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March 8, 2024

Board of Directors
River Ridge Development Authority
Clark County, Indiana

We have reviewed the audit report of River Ridge Development Authority, which was opined upon by Cherry Bekaert LLP, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Report of Independent Auditor*, the financial statements included in the report present fairly the financial condition of River Ridge Development Authority as of December 31, 2023, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Cherry Bekaert 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

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Years Ended December 31, 2023 and 2022

And Report of Independent Auditor

RIVER RIDGE DEVELOPMENT AUTHORITY
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Report of Independent Auditor

To the Board of Directors
River Ridge Development Authority
Jeffersonville, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the River Ridge Development Authority (the "Authority"), as of and for the years ended December 31, 2023 and 2022, 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 financial statements present fairly, in all material respects, the financial position of the Authority, as of December 31, 2023 and 2022, and the changes in financial position and its cash flows 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 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.

Prior Period Financial Statements

The financial statements as of December 31, 2022, were audited by MCM CPAs & Advisors LLP, which was acquired by Cherry Bekaert LLP as of October 31, 2023, and whose report dated February 22, 2023, expressed an unmodified 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.

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 auditing standards generally accepted in the United States of America and *Government 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 auditing standards generally accepted in the United States of America 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is 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 20, 2024, 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.

Cherry Bekaert LLP

Jeffersonville, Indiana
February 20, 2024

RIVER RIDGE DEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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, 2023 and 2022.

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, liabilities, and deferred outflows of resources 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, 2023 AND 2022

Required financial statements (continued)

Table 1
Condensed Statements of Net Position

| | <u>2023</u> | <u>2022</u> | <u>Increase (Decrease)</u> | <u>2021</u> | <u>Increase (Decrease)</u> |
|--------------------------------------|----------------------|----------------------|--------------------------------|----------------------|--------------------------------|
| ASSETS | | | | | |
| Current assets | \$ 67,361,081 | \$ 39,713,389 | \$ 27,647,692 | \$ 26,384,058 | \$ 13,329,331 |
| Noncurrent assets | 6,246,017 | 5,155,056 | 1,090,961 | 4,617,357 | 537,699 |
| Capital assets, net | 112,791,666 | 102,185,823 | 10,605,843 | 79,731,562 | 22,454,261 |
| Other assets | 5,479,790 | 7,581,906 | (2,102,116) | 7,829,983 | (248,077) |
| Total Assets | <u>191,878,554</u> | <u>154,636,174</u> | <u>37,242,380</u> | <u>118,562,960</u> | <u>36,073,214</u> |
| LIABILITIES | | | | | |
| Current liabilities | 29,049,607 | 19,066,064 | 9,983,543 | 17,115,324 | 1,950,740 |
| Other liabilities | 68,440 | 562,164 | (493,724) | 124,440 | 437,724 |
| Long-term debt | 76,765,000 | 80,170,000 | (3,405,000) | 58,445,000 | 21,725,000 |
| Total Liabilities | <u>105,883,047</u> | <u>99,798,228</u> | <u>6,084,819</u> | <u>75,684,764</u> | <u>24,113,464</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| | 102,255 | 204,509 | (102,254) | 306,764 | (102,255) |
| Net investment in capital assets | 10,088,282 | 28,834,261 | (18,745,979) | 5,401,053 | 23,433,208 |
| Unrestricted | 75,804,970 | 25,799,176 | 50,005,794 | 37,170,379 | (11,371,203) |
| Total Net Position | <u>\$ 85,893,252</u> | <u>\$ 54,633,437</u> | <u>\$ 31,259,815</u> | <u>\$ 42,571,432</u> | <u>\$ 12,062,005</u> |

Total assets increased \$37,242,380 in 2023. Restricted cash decreased by \$11,089,810 which was mainly due to the payment of service rights commitments made to the City of Jeffersonville to guarantee rights to continue using wastewater services. The capital asset increase of \$10,605,843 was attributable to infrastructure projects completed in 2023.

Long-term liabilities decreased \$3,405,000 primarily as a result of principal payments on long-term debt.

Total net position increased \$31,259,815 in 2023. This increase was primarily the result of an increase in cash resulting from three (3) land sales including one of 613.2 acres.

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

| | <u>2023</u> | <u>2022</u> | <u>Increase (Decrease)</u> | <u>2021</u> | <u>Increase (Decrease)</u> |
|---|----------------------|----------------------|--------------------------------|---------------------|--------------------------------|
| Total revenues, including nonoperating revenues | \$ 48,707,377 | \$ 27,910,870 | \$ 20,796,507 | \$ 17,222,894 | \$ 10,687,976 |
| Total expenses, including nonoperating expenses | 17,447,562 | 15,848,865 | 1,598,697 | 17,511,783 | (1,662,918) |
| Changes in Net Position | <u>\$ 31,259,815</u> | <u>\$ 12,062,005</u> | <u>\$ 19,197,810</u> | <u>\$ (288,889)</u> | <u>\$ 12,350,894</u> |

The increased industrial activity experienced in 2022 carried over into 2023 resulting in RRDA's land sales for the year increasing \$30,052,584 or 202% over 2022. Much of the development was attributed to successful attraction of new industry sectors to the Commerce Center including renewable energy, diversification of the food processing sector and a new hyper scale" data center operation.

RIVER RIDGE DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEARS ENDED DECEMBER 31, 2023 AND 2022

Required financial statements (continued)

In 2023, the Authority sold approximately 628.06 acres with proceeds of \$44,913,915, compared to 172 acres and \$14,861,331 in 2022. New investments for 2023 included 623.20 acres by Blocke, LLC and approximately 14.86 acres by Mr. "P" Express and Chryso, Inc.

Future Operations – The Authority expects 2024 land sales to be considerably less than the levels experienced in 2023. Project activity will also likely decrease throughout the year. Urban Enterprise Zone ("UEZ") and Tax Increment Financing ("TIF") revenues should 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 2023 the Authority invested an additional \$26.2 million in those improvements. The 2024 projects are expected to total approximately \$29 million which will be funded through existing bonds, TIF revenues and a new 2024 bond anticipation note ("BAN").

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, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|---|------------------------------|------------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | \$ 23,790,511 | \$ 27,780,279 |
| Restricted cash - bond proceeds | 412,841 | 11,502,651 |
| Accounts receivable | 42,993,688 | 231,750 |
| Lease receivable - current portion | 130,727 | 127,448 |
| Prepaid expenses | 33,314 | 71,261 |
| Total Current Assets | <u>67,361,081</u> | <u>39,713,389</u> |
| Noncurrent Assets: | | |
| Lease receivable - noncurrent portion | - | 130,727 |
| Cash held for debt service and deposits | 6,246,017 | 5,024,329 |
| Total Noncurrent Assets | <u>6,246,017</u> | <u>5,155,056</u> |
| Capital Assets: | | |
| Buildings | 4,968,168 | 4,699,781 |
| Land - common areas | 1,388,415 | - |
| Equipment | 1,824,395 | 1,687,508 |
| Vehicles | 774,561 | 812,532 |
| Infrastructure | 117,446,104 | 99,469,509 |
| Furniture and fixtures | 109,877 | 109,877 |
| Construction in process | 16,484,223 | 18,354,924 |
| Service rights | 12,000,000 | 12,000,000 |
| | <u>154,995,743</u> | <u>137,134,131</u> |
| Less accumulated depreciation | <u>(42,204,077)</u> | <u>(34,948,308)</u> |
| Capital assets, net | <u>112,791,666</u> | <u>102,185,823</u> |
| Real estate available for sale | <u>5,479,790</u> | <u>7,581,906</u> |
| Total Assets | <u><u>\$ 191,878,554</u></u> | <u><u>\$ 154,636,174</u></u> |

The accompanying notes to the financial statements are an integral part of these statements.

RIVER RIDGE DEVELOPMENT AUTHORITY
STATEMENTS OF NET POSITION (CONTINUED)

DECEMBER 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts payable and accruals | \$ 1,376,907 | \$ 1,639,844 |
| Payable to City of Jeffersonville | - | 12,000,000 |
| Current portion of bonds payable | 3,405,000 | 3,620,000 |
| Bond anticipation notes | 22,946,225 | 1,064,213 |
| Bond interest payable | 1,199,767 | 644,526 |
| Advanced rental payments | 1,498 | 1,455 |
| Accrued compensated absences | 120,210 | 96,026 |
| Total Current Liabilities | <u>29,049,607</u> | <u>19,066,064</u> |
| Noncurrent Liabilities: | | |
| Security deposits | 23,440 | 25,940 |
| Escrow deposits | 45,000 | 536,224 |
| Bonds payable | 76,765,000 | 80,170,000 |
| Total Noncurrent Liabilities | <u>76,833,440</u> | <u>80,732,164</u> |
| Total Liabilities | <u>105,883,047</u> | <u>99,798,228</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to lease receivable | 102,255 | 204,509 |
| Total Deferred Inflows of Resources | <u>102,255</u> | <u>204,509</u> |
| NET POSITION | | |
| Net investment in capital assets | 10,088,282 | 28,834,261 |
| Unrestricted | 75,804,970 | 25,799,176 |
| Total Net Position | <u>\$ 85,893,252</u> | <u>\$ 54,633,437</u> |

The accompanying notes to the financial statements are an integral part of these statements.

RIVER RIDGE DEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | 2022 |
|---|---------------------|-------------------|
| Operating Revenues: | | |
| Rental income River Ridge property | \$ 233,597 | \$ 412,222 |
| Urban Enterprise Zone income | 7,442,396 | 6,901,836 |
| Tax increment financing income | 5,254,661 | 4,465,445 |
| Recycling and scrap sale income | 95,053 | 156,216 |
| Land proceeds | 44,913,915 | 14,861,331 |
| Water sales | 1,182,243 | 1,073,102 |
| River Ridge Property Owners Association dues | 848,478 | - |
| Total Operating Revenues | <u>59,970,343</u> | <u>27,870,152</u> |
| Cost of land/infrastructure sold or transferred | | |
| Cost of land sold | <u>(12,713,701)</u> | <u>(362,300)</u> |
| Total Cost of Land/Infrastructure Sold or Transferred | <u>(12,713,701)</u> | <u>(362,300)</u> |
| Total Operating Revenues, Net | <u>47,256,642</u> | <u>27,507,852</u> |
| Operating Expenses: | | |
| Payroll | 1,895,404 | 1,637,710 |
| Employee benefits | 485,006 | 452,894 |
| Payroll taxes | 130,360 | 116,221 |
| Redevelopment expenses | 540,234 | 709,246 |
| Road and ground maintenance | 310,457 | 294,017 |
| Common area expense | 1,078,811 | 1,033,620 |
| Depreciation expense | 7,503,129 | 6,603,222 |
| Legal fees | 182,807 | 164,513 |
| Bond issuance fees | 130,766 | 265,002 |
| Insurance | 212,339 | 169,313 |
| Marketing | 238,033 | 247,476 |
| Office equipment and supplies | 252,303 | 158,202 |
| Professional fees | 123,058 | 96,569 |
| Rental expense | - | 45,518 |
| Security | 80,137 | 68,706 |
| Training expense | 25,894 | 16,426 |
| Travel and meeting expense | 90,263 | 70,845 |
| Water supplies and contract | 487,565 | 401,879 |
| Environmental monitoring | 60,637 | 17,112 |
| Employee recruitment | 26,890 | 80 |
| Development obligation expense | <u>1,072,312</u> | <u>250,000</u> |
| Total Operating Expenses | <u>14,926,405</u> | <u>12,818,571</u> |
| Operating Income | <u>32,330,237</u> | <u>14,689,281</u> |

The accompanying notes to the financial statements are an integral part of these statements.

RIVER RIDGE DEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(CONTINUED)

YEARS ENDED DECEMBER 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|----------------------|----------------------|
| Nonoperating Revenues (Expenses): | | |
| Interest income | \$ 1,448,210 | \$ 290,730 |
| Interest expense | (2,521,157) | (1,918,893) |
| Loss on disposal of capital assets | - | (1,111,401) |
| Other income | 2,525 | 112,288 |
| Total Nonoperating Expenses | <u>(1,070,422)</u> | <u>(2,627,276)</u> |
| Changes in net position | 31,259,815 | 12,062,005 |
| Net position, beginning of year | <u>54,633,437</u> | <u>42,571,432</u> |
| Net position, end of year | <u>\$ 85,893,252</u> | <u>\$ 54,633,437</u> |

The accompanying notes to the financial statements are an integral part of these statements.

RIVER RIDGE DEVELOPMENT AUTHORITY
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|---|-----------------------|------------------------|
| Cash flows from operating activities: | | |
| Cash received from tenant, land sales, and others | \$ 8,583,821 | \$ 20,892,908 |
| Cash paid to suppliers, employees, and others | (6,853,375) | (4,596,506) |
| Urban Enterprise Zone income received | 7,442,396 | 6,901,836 |
| Grants received | - | 89,251 |
| Net cash flows from operating activities | <u>9,172,842</u> | <u>23,287,489</u> |
| Cash flows from investing activities: | | |
| Purchases of capital assets | (40,777,563) | (25,581,537) |
| Proceeds from disposal of capital assets | - | 7,252,000 |
| Interest received | 1,448,210 | 290,730 |
| Cash paid for interest expense | (1,965,916) | (1,986,196) |
| Other income | 2,525 | 112,288 |
| Net cash flows from investing activities | <u>(41,292,744)</u> | <u>(19,912,715)</u> |
| Cash flows from financing activities: | | |
| Principal payments made on bonds | (3,620,000) | (3,387,156) |
| Proceeds received from borrowings, net of refinancing | 21,882,012 | 13,910,860 |
| Net cash flows from financing activities | <u>18,262,012</u> | <u>10,523,704</u> |
| Net change in cash and restricted cash | (13,857,890) | 13,898,478 |
| Cash and restricted cash, beginning of year | 44,307,259 | 30,408,781 |
| Cash and restricted cash, end of year | <u>\$ 30,449,369</u> | <u>\$ 44,307,259</u> |
| Reconciliation of cash to the statement of net position: | | |
| Cash | \$ 23,790,511 | \$ 27,780,279 |
| Restricted cash - bond proceeds | 412,841 | 11,502,651 |
| Cash held for debt service | 6,177,577 | 4,462,165 |
| Cash held for security deposits | 23,440 | 25,940 |
| Cash held for escrow deposits | 45,000 | 536,224 |
| Total cash | <u>\$ 30,449,369</u> | <u>\$ 44,307,259</u> |
| Noncash activities: | | |
| Real estate held for sale transferred to land - common areas | <u>\$ (1,388,415)</u> | <u>\$ -</u> |
| Capital assets in accounts payable at year end | <u>\$ -</u> | <u>\$ (12,000,000)</u> |

The accompanying notes to the financial statements are an integral part of these statements.

RIVER RIDGE DEVELOPMENT AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED DECEMBER 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|----------------------|
| Reconciliation of net operating income to net cash flow from operating activities: | | |
| Operating income | \$ 32,330,237 | \$ 14,689,281 |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | |
| Depreciation expense | 7,503,129 | 6,603,222 |
| Service rights transferred to cost of land sold | 12,000,000 | - |
| Changes in assets and liabilities: | | |
| Accounts receivable | (42,761,938) | (134,014) |
| Grants receivable | - | 89,251 |
| Prepaid expenses | 37,947 | (12,664) |
| Real estate available for sale | 713,701 | 248,077 |
| Lease receivable | 127,448 | 88,875 |
| Deferred inflows of resources | (102,254) | (102,255) |
| Accounts payable and accruals | (205,931) | 1,395,520 |
| Advanced rental payments | 43 | (3,438) |
| Accrued compensated absences | 24,184 | (12,090) |
| Security deposits | (2,500) | 500 |
| Escrow deposits | (491,224) | 437,224 |
| Net cash flows from operating activities | <u>\$ 9,172,842</u> | <u>\$ 23,287,489</u> |

The accompanying notes to the financial statements are an integral part of these statements.

RIVER RIDGE DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 1—Nature of operations

River Ridge Development Authority (the “Authority” or “RRDA”) 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 2—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 (“U.S. 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 significant accounting policies of the Authority are as follows:

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 U.S. GAAP, the Authority has elected to apply all relevant GASB pronouncements in the preparation of the financial statements.

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.

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.

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, 2023 and 2022.

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, 2023 and 2022.

RIVER RIDGE DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 2—Summary of significant accounting policies (continued)

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.

Service rights intangible assets represent commitments made to the cities of Jeffersonville and Charlestown, Indiana which guarantee the Authority's rights to continue using wastewater lines throughout the River Ridge commerce and industrial park. The assets are amortized ratably into cost of land sold when real estate available for sale in each city is sold.

Real Estate Available for Sale – Real estate available for sale is property purchased and developed by the Authority and resold to businesses that locate within the River Ridge commerce and industrial park. Real estate available for sale is carried at acquisition cost.

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, 2023 and 2022, gross land sale proceeds were \$44,913,915 and \$14,861,331, respectively, and costs of land sold were \$12,713,701 and \$362,300, respectively.

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.

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.

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.

Reclassifications – Certain reclassifications have been made to the 2022 financial statements to conform with the 2023 presentation; these reclassifications had no impact on net position or changes in net position.

RIVER RIDGE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 3—Restricted cash and cash held for debt service and deposits

The Authority obtains financing for future infrastructure improvements planned at River Ridge Commerce Center through the issuance of bonds (see Note 6 for additional information on the bonds payable). At December 31, 2023 and 2022, \$412,841 and \$11,502,651 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 debt service for the repayment of bond debt (see Note 6 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, 2023 and 2022, the balance of the debt service was \$6,177,577 and \$4,462,165, respectively. These amounts are classified as cash held for debt service and deposits and unrestricted net position on the statements of net position at December 31, 2023 and 2022, respectively.

Security deposits total \$23,440 and \$25,940 at December 31, 2023 and 2022, respectively, and represent deposits made by tenants for property leased from the Authority. The liability for such deposits at December 31, 2023 and 2022 was \$23,440 and \$25,940, respectively. These funds are classified as cash held for debt service and deposits on the statements of net position.

Escrow deposits consist of earnest money received for potential future real estate transactions. Escrow deposits totaled \$45,000 and \$536,224 at December 31, 2023 and 2022, respectively. The liability for such deposits at December 31, 2023 and 2022 was \$45,000 and \$536,224, respectively. These funds are classified as cash held for debt service and deposits on the statements of net position.

Note 4—Capital assets

The following is a summary of the capital assets activity during the year ended December 31, 2023:

| | Balance at December 31, 2022 | Additions | Transfers | Dispositions | Balance at December 31, 2023 |
|-------------------------------|---|----------------------|---------------------|------------------------|---|
| Buildings | \$ 4,699,781 | \$ - | \$ 268,387 | \$ - | \$ 4,968,168 |
| Land - common areas | - | - | 1,388,415 | - | 1,388,415 |
| Equipment | 1,687,508 | 403,282 | - | (266,395) | 1,824,395 |
| Vehicles | 812,532 | - | - | (37,971) | 774,561 |
| Infrastructure | 99,469,509 | - | 17,976,595 | - | 117,446,104 |
| Furniture and fixtures | 109,877 | - | - | - | 109,877 |
| Construction in process | 18,354,924 | 16,374,281 | (18,244,982) | - | 16,484,223 |
| Service rights | 12,000,000 | 12,000,000 | - | (12,000,000) | 12,000,000 |
| | <u>137,134,131</u> | <u>28,777,563</u> | <u>1,388,415</u> | <u>(12,304,366)</u> | <u>154,995,743</u> |
| Less accumulated depreciation | (34,948,308) | (7,503,129) | - | 247,360 | (42,204,077) |
| Capital Assets, Net | <u>\$ 102,185,823</u> | <u>\$ 21,274,434</u> | <u>\$ 1,388,415</u> | <u>\$ (12,057,006)</u> | <u>\$ 112,791,666</u> |

RIVER RIDGE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 4—Capital assets (continued)

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

| | Balance at December 31, 2021 | Additions | Transfers | Dispositions | Balance at December 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 | 12,416,456 | (5,209,794) | - | 18,354,924 |
| Service rights | - | 12,000,000 | - | - | 12,000,000 |
| | 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> |

Depreciation expense was \$7,503,129 and \$6,603,222 for the years ended December 31, 2023 and 2022, respectively.

Note 5—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.

According to the agreements, the Conveyance Consideration shall be paid to the United States Army no later than 10 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 \$5,479,790 and \$7,581,906 at December 31, 2023 and 2022, respectively, and consisted of approximately 3,490 and 4,118 acres, respectively.

Note 6—Long-term debt

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 ("TIRR") Series A. 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, 2023 and 2022 was \$11,965,000 and \$13,045,000, respectively.

RIVER RIDGE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 6—Long-term debt (continued)

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 TIRR Series B. 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, 2023 and 2022 was \$17,305,000 and \$17,635,000, respectively.

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%. 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 remaining principal balance on the bonds at December 31, 2023 and 2022 was \$26,295,000 and \$27,765,000, 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, 2023 and 2022 was \$24,605,000 and \$25,345,000, respectively. The unspent bond proceeds at December 31, 2023 and 2022 were approximately \$413,000 and \$11,503,000, respectively.

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 bears 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. During 2023, the Authority drew down additional funds of \$21,882,012 on the notes. The remaining principal balance on the notes at December 31, 2023 and 2022 was \$22,946,225 and \$1,064,213, respectively. The Authority expects to refinance the bond anticipation notes through permanent financing during 2024.

Bond interest payable at December 31, 2023 and 2022 was \$1,199,767 and \$644,526, respectively.

Long-term debt activity for the year ended December 31, 2023 was as follows:

| | Balance December 31, 2022 | Additions | Payments | Refinanced | Balance December 31, 2023 | Amounts Due Within One Year |
|-----------------------------|---------------------------------|----------------------|-----------------------|-------------|---------------------------------|-----------------------------------|
| TIR Bond of 2019, Series A | \$ 13,045,000 | \$ - | \$ (1,080,000) | \$ - | \$ 11,965,000 | \$ 1,110,000 |
| TIR Bond of 2019, Series B | 17,635,000 | - | (330,000) | - | 17,305,000 | 335,000 |
| TIRRR Bonds - Series 2021 | 27,765,000 | - | (1,470,000) | - | 26,295,000 | 1,490,000 |
| TIR Bond of 2022 | 25,345,000 | - | (740,000) | - | 24,605,000 | 470,000 |
| 2022 Bond Anticipation Note | 1,064,213 | 21,882,012 | - | - | 22,946,225 | 22,946,225 |
| | <u>\$ 84,854,213</u> | <u>\$ 21,882,012</u> | <u>\$ (3,620,000)</u> | <u>\$ -</u> | <u>\$ 103,116,225</u> | <u>\$ 26,351,225</u> |

RIVER RIDGE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 6—Long-term debt (continued)

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

| | Balance December 31, 2021 | Additions | Payments | Refinanced | Balance December 31, 2022 | 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> |

As of December 31, 2023, bonds mature as follows:

| | Principal | Interest | Total |
|-------------|-----------------------|----------------------|-----------------------|
| 2024 | \$ 26,351,225 | \$ 2,057,561 | \$ 28,408,786 |
| 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 | 3,745,000 | 1,718,096 | 5,463,096 |
| 2029 - 2033 | 20,125,000 | 7,189,164 | 27,314,164 |
| 2034 - 2038 | 22,305,000 | 4,718,144 | 27,023,144 |
| 2039 - 2042 | 19,875,000 | 1,389,405 | 21,264,405 |
| Total | <u>\$ 103,116,225</u> | <u>\$ 22,747,320</u> | <u>\$ 125,863,545</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, 2023 and 2022, that amount cannot be reasonably estimated.

Note 7—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, 2023 and 2022 was \$1,498 and \$1,455, respectively.

Note 8—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, 2023 and 2022, accrued compensated absences were \$120,210 and \$96,026, respectively.

RIVER RIDGE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 9—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 \$108,328 and \$92,842 for the years ended December 31, 2023 and 2022, respectively. These amounts are included in employee benefits in the statements of revenues, expenses, and changes in net position.

Note 10—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, 2023, and 2022, the value of the lease receivable was \$73,864 and \$145,877, 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, 2023, and 2022, was \$57,777 and \$115,554, respectively, and the Authority recognized lease revenue of \$72,012 and \$50,216 during the years ended December 31, 2023, and 2022, respectively. The Authority recognized lease interest income of \$42,096 and \$63,892 during the years ended December 31, 2023, and 2022, 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, 2023, and 2022, the value of the lease receivable was \$56,863 and \$112,298, 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, 2023, and 2022, was \$44,478 and \$88,955, respectively, and the Authority recognized lease revenue of \$55,436 and \$38,658, during the years ended December 31, 2023 and 2022, respectively. The Authority recognized lease interest income of \$32,407 and \$49,185 during the years ended December 31, 2023, and 2022, respectively.

The Authority used its estimated incremental borrowing rate as of December 31, 2020, to determine the present values of the leases.

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

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|------------------|-----------------|--------------|
| 2024 | \$ 130,727 | \$ 20,735 | \$ 151,462 |
| Total | \$ 130,727 | \$ 20,735 | \$ 151,462 |

The deferred inflow on lease activity for fiscal year 2023 is as follows:

| <u>Balance</u> <u>December 31,</u> <u>2022</u> | <u>Deferred</u> <u>Revenue</u> <u>Recognized</u> | <u>Balance</u> <u>December 31,</u> <u>2023</u> |
|--|--|--|
| \$ 204,509 | \$ 102,254 | \$ 102,255 |

RIVER RIDGE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 10—Leases receivable and deferred inflows of resources (continued)

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

| Balance December 31, 2021 | Defered Revenue Recognized | Balance December 31, 2022 |
|---------------------------------|----------------------------------|---------------------------------|
| \$ 306,764 | \$ 102,255 | \$ 204,509 |

Note 11—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, 2023 and 2022 was \$30,449,369 and \$44,307,259, respectively. The bank balance at December 31, 2023 and 2022 was \$30,668,020 and \$44,435,393, respectively.

Note 12—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 13—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 2023 and 2022, 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, 2023 under this policy.

Note 14—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.

RIVER RIDGE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 14—Commitments and contingencies (continued)

Development obligation expense for the year ended December 31, 2023, and 2022 includes \$1,072,312 and \$250,000, respectively, related to RRDA terminating a tenant's leasehold interest early. This amount represents the appraised value of the tenant's remaining leasehold interest.

Note 15—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:

| | |
|------------|-----------------------|
| 2024 | \$ 20,000,000 |
| 2025 | 20,000,000 |
| 2026 | 20,000,000 |
| 2027 | 20,000,000 |
| 2028 | 20,000,000 |
| Thereafter | <u>100,000,000</u> |
| | <u>\$ 200,000,000</u> |

Note 16—Recent accounting pronouncements

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

SUPPLEMENTARY INFORMATION

RIVER RIDGE DEVELOPMENT AUTHORITY
TAX INCREMENT REVENUE BONDS OF 2019, SERIES A – AMORTIZATION SCHEDULE

DECEMBER 31, 2023

| <u>Date</u> | <u>Principal</u> | <u>Interest Rate</u> | <u>Interest</u> | <u>Period Total</u> | <u>Fiscal Total</u> |
|-------------|----------------------|----------------------|---------------------|----------------------|----------------------|
| 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>\$ 11,965,000</u> | | <u>\$ 1,696,381</u> | <u>\$ 13,661,381</u> | <u>\$ 13,661,381</u> |

RIVER RIDGE DEVELOPMENT AUTHORITY
TAX INCREMENT REVENUE BONDS OF 2019, SERIES B – AMORTIZATION SCHEDULE

DECEMBER 31, 2023

| <u>Date</u> | <u>Principal</u> | <u>Interest Rate</u> | <u>Interest</u> | <u>Period Total</u> | <u>Fiscal Total</u> |
|-------------|----------------------|----------------------|---------------------|----------------------|----------------------|
| 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>\$ 17,305,000</u> | | <u>\$ 6,587,260</u> | <u>\$ 23,892,260</u> | <u>\$ 23,892,260</u> |

RIVER RIDGE DEVELOPMENT AUTHORITY
TAX INCREMENT REVENUE BONDS OF 2021 – AMORTIZATION SCHEDULE

DECEMBER 31, 2023

| <u>Date</u> | <u>Principal</u> | <u>Interest Rate</u> | <u>Interest</u> | <u>Period Total</u> | <u>Fiscal Total</u> |
|-------------|----------------------|----------------------|---------------------|----------------------|----------------------|
| 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 | 1,870,000 | 1.79% | 16,731 | 1,886,731 | 3,472,385 |
| | <u>\$ 26,295,000</u> | | <u>\$ 3,691,919</u> | <u>\$ 29,986,919</u> | <u>\$ 29,986,919</u> |

RIVER RIDGE DEVELOPMENT AUTHORITY
TAX INCREMENT REVENUE BONDS OF 2022 – AMORTIZATION SCHEDULE

DECEMBER 31, 2023

| <u>Date</u> | <u>Principal</u> | <u>Interest Rate</u> | <u>Interest</u> | <u>Period Total</u> | <u>Fiscal Total</u> |
|-------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 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 | 2,620,000 | 3.05% | 39,951 | 2,659,951 | 5,319,251 |
| | <u>\$ 24,605,000</u> | | <u>\$ 10,771,760</u> | <u>\$ 35,376,760</u> | <u>\$ 35,376,760</u> |

Report of Independent Auditor 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
Jeffersonville, Indiana

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 River Ridge Development Authority (the "Authority") as of and for the year ended December 31, 2023, 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 20, 2024.

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 or significant deficiencies may exist that have not been identified.

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.

Cherry Bekaert LLP

Jeffersonville, Indiana

February 20, 2024