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STATE OF INDIANA

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October 30, 2015

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

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

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

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

River Ridge Development Authority

Report on Audits of Financial Statements

Years Ended December 31, 2014 and 2013

River Ridge Development Authority

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December 31, 2014 and 2013

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MCM
CPAs & ADVISORS

Independent Auditor's Report

The Board of Directors
River Ridge Development Authority

Report on the Financial Statements

We have audited the accompanying financial statements of River Ridge Development Authority (the Authority), which comprise the statements of net position as of December 31, 2014 and 2013, and the statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2014 and 2013, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Murray Clifton Medley LLP

Jeffersonville, Indiana
April 17, 2015

River Ridge Development Authority
Management's Discussion and Analysis
December 31, 2014 and 2013

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, 2014 and 2013.

Nature of Organization and Reporting Entity

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

Overview of the Financial Statements

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

Required Financial Statements

The Statements of Net Position

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

The Statements of Revenues, Expenses and Changes in Net Position

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

The Statements of Cash Flows

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

Required Financial Statements (Continued)

Table 1
Condensed Statements of Net Position

	2014	2013	Increase (Decrease)
Assets			
Current Assets	$ 3,738,864	$ 4,345,087	$ (606,223)
Restricted Assets	15,489,962	3,682,414	11,807,548
Capital Assets, Net	21,488,938	11,572,827	9,916,111
Other Assets	6,067,907	4,264,151	1,803,756
Total Assets	46,785,671	23,864,479	22,921,192
Liabilities			
Current Liabilities	2,316,254	1,073,559	1,242,695
Other Liabilities	78,054	284,898	(206,844)
Long-Term Debt	29,321,912	10,896,508	18,425,404
Total Liabilities	31,716,220	12,254,965	19,461,255
Net Investment in Capital Assets	(5,100,449)	4,406,346	(9,506,795)
Restricted	11,884,652	-	11,884,652
Unrestricted	6,082,682	4,605,652	1,477,030
Unrestricted - Board designated	2,202,566	2,597,516	(394,950)
Total Net Position	$ 15,069,451	$ 11,609,514	$ 3,459,937

Total assets increased by $22,921,192 in 2014, in part due to an increase in restricted assets of $11,807,548 and an increase in capital assets of $9,916,111. The primary factor in the increase in current assets is the continued receipt of bond funds from the 2014 issuance. The primary increase in net capital assets resulted from infrastructure improvements. An additional factor in the overall total asset increase is a result of cash proceeds received from land sales. Total liabilities increased by $19,461,255 primarily from the overall net long-term debt increase of $18,425,404, which was the result of the $20 million 2014 bond issuance.

The land sales in 2014 were transactions between the Authority and six entities. The two largest transactions in 2014 were; River Ridge Industrial Development Co., LLC purchased 50 acres resulting in net proceeds of $1,693,075; and River Ridge - Crossdock, LLC purchased 22.18 acres resulting in net proceeds of $992,003.

Required Financial Statements (Continued)

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

	2014	2013	Increase
Total Revenues, including nonoperating revenues	$ 8,426,463	$ 6,492,777	$ 1,933,686
Total Expenses	4,966,526	4,538,782	427,744
Changes in Net Position	$ 3,459,937	$ 1,953,995	$ 1,505,942

- Total revenues increased by $1,933,686 in 2014 primarily due to an increase of approximately $1.2 million in revenues from the Urban Enterprise Zone and an increase of approximately $815,000 in net revenues generated through land sales. The Authority's rent revenues decreased approximately $344,000 due to the discontinuation of the Orica and Ordinance Works leases. The termination of these leases, allows the Authority to redevelop properties formerly occupied by these prior tenants.

  2014 was a very successful year for the Authority in terms of leveraging land sales from the prior infrastructure investments within the park. Tier 1 automotive suppliers Autoneum and Tenneco located new facilities and speculative developments commenced on the America Place and Crossdock sites.

- Operating expenses as compared to 2013 increased due to primarily due to the cost of the transfer of parcels H4 and H5 at a cost of $1,220,044, bond interest increasing to $1,025,467, and other related site engineering and design and corresponding improvements. These expenses are directly correlated to an uptick in development activities. Other expenses were generally within budgeted amounts.

Future Operations

The Authority anticipates an increase in land sales for 2015 based on activities occurring during the last quarter of 2014. Non-operating revenue is expected to increase, the result of a pending Economic Development Administration grant. Additional increases in Tax Increment Financing (TIF) and Urban Enterprise Zone (UEZ) revenue is expected in 2014 due to new assessments of recent private investments by developers and new tenants.

Our emphasis will continue to be site development and infrastructure improvements required to support future projects and private investments. Significant on-site infrastructure and road improvements were completed in 2014, with additional projects slated for 2015. With the Ohio River Bridges Project under construction, and the recent announcement of a heavy haul-road transportation corridor linking the park to the Port of Indiana-Jeffersonville by late 2016, River Ridge is well positioned for future growth. It is anticipated that completed internal and external infrastructure improvements will greatly enhance the quality and overall marketability of the River Ridge Commerce Center.

Requests for Additional Information

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

River Ridge Development Authority
Statements of Net Position
December 31, 2014 and 2013

	2014	2013
Assets		
Current Assets		
Cash	$ 3,455,120	$ 4,119,865
Accounts receivable - tenants	1,550	4,300
Accounts receivable	19,901	-
Grant receivable	89,251	89,251
Interest rebate receivable	75,833	80,140
Prepaid expenses	97,209	51,531
Total Current Assets	3,738,864	4,345,087
Restricted Assets		
Cash and cash equivalents - security deposits	34,654	49,898
Cash and cash equivalents - escrow deposits	43,400	235,000
Cash and cash equivalents - bond reserve funds	800,000	800,000
Cash and cash equivalents - Army repayment reserve funds	2,202,566	2,597,516
Cash and cash equivalents - 2014 bond proceeds and reserve	12,409,342	-
Total Restricted Assets	15,489,962	3,682,414
Capital Assets		
Equipment	962,151	577,597
Vehicles	228,498	190,498
Infrastructure	13,903,593	12,525,578
Leasehold improvements	67,705	-
Construction in process	8,783,919	-
	23,945,866	13,293,673
Less accumulated depreciation	(2,456,928)	(1,720,846)
Capital Assets, Net	21,488,938	11,572,827
Other Assets		
Real estate available for sale	6,067,907	4,264,151
Total Other Assets	6,067,907	4,264,151
Total Assets	$ 46,785,671	$ 23,864,479

River Ridge Development Authority
Statements of Net Position (Continued)
December 31, 2014 and 2013

	2014	2013
Liabilities		
Current Liabilities		
Current portion of bonds payable	$ 1,103,019	$ 410,000
Accounts payable and accruals	528,873	365,305
Bond interest payable	566,709	206,375
Advanced rental payments	33,135	32,509
Accrued compensated absences	84,518	59,370
Total Current Liabilities	2,316,254	1,073,559
Other Liabilities (Payable From Restricted Assets)		
Security deposits	34,654	49,898
Escrow deposits	43,400	235,000
Total Other Liabilities	78,054	284,898
Long - Term Debt		
Bonds payable	25,486,368	7,210,000
Payable to United States Army	3,835,544	3,583,333
Unearned rental revenue	-	103,175
Total Long - term Debt	29,321,912	10,896,508
Total Liabilities	31,716,220	12,254,965
Net Position		
Net investment in capital assets (deficit)	(5,100,449)	4,406,346
Restricted	11,884,652	-
Unrestricted	6,082,682	4,605,652
Unrestricted - Board designated	2,202,566	2,597,516
Total Net Position	$ 15,069,451	$ 11,609,514

See accompanying notes.

River Ridge Development Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2014 and 2013

	2014	2013
Operating Revenues		
Rental income	$ 953,241	$ 1,280,638
Rental income River Ridge property	118,667	168,211
Equipment rental	5,503	10,880
Urban Enterprise Zone income	2,196,752	1,043,427
Tax Increment Financing income	918,401	761,403
Recycling and scrap sale income	191,418	11,855
Land proceeds, net	3,439,344	2,624,769
Water sales	165,779	149,255
Grant income	-	67,733
Total Operating Revenues	7,989,105	6,118,171
Operating Expenses		
Payroll	962,243	902,153
Employee benefits	308,118	219,671
Payroll taxes	68,368	67,149
Temporary labor	8,616	-
Redevelopment expenses	154,645	706,779
Road and ground maintenance	140,690	129,241
Depreciation expense	736,081	628,143
Legal fees	354,508	160,638
Insurance	112,701	95,299
Marketing	192,333	172,878
Office equipment and supplies	79,949	31,056
Professional fees	30,405	27,577
Rental expense	64,600	62,422
Security	237,374	242,291
Telephone repair and service	2,580	1,292
Training expense	5,005	5,979
Travel	29,990	27,321
Utilities	13,617	40,248
Water supplies and contract	144,603	255,975
Environmental monitoring	281,720	219,919
Army operational expenses	5,600	33,784
Employee recruitment	3,582	5,055
TIF administration	3,731	-
Interest expense	1,025,467	503,912
Total Operating Expenses	4,966,526	4,538,782
Operating Income	3,022,579	1,579,389
Nonoperating Revenues		
Interest income	319,346	305,928
Other income	118,012	72,933
Loss on disposal of capital asset	-	(4,255)
Total Nonoperating Revenues	437,358	374,606
Changes in Net Position	3,459,937	1,953,995
Net Position, Beginning of Year	11,609,514	9,655,519
Net Position, End of Year	$ 15,069,451	$ 11,609,514

See accompanying notes.

River Ridge Development Authority
Statements of Cash Flows
Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
Cash received from tenant, land sales, and others	$ 5,794,972	$ 5,003,200
Cash paid to suppliers, employees, and others	(3,727,073)	(3,827,532)
Urban Enterprise Zone income received	2,196,752	1,043,427
Interest received	319,346	305,928
Grant received	-	(63,629)
Net Cash Provided by Operating Activities	4,583,997	2,461,394
Cash Flows from Investing Activates		
Transfer of board designated to unrestricted	394,950	-
Transfer to Reserve fund for Army repayment	-	(26,962)
Purchase of real estate available for sale, net	(1,551,544)	-
Cost value of real estate available for sale	88,763	425,556
Purchases of capital assets	(1,932,596)	(1,653,450)
Construction in process	(8,783,919)	-
Proceeds from sale of capital assets	64,322	25,000
Transfer to restricted cash and bond reserve	(12,409,342)	-
Net Cash Used by Investing Activities	(24,129,366)	(1,229,856)
Cash Flows from Financing Activities		
Receipt of bonds	20,000,000	-
Payment on bonds	(1,030,613)	(390,000)
Payment to United States Army	(88,763)	(52,900)
Net Cash Provided (Used by) Financing Activities	18,880,624	(442,900)
Net (Decrease) Increase in Cash	(664,745)	788,638
Cash and Cash Equivalents, Beginning of Year	4,119,865	3,331,227
Cash and Cash Equivalents, End of year	$ 3,455,120	$ 4,119,865
Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities:		
Change in net assets	$ 3,459,937	$ 1,953,995
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	736,081	628,143
Army credit deferred income	(103,175)	(137,580)
Loss on sale of capital assets	-	4,255
(Increase) decrease in:		
Accounts receivable - tenants	2,750	(2,350)
Accounts receivable - Urban Enterprise Zone	-	9,000
Accounts receivable	(19,901)	-
Grant receivable	-	23,512
Interest rebate receivable	4,307	4,116
Prepaid expenses	(45,678)	(33,058)
Security deposit asset	15,244	1,767
Escrow deposit asset	191,600	(136,200)
Army credits	-	4,283
Increase (decrease) in:		
Accounts payable and accruals	163,568	36,923
Bond interest payable	360,334	(10,563)
Advanced rental payments	626	(26,422)
Accrued compensated absences	25,148	7,140
Security deposit liability	(15,244)	(1,767)
Escrow deposit liability	(191,600)	136,200
Net Cash Provided by Operating Activities	$ 4,583,997	$ 2,461,394
Supplemental Schedule of Noncash Investing and Financing Activities		
Purchase of real estate available for sale		
Cost of real estate purchased for sale	$ 1,892,518	$ -
Purchases through increases in Army debt	(340,974)	-
Purchase of real estate available for sale, net	$ 1,551,544	$ -

See accompanying notes.

Note A - Nature of Operations

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

Note B - Summary of Significant Accounting Policies

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

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

1. Basis of Accounting: The financial statements are presented using the accrual basis of accounting with an economic resources measurement focus. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. As permitted by GAAP, the Authority has elected to apply all relevant GASB pronouncements and only applicable Financial Accounting Standards Board ("FASB") Accounting Standards Certification ("ASC") pronouncements that do not contradict GASB pronouncements in the preparation of the financial statements.

2. Basis of Presentation: These financial statements present the Authority (primary government). There are no other component units which require inclusion. All of the Authority's programs are accounted for as one business-type activity for financial reporting purposes. This financial statement presentation provides an indication of the financial performance of the Authority as a whole. Enterprise designations are used to account for activities if any of the following criteria applies: (a) The activity is financed with debt that is solely secured by pledge of the net revenues from fees and charges of the activity; (b) laws or regulations that require that the activity's costs of providing services be recovered with fees and charges rather than taxes or similar revenues; or (c) the pricing policies of the activity establish fees and charges designated to recover its costs.

3. Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (and disclosure of contingent assets and liabilities, if any) at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Cash Equivalents: The Authority considers all short-term investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2014 and 2013.

5. Accounts Receivable: Accounts receivable consists of amounts due from tenants for monthly lease income. The Authority uses the allowance for bad debts method of valuing doubtful accounts receivable, which is based on historical experience, coupled with a review of the current status of existing receivables. Management has determined no allowance was required at December 31, 2014 and 2013.

Note B - Summary of Significant Accounting Policies (Continued)

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

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

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

7. Revenue Recognition: The Authority recognizes revenue when earned and not when received. Advanced and unearned rentals arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

8. Subsequent Events: The Authority has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

Note C - Grant Receivable

During 2012, the Authority was granted approximately $2.7 million to use for improvements along State Road 62. This grant required a 20% local match totaling approximately $700,000 for a total project cost of approximately $3.5 million. At December 31, 2014 and 2013, the Authority has a receivable from the grantor in the amount of $89,251, for reimbursement of expenses. Management has determined no allowance was required at December 31, 2014 and 2013.

Note D - Board Designated and Restricted Assets

Security deposits total $34,654 and $49,898 at December 31, 2014 and 2013, respectively, and represent deposits made by tenants for the property leased from the Authority.

Restricted escrow deposits consist of earnest money totaling $43,400 and $235,000 at December 31, 2014 and 2013, respectively. The Authority received this money for a possible real estate transaction.

In prior year, the Board passed a resolution to establish a designated reserve fund for the United States Army repayment. The Authority is scheduled to begin repayment of approximately $3.6 million to the United States Army beginning in 2015. At December 31, 2014 and 2013, the balance of this reserve account was $2,202,566 and $2,597,516, respectively.

In a prior year, the Authority obtained financing for future infrastructure improvements planned at River Ridge Commerce Center through a bond issuance of $8,500,000. See Note G for additional information on the bonds payable. The Authority was required to establish a bond reserve fund totaling $800,000 for future bond payments.

Note D - Board Designated and Restricted Assets (Continued)

In 2014, the Authority obtained financing for future infrastructure improvements planned at River Ridge Commerce Center through a bond issuance of $20 million. At December 31, 2014, $12,409,342 remains available to fund anticipated future improvements and is classified as restricted in the Statements of Net Position. See Note G for additional information on the bonds payable.

Note E - Capital Assets

The following is a summary of the capital assets activity during the years ended December 31, 2014 and 2013:

	Balance at 12/31/13	Additions	Dispositions	Balance at 12/31/14
Office equipment	$ 577,597	$ 384,554	$ -	$ 962,151
Vehicles	190,498	38,000	-	228,498
Infrastructure	12,525,578	1,442,337	(64,322)	13,903,593
Leasehold Improvements	-	67,705	-	67,705
CIP	-	8,783,919	-	8,783,919
	13,293,673	10,716,515	(64,322)	23,945,866
Accumulated depreciation	(1,720,846)	(736,082)	-	(2,456,928)
Total, net	$ 11,572,827	$ 9,980,433	$ (64,322)	$ 21,488,938

	Balance at 12/31/2012	Additions	Dispositions	Balance at 12/31/2013
Office equipment	$ 432,013	$ 190,271	$ (44,687)	$ 577,597
Vehicles	173,248	17,250	-	190,498
Infrastructure	11,286,572	1,445,929	(206,923)	12,525,578
	11,891,833	1,653,450	(251,610)	13,293,673
Accumulated depreciation	(1,108,134)	(628,143)	15,431	(1,720,846)
Total, net	$ 10,783,699	$ 1,025,307	$ (236,179)	$ 11,572,827

Depreciation expense was $736,081 and $628,143 for the years ended December 31, 2014 and 2013, respectively.

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

On June 6, 2005, August 24, 2006, July 2, 2009, September 10, 2010, November 17, 2011, August 10, 2012, May 6, 2014, May 22, 2014, and June 26, 2014 through quitclaim deeds, the United States of America, acting by and through the Deputy Assistant Secretary of the Army, entered into agreements with the Authority to deed land to the Authority. The agreements state that in accordance with the Federal Act, the Authority shall pay to the Army a monetary consideration for conveyance of the property to the Authority (the "Conveyance Consideration") as agreed upon in the deed agreements.

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

Year Conveyed	Number of Acres	Acquisition Price Per Acre	Original Purchase Price	Year Sold	Acres Sold	RRDA Required Payment	Repaid with Credits	Acres Remaining	Inventory Cost Remaining	Payable to U.S. Army
2005	24.00	$1,093	$ 26,232	2006	24.00	$ 26,232	$ -	-	$ -	$ -
2005	36.40	$1,131	41,168	2006	12.46	15,002	-	-	-	-
				2007	1.51	1,708	-	22.43	24,458	24,458
2005	2,083.00	$1,122	2,337,126	2007	30.44	34,154	-	-	-	-
				2008	26.15	30,383	-	-	-	-
				2009	27.71	31,087	-	-	-	-
				2012	11.96	-	13,419	-	-	-
				2013	32.70	28,124	4,283	-	-	-
				2014	23.56	30,672	-	1,930.48	2,169,134	2,165,004
2005	182.22	$1,131	206,091	2006	68.84	77,858	-	-	-	-
				2010	1.42	1,609	-	-	-	-
				2011	2.00	2,262	-	109.96	122,100	124,362
2006	577.63	$1,167	674,094	2007	91.96	107,312	-	-	-	-
				2010	19.90	23,206	-	-	-	-
				2011	3.44	-	4,016	-	-	-
				2012	47.60	-	55,014	-	-	-
				2013	21.49	24,776	-	-	-	-
				2014	33.61	38,756	-	359.65	419,149	421,014
2009	143.77	$1,219	175,256	2013	3.98	4,966	-	139.79	170,290	170,290
2010	82.85	$1,317	126,516	2012	20.00	-	30,800	62.85	95,716	95,716
2012	246.71	$1,608	396,709	2012	0.13	-	10,478	-	-	-
				2013	10.38	16,232	-	-	-	-
				2014	17.92	19,335	-	218.29	360,927	350,664
	86.97	$1,352	117,583		-	-	-	86.97	117,583	117,583
	417.26	$1,668	695,990		-	-	695,990	417.26	695,990	-
2014	468.92	$1,759	824,830		-	-	-	468.92	824,872	-
	230.97	$1,759	406,276		-	-	-	230.97	395,214	-
	165.77	$1,425	236,222		-	-	-	165.77	236,222	236,222
	73.51	$1,425	104,752		-	-	-	73.51	104,752.00	104,752
	4,819.98				533.14			4,286.84	5,736,407	3,810,065
									Payable on Sold Property	25,479
Purchased from the United States Army			6,368,845			513,674	814,000			
2014	8.50	$39,000	331,500					8.50	331,500	-
Purchased from other than United States Army			331,500							
				Real estate available for sale at 12/31/2014					$ 6,067,907	
Total Real Estate Purchased			$ 6,700,345	Payable to United States Army at 12/31/2014						$ 3,835,544

Note G - Bonds Payable

The Authority obtained financing for future infrastructure improvements planned at River Ridge Commerce Center through a bond issuance of $8,500,000 (Build America Bonds (BAB) $5,240,000 and Recovery Zone Economic Development Bonds (RZB) $3,260,000). The bonds were issued December 29, 2010 and mature February 1, 2026. The bonds bear interest at 6.5% which is payable semiannually. Payments began on August 1, 2011. Semiannual bond principal payments began February 1, 2012.

Additional financing for future infrastructure improvements planned at River Ridge Commerce Center was obtained during 2014 through a bond issuance of $20,000,000 (Tax Increment Revenue (TIR) Bonds). The bonds were issued May 23, 2014 and mature on February 1, 2034. The bond bears interest at 4.60%. Principal and interest is payable semiannually and payments began on August 1, 2014. The cash balance at December 31, 2014 was $11,884,652. The Authority established a debt service reserve of $524,690, in accordance with the bond agreement.

Accrued interest payable at December 31, 2014 and 2013 was $566,709 and $206,375, respectively.

The bond payable balance at December 31, 2014 and 2013 is as follows:

	12/31/2014	12/31/2013
Total Bonds Payable	$ 26,589,387	$ 7,620,000
Less current portion	(1,103,019)	(410,000)
Long-term Portion	$ 25,486,368	$ 7,210,000

As of December 31, 2014, bonds mature as follows:

2015	$ 1,103,020
2016	1,140,972
2017	1,154,458
2018	1,223,787
2019	1,308,693
Thereafter	20,658,457
Total	$ 26,589,387

These bonds entitle the Authority to a semi-annual rebate on their interest costs. The total amount of interest rebate received for the years ended December 31, 2014 and 2013, was $189,816 and $193,695, respectively. At December 31, 2014 and 2013, the interest rebate receivable was $75,833 and $80,140, respectively.

Note H - Short-Term Bank Borrowings

The Authority has a line of credit with Your Community Bank, which expires in June 2015. At December 31, 2014 and 2013, no amount was outstanding on this line of credit. The line of credit bears interest at prime with a floor of 4.0% per annum. The interest rate at December 31, 2014 was 4.0%. Under this line of credit agreement, the Authority can borrow up to a maximum of $1,500,000. The Authority has established an additional $120,000 line of credit at Your Community Bank, which expires in May 2015. The line of credit bears interest at 4.0%. There was no outstanding balance on either line at December 31, 2014 and 2013.

Note I - Advanced Rental Payments

The Authority recognizes rent received by tenants for future periods as "Advanced rental payments" on the Statements of Net Position. The liability for "Advanced rental payments" at December 31, 2014 and 2013, was $33,135 and $32,509, respectively.

Note J - Compensated Absences

The Authority employees earn paid time off (sick/vacation) at a rate of 18 to 22 days per year based upon the number of years of service. Except for the Executive Director, employees may carry unused time until the accumulated paid time off balance equals two times the annual paid time off. The Executive Director may accrue up to 32 days per year without expiration. At December 31, 2014 and 2013, accrued compensated absences were $84,518 and $59,370, respectively.

Note K - Rental Income Under Operating Leases

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

2015	$ 323,404
2016	48,220
2017	42,846
2018	14,175
2019	12,375

Note L - Operating Leases

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

Consideration for the original lease was based on the fair market rental value. This value was based on Government appraisals and includes the value of those facilities occupied by existing tenants. The parties originally agreed the total value of the property under lease was $1,723,998 at the date the master lease was signed. The Army has agreed that all documented costs, which are directly related to improvement, operation, maintenance, protection, and repair of the Ammunition Plant, will offset rents due the Army under the lease. In the event that documented costs exceed rent, the costs will be carried over to future years. In the event that rent exceeds documented costs, the Army may request excess rent to be paid to the Army based upon the terms of the master lease agreement. As of December 31, 2014, management believes the Authority had incurred cumulative documented costs greater than the rent obligation and therefore no payments for rent were required to be recognized in the financial statements at this time.

Additionally, the Authority leases office space from an unrelated party. The lease expires in December 2016. Lease expense under this lease was $64,600 and $62,422 for the years ended December 31, 2014 and 2013, respectively. Future minimum lease payments under this operating lease are expected to be approximately $64,600 for each of the years ending December 31, 2015 and 2016.

Note M - 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 $57,789 and $53,965 for the years ended December 31, 2014 and 2013, respectively. These amounts are included in employee benefits in the Statements of Revenues, Expenses and Changes in Net Position.

Note N - Cash and Cash Held For Restricted Deposits

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

The carrying value of cash including restricted deposits at December 31, 2014 and 2013 was $18,945,082 and $7,802,279, respectively. The bank balance at December 31, 2014 and 2013 was $19,165,813 and $7,866,973, respectively.

Note O - Major Customers

In 2014, approximately $680,000 (71%) of the Authority's rental income was generated from three customers. In 2013, approximately $431,000 (34%) of the Authority's rental income was generated from two customers.

Note P - Risk Management

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

In January 2005, the Board Members of the Authority voted to purchase an environmental liability insurance policy for approximately $1,000,000. This policy was purchased in May 2005 and provides coverage for the lesser of the earliest of ten years or $25,000,000 in payouts. The policy premiums are non-refundable. This policy will protect the Authority from claims of property damage or personal injury and provide funds for the Authority's defense in case of a lawsuit. The Authority determined the insurance was necessary after a review of its master lease with the Department of Defense by environmental attorneys. There have been no payouts through December 31, 2014 under this policy. (See Note Q for additional commitment of insurance).

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

Note Q - Commitments

The Authority entered into a four-year contract, which expires June 30, 2015, with Louisville Water Company ("LWC"), whereby LWC would provide the Authority with various operational and maintenance related needs of the water treatment, pumping and storage facilities. The Authority agreed to pay a total of $212,351 during the four-year contract period ($4,424 monthly) for the services. The total paid to LWC was $53,088 for the years ended December 31, 2014 and 2013.

Note Q - Commitments (Continued)

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

Note R - Environmental Remediation

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

Note S - Litigation

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

Supplementary Information

River Ridge Development Authority
Tax Increment Bonds of 2010, Series A
Build America Bonds - Amortization Schedule
December 31, 2014

Date	Principal	Interest Rate	Interest	Period Total	Fiscal Total
2/1/2015	$ 130,000	6.5%	$ 144,462	$ 274,462	
8/1/2015	135,000	6.5%	140,238	275,238	$ 549,700
2/1/2016	145,000	6.5%	135,850	280,850	
8/1/2016	150,000	6.5%	131,138	281,138	561,988
2/1/2017	150,000	6.5%	126,262	276,262	
8/1/2017	155,000	6.5%	121,387	276,387	552,649
2/1/2018	160,000	6.5%	116,350	276,350	
8/1/2018	170,000	6.5%	111,150	281,150	557,500
2/1/2019	170,000	6.5%	105,625	275,625	
8/1/2019	180,000	6.5%	100,100	280,100	555,725
2/1/2020	180,000	6.5%	94,250	274,250	
8/1/2020	195,000	6.5%	88,400	283,400	557,650
2/1/2021	190,000	6.5%	82,063	272,063	
8/1/2021	205,000	6.5%	75,887	280,887	552,950
2/1/2022	205,000	6.5%	69,225	274,225	
8/1/2022	215,000	6.5%	62,562	277,562	551,787
2/1/2023	220,000	6.5%	55,575	275,575	
8/1/2023	230,000	6.5%	48,425	278,425	554,000
2/1/2024	235,000	6.5%	40,950	275,950	
8/1/2024	245,000	6.5%	33,312	278,312	554,262
2/1/2025	250,000	6.5%	25,350	275,350	
8/1/2025	265,000	6.5%	17,225	282,225	557,575
2/1/2026	265,000	6.5%	8,613	273,613	273,613
	$ 4,445,000		$ 1,934,399	$ 6,379,399	$ 6,379,399

See independent auditor's report.

River Ridge Development Authority
Tax Increment Bonds of 2010, Series B
Recovery Zone Economic Development Bonds - Amortization Schedule
December 31, 2014

Date	Principal	Interest Rate	Interest	Period Total	Fiscal Total
2/1/2015	$ 80,000	6.5%	$ 89,862	$ 169,862	
8/1/2015	85,000	6.5%	87,262	172,262	$ 342,124
2/1/2016	90,000	6.5%	84,500	174,500	
8/1/2016	90,000	6.5%	81,575	171,575	346,075
2/1/2017	95,000	6.5%	78,650	173,650	
8/1/2017	95,000	6.5%	75,563	170,563	344,213
2/1/2018	100,000	6.5%	72,475	172,475	
8/1/2018	105,000	6.5%	69,225	174,225	346,700
2/1/2019	105,000	6.5%	65,813	170,813	
8/1/2019	110,000	6.5%	62,400	172,400	343,213
2/1/2020	115,000	6.5%	58,825	173,825	
8/1/2020	115,000	6.5%	55,088	170,088	343,913
2/1/2021	125,000	6.5%	51,350	176,350	
8/1/2021	125,000	6.5%	47,287	172,287	348,637
2/1/2022	130,000	6.5%	43,225	173,225	
8/1/2022	135,000	6.5%	39,000	174,000	347,225
2/1/2023	135,000	6.5%	34,612	169,612	
8/1/2023	145,000	6.5%	30,225	175,225	344,837
2/1/2024	145,000	6.5%	25,512	170,512	
8/1/2024	155,000	6.5%	20,800	175,800	346,312
2/1/2025	155,000	6.5%	15,762	170,762	
8/1/2025	165,000	6.5%	10,725	175,725	346,487
2/1/2026	165,000	6.5%	5,362	170,362	170,362
	$ 2,765,000		$ 1,205,098	$ 3,970,098	$ 3,970,098

See independent auditor's report.

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

Date	Principal	Interest Rate	Interest	Period Total	Fiscal Total
2/1/2015	$ 351,221	4.6%	$ 445,726	$ 796,947	$ 796,947
8/1/2015	321,799	4.6%	437,648	759,447	
2/1/2016	329,200	4.6%	430,247	759,447	1,518,894
8/1/2016	336,772	4.6%	422,675	759,447	
2/1/2017	344,517	4.6%	377,430	721,947	1,481,394
8/1/2017	314,941	4.6%	407,006	721,947	
2/1/2018	322,185	4.6%	436,768	758,953	1,480,900
8/1/2018	366,602	4.6%	392,351	758,953	
2/1/2019	375,034	4.6%	383,919	758,953	1,517,906
8/1/2019	383,659	4.6%	375,294	758,953	
2/1/2020	392,484	4.6%	366,469	758,953	1,517,906
8/1/2020	401,511	4.6%	357,442	758,953	
2/1/2021	410,745	4.6%	348,208	758,953	1,517,906
8/1/2021	420,193	4.6%	338,760	758,953	
2/1/2022	429,857	4.6%	329,096	758,953	1,517,906
8/1/2022	439,744	4.6%	319,209	758,953	
2/1/2023	449,858	4.6%	309,095	758,953	1,517,906
8/1/2023	460,205	4.6%	298,748	758,953	
2/1/2024	470,789	4.6%	288,164	758,953	1,517,906
8/1/2024	481,617	4.6%	277,336	758,953	
2/1/2025	492,695	4.6%	266,258	758,953	1,517,906
8/1/2025	504,027	4.6%	254,926	758,953	
2/1/2026	515,619	4.6%	243,334	758,953	1,517,906
8/1/2026	527,479	4.6%	231,474	758,953	
2/1/2027	539,611	4.6%	219,342	758,953	1,517,906
8/1/2027	552,022	4.6%	206,931	758,953	
2/1/2028	564,718	4.6%	194,235	758,953	1,517,906
8/1/2028	577,707	4.6%	181,246	758,953	
2/1/2029	590,994	4.6%	167,959	758,953	1,517,906
8/1/2029	604,587	4.6%	154,366	758,953	
2/1/2030	618,492	4.6%	140,461	758,953	1,517,906
8/1/2030	632,718	4.6%	126,235	758,953	
2/1/2031	647,270	4.6%	111,683	758,953	1,517,906
8/1/2031	662,157	4.6%	96,796	758,953	
2/1/2032	677,387	4.6%	81,566	758,953	1,517,906
8/1/2032	692,967	4.6%	65,986	758,953	
2/1/2033	708,905	4.6%	50,048	758,953	1,517,906
8/1/2033	725,210	4.6%	33,743	758,953	
2/1/2034	741,889	4.6%	17,064	758,953	1,517,906
	$19,379,387		$10,185,244	$ 29,564,631	$ 29,564,631

See independent auditor's report.

CPAs & ADVISORS

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

The Board of Directors
River Ridge Development Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of River Ridge Development Authority (the "Authority") which comprise the statements of net position as of December 31, 2014 and 2013, and the statement of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

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

Purpose of this Report

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

Martin Zoz Chilton Medley LLP

Jeffersonville, Indiana
April 17, 2015