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May 23, 2024

Board of Directors
Southwest Indiana Regional Development Authority
Vanderburgh County, Indiana

We have reviewed the audit report of the Southwest Indiana Regional Development Authority, which was opined upon by LWG CPAs & Advisors, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditors' Report*, the financial statements included in the report present fairly the financial condition of the Southwest Indiana Regional 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, LWG CPAs & Advisors prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

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

A handwritten signature in black ink that reads "Tammy R. White". The signature is written in a cursive style.

Tammy R. White, CPA
Deputy State Examiner

Southwest Indiana Regional Development Authority

Financial Statements

Years Ended December 31, 2023 and 2022

SOUTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Southwest Indiana Regional Development Authority

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Southwest Indiana Regional Development 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 Southwest Indiana Regional Development Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Report on Internal Control over Financial Reporting

We also have audited, in accordance with auditing standards generally accepted in the United States of America, Southwest Indiana Regional Development Authority's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated April 23, 2024 expressed an unmodified opinion.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 23, 2024 on our consideration of Southwest Indiana Regional Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Southwest Indiana Regional Development Authority's internal control over financial reporting and compliance.



LWG CPAs & Advisors
Indianapolis, Indiana
April 23, 2024

SOUTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Restricted		
Restricted cash and cash equivalents	\$ 171,203	\$ 949,961
Accounts receivable	<u>42,380,770</u>	<u>9,950,000</u>
TOTAL ASSETS	<u>42,551,973</u>	<u>10,899,961</u>
LIABILITIES		
Grants payable	<u>42,551,968</u>	<u>10,900,000</u>
TOTAL LIABILITIES	<u>42,551,968</u>	<u>10,900,000</u>
TOTAL NET POSITION - RESTRICTED	<u>\$ 5</u>	<u>\$ (39)</u>

The accompanying notes are an integral part of these statements.

SOUTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION Years Ended December 31, 2023 and 2022

	Amount	
	2023	2022
REVENUES		
Grants received	\$ 37,400,000	\$ 11,150,000
EXPENSES		
Program Services	37,400,000	11,150,000
Supporting Services		
Miscellaneous	(44)	39
TOTAL EXPENSES	37,399,956	11,150,039
OPERATING INCOME (LOSS)	44	(39)
CHANGE IN NET POSITION	44	(39)
NET POSITION - BEGINNING OF YEAR	(39)	-
NET POSITION - END OF YEAR	\$ 5	\$ (39)

The accompanying notes are an integral part of these statements.

SOUTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

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

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Grant proceeds	\$ 4,969,230	\$ 1,200,000
Payments to grantees	(5,748,032)	(250,000)
Payments (to) from others	44	(39)
	<u>(778,758)</u>	<u>949,961</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
	<u>(778,758)</u>	<u>949,961</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	<u>(778,758)</u>	<u>949,961</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	<u>949,961</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR		
	<u>\$ 171,203</u>	<u>\$ 949,961</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	\$ 44	\$ (39)
Decrease (increase) in assets		
Accounts receivable	(32,430,770)	(9,950,000)
Increase (decrease) in liabilities		
Grants payable	<u>31,651,968</u>	<u>10,900,000</u>
	<u>(778,758)</u>	<u>949,961</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
	<u>\$ (778,758)</u>	<u>\$ 949,961</u>

The accompanying notes are an integral part of these statements.

SOUTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Years Ending December 31, 2023 and 2022

(1) Summary of significant accounting policies

Nature of Activities – The Southwest Indiana Regional Development Authority (the “RDA” or the “Authority”) is organized under Indiana Code 37-7.6. In March 2016 House Bill 1001 was signed into law, which allocated funds to support matching from the State of Indiana for the RDA. The RDA serves as the fiscal agent responsible for allocating funds from the state’s Regional Economic Acceleration and Development Initiative (READI) grant to fast-track quality of life projects within the region. READI is administered by the Indiana Economic Development Council (“IEDC”). It may also accept loans, grants, and other contributions from federal, state, and private sources.

Mission – The RDA was formed to apply for funds that seek to make Indiana a magnet for talent attraction by funding transformative quality-of-place projects. The RDA is charged with implementing funds to best reach the goals of increasing economic growth, increasing population growth, and enhancing the region’s national brand identity. The RDA chooses projects that will have the most transformative effect in the 4-county region of Vanderburgh, Warrick, Posey and Gibson counties.

Non-Exchange Transactions – Governmental Accounting Standards Board (“GASB”) No. 33 defines a non-exchange transaction, as a governmental unit that gives (or receives) value without directly receiving (or giving) equal value in return. Because the RDA distributes money to local governmental units without directly receiving equal value in return, the transactions qualify as a non-exchange transaction. On an accrual basis, expenses to grantees are recognized in the fiscal year they are granted. Amounts remaining to be reimbursed to grantees are considered grants payable.

Basis of Presentation – The financial statements of the RDA have been prepared on the accrual basis of accounting and using the economic resources measurement focus. Accordingly, the RDA recognizes revenue in the period earned and expenses in the period incurred. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Cash and Cash Equivalents – The RDA considers all investments with maturities of three months or less, when purchased, to be cash equivalents. At times, such cash may be in excess of the FDIC insurance limit. However, additional coverage is provided by the Indiana Public Deposit Insurance Fund for funds that exceed the FDIC limits. The RDA considers all cash restricted.

SOUTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Years Ending December 31, 2023 and 2022

(1) Summary of significant accounting policies (cont.)

Grant Income – The RDA receives substantially all of its support revenue from the State of Indiana. The Indiana Regional Economic Acceleration and Development Initiative (READI) will provide up to \$50 million to support regional development to Southwest Indiana Regional Development Authority. These funds are restricted to grants approved by IEDC for state funding. The following projects received approval from the RDA and IEDC during the years ended December 31, 2023 and 2022.

	2023	2022
Warrick County Sports Center	\$ 5,000,000	\$ -
Woodmere Dog Park	165,000	-
Riverfront Planning	1,000,000	-
USI Nursing Expansion	735,000	-
Mt. Vernon Land Acquisition	1,000,000	-
Promenade Flats	2,500,000	-
Riverfront Land Acquisition	8,852,000	-
Cluster Development	249,000	-
UE Mental Healthcare	750,000	-
CenterPoint Energy Square	1,000,000	-
Children's Museum of Evansville	580,000	-
Bright Lights	125,000	-
Brittlebank	1,000,000	-
Ohio Township	3,000,000	-
Karges Lofts	3,745,000	-
Life Sciences	5,000,000	-
I-69 Regional Corridor	249,000	-
Stone Psychiatry	2,000,000	-
Warrick Trails	450,000	-
Regional Development Plan	-	50,000
Evansville Regional Economic Partnership	-	1,500,000
Regional Marketing Strategy	-	2,000,000
IN 62 & 1st Ave	-	100,000
Toyota YMCA	-	5,000,000
The District	-	2,500,000
	\$ 37,400,000	\$ 11,150,000
Total	\$ 37,400,000	\$ 11,150,000

SOUTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Years Ending December 31, 2023 and 2022

(1) Summary of significant accounting policies (cont.)

Program Services – Program services represent grants approved by the RDA.

Grants Payable – The RDA is committed to various governmental organizations for reimbursement-based grants in which the organization had fulfilled the terms of the grant and submitted for reimbursement from the RDA. See Note 4 for further detail.

Operating and Non-Operating Revenue – The principal operating revenue of the RDA is grant revenue. Operating expenses for the RDA include program services and supporting services for grants. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Accounts Receivable – The RDA has outstanding receivables from the IEDC in the amount of \$42,380,770 and \$9,950,000 as of December 31, 2023 and 2022. This represents IEDC approved grants for which the funds have not been released to the RDA. There is no allowance for doubtful accounts as all accounts are considered collectible.

Net Position – Net position is comprised of the net earnings from operating and non-operating revenues, expenses and capital contributions. Any expenditures for the RDA are subject to approval by the IEDC, therefore net position is considered restricted.

Subsequent Events – Subsequent events have been evaluated through April 23, 2024, the date of which the financial statements were available to be issued.

(2) Management agreement

The RDA has entered into an agreement with the Evansville Regional Economic Partnership to facilitate the administrative functions of the RDA. This includes any functions which are reasonably necessary to accomplish the purposes of the RDA subject to the oversight and approval of the board of directors of the RDA.

During the years ended December 31, 2023 and 2022, payments to the Evansville Regional Economic Partnership totaled \$234,000 and \$300,000, respectively.

(3) Subsequent events

In 2024, the RDA was awarded \$45 million from the State of Indiana through the READI 2.0 program. This program was part of the State of Indiana's governor's 2023 Next Level Agenda and was approved by the Indiana General Assembly. The RDA was required to submit a proposal to the State of Indiana which was approved in 2024.

SOUTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS Years Ending December 31, 2023 and 2022

(4) Commitments

Since the inception of the RDA, there have been contracts awarded for approved projects within Southwest Indiana. The RDA had remaining commitments at December 31, 2023 and 2022 as follows:

	2023	2022
Warrick County Sports Center	\$ 5,000,000	\$ -
Woodmere Dog Park	165,000	-
Riverfront Planning	619,099	-
USI Nursing Expansion	735,000	-
Mt. Vernon Land Acquisition	935,000	-
Promenade Flats	1,041,691	-
Riverfront Land Acquisition	8,852,000	-
Cluster Development	77,050	-
UE Mental Healthcare	750,000	-
CenterPoint Energy Square	1,000,000	-
Children's Museum of Evansville	580,000	-
Bright Lights	-	-
Brittlebank Park	1,000,000	-
Ohio Township Park	3,000,000	-
Karges Lofts	3,745,000	-
Life Sciences	5,000,000	-
I-69 Regional Corridor	206,000	-
Stone Psychiatry	2,000,000	-
Warrick Trails	450,000	-
Regional Development Plan	-	50,000
Evansville Regional Economic Partnership	1,016,000	1,250,000
Regional Marketing Strategy	1,200,000	2,000,000
IN 62 & 1st Ave	-	100,000
Toyota YMCA	4,699,861	5,000,000
The District	480,267	2,500,000
	\$ 42,551,968	\$ 10,900,000
Total		



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Southwest Indiana Regional Development Authority

Report on Internal Control over Financial Reporting

Opinion on Internal Control Over Financial Reporting

We have audited Southwest Indiana Regional Development Authority's internal control over financial reporting as of December 31, 2023, based on criteria established in the Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, Southwest Indiana Regional Development Authority maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in the Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Southwest Indiana Regional Development Authority, and our report dated April 23, 2024 expressed an unmodified opinion.

Basis for Opinion

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting section of our report. We are required to be independent of Southwest Indiana Regional Development Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Internal Control Over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting.

Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that

includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



LWG CPAs & Advisors
Indianapolis, Indiana
April 23, 2024



**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**

Independent Auditor's Report

The Governing Body
Southwest Indiana Regional Development Authority

We have audited, 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, the financial statements of Southwest Indiana Regional Development Authority as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Southwest Indiana Regional Development Authority's basic financial statements, and have issued our report thereon dated April 23, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southwest Indiana Regional Development 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest Indiana Regional Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Southwest Indiana Regional Development 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest Indiana Regional Development Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Report on Internal Control over Financial Reporting

In addition to the audit of the financial statements of Southwest Indiana Regional Development Authority as of and for the year ended December 31, 2023, and the related notes to the financial statements, we were also engaged to perform an audit of internal control. We have issued our opinion on internal control in our report dated April 23, 2024.



LWG CPAs & Advisors
Indianapolis, Indiana
April 23, 2024