2/1/2027	780,000	1.79%	194,573	974,573	-
8/1/2027	795,000	1.79%	187,592	982,592	1,957,165
2/1/2028	795,000	1.79%	180,477	975,477	-
8/1/2028	810,000	1.79%	173,362	983,362	1,958,839
2/1/2029	815,000	1.79%	166,112	981,112	-
8/1/2029	815,000	1.79%	158,818	973,818	1,954,930
2/1/2030	830,000	1.79%	151,524	981,524	-
8/1/2030	835,000	1.79%	144,095	979,095	1,960,619
2/1/2031	835,000	1.79%	136,622	971,622	-
8/1/2031	850,000	1.79%	129,149	979,149	1,950,771
2/1/2032	860,000	1.79%	121,541	981,541	-
8/1/2032	860,000	1.79%	113,844	973,844	1,955,385
2/1/2033	870,000	1.79%	106,147	976,147	-
8/1/2033	890,000	1.79%	98,361	988,361	1,964,508
2/1/2034	1,630,000	1.79%	90,395	1,720,395	-
8/1/2034	1,680,000	1.79%	75,807	1,755,807	3,476,202
2/1/2035	1,685,000	1.79%	60,771	1,745,771	-
8/1/2035	1,680,000	1.79%	45,690	1,725,690	3,471,461
2/1/2036	1,555,000	1.79%	30,654	1,585,654	-
8/1/2036	<u>1,870,000</u>	1.79%	<u>16,731</u>	<u>1,886,731</u>	<u>3,472,385</u>
	<u>\$ 27,765,000</u>		<u>\$ 4,182,335</u>	<u>\$ 31,947,335</u>	<u>\$ 31,947,335</u>

See accompanying independent auditor's report.

River Ridge Development Authority
Tax Increment Revenue Bonds of 2022 - Amortization Schedule
December 31, 2022

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Period total</u>	<u>Fiscal total</u>
2/1/2023	\$ 515,000	3.05%	\$ 88,039	\$ 603,039	\$ -
8/1/2023	225,000	3.05%	378,658	603,658	1,206,697
2/1/2024	230,000	3.05%	375,226	605,226	-
8/1/2024	240,000	3.05%	371,719	611,719	1,216,945
2/1/2025	240,000	3.05%	368,059	608,059	-
8/1/2025	240,000	3.05%	364,399	604,399	1,212,458
2/1/2026	85,000	3.05%	360,739	445,739	-
8/1/2026	415,000	3.05%	359,443	774,443	1,220,182
2/1/2027	255,000	3.05%	353,114	608,114	-
8/1/2027	255,000	3.05%	349,225	604,225	1,212,339
2/1/2028	265,000	3.05%	345,336	610,336	-
8/1/2028	260,000	3.05%	341,295	601,295	1,211,631
2/1/2029	265,000	3.05%	337,330	602,330	-
8/1/2029	275,000	3.05%	333,289	608,289	1,210,619
2/1/2030	280,000	3.05%	329,095	609,095	-
8/1/2030	280,000	3.05%	324,825	604,825	1,213,920
2/1/2031	290,000	3.05%	320,555	610,555	-
8/1/2031	290,000	3.05%	316,133	606,133	1,216,688
2/1/2032	295,000	3.05%	311,710	606,710	-
8/1/2032	300,000	3.05%	307,211	607,211	1,213,921
2/1/2033	310,000	3.05%	302,636	612,636	-
8/1/2033	300,000	3.05%	297,909	597,909	1,210,545
2/1/2034	330,000	3.05%	293,334	623,334	-
8/1/2034	300,000	3.05%	288,301	588,301	1,211,635
2/1/2035	315,000	3.05%	283,726	598,726	-
8/1/2035	340,000	3.05%	278,923	618,923	1,217,649
2/1/2036	485,000	3.05%	273,738	758,738	-
8/1/2036	190,000	3.05%	266,341	456,341	1,215,079
2/1/2037	345,000	3.05%	263,444	608,444	-
8/1/2037	350,000	3.05%	258,183	608,183	1,216,627
2/1/2038	355,000	3.05%	252,845	607,845	-
8/1/2038	360,000	3.05%	247,431	607,431	1,215,276
2/1/2039	365,000	3.05%	241,941	606,941	-
8/1/2039	370,000	3.05%	236,375	606,375	1,213,316
2/1/2040	2,425,000	3.05%	230,733	2,655,733	-
8/1/2040	2,465,000	3.05%	193,751	2,658,751	5,314,484
2/1/2041	2,500,000	3.05%	156,160	2,656,160	-
8/1/2041	2,540,000	3.05%	118,035	2,658,035	5,314,195
2/1/2042	2,580,000	3.05%	79,300	2,659,300	-
8/1/2042	<u>2,620,000</u>	3.05%	<u>39,951</u>	<u>2,659,951</u>	<u>5,319,251</u>
	<u>\$ 25,345,000</u>		<u>\$ 11,238,457</u>	<u>\$ 36,583,457</u>	<u>\$ 36,583,457</u>

See accompanying independent auditor's report.



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

Board of 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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of River Ridge Development Authority (the "Authority") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 22, 2023.

Report on 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is reasonable possibility that a material misstatement of the Authority'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 over financial reporting 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)**

Report on 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 financial statements. 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.

MCM CPAs & Advisors LLP

Jeffersonville, Indiana
February 22, 2023