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July 6, 2017

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

We have reviewed the audit report prepared by Mountjoy Chilton Medley, LLP, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the River Ridge Development Authority, as of December 31, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

Paul D. Joyce, CPA
State Examiner

River Ridge Development Authority
Report on Audits of Financial Statements
Years Ended December 31, 2016 and 2015

River Ridge Development Authority

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December 31, 2016 and 2015

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Independent Auditor's Report

The Board of Directors
River Ridge Development Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of River Ridge Development Authority (the Authority), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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 audit. We conducted our audit 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 from 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.

Mountjoy Chilton Medley LLP

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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 business-type activities of the Authority as of December 31, 2016 and 2015, 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 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 financial statements that collectively comprise the Authority's basic financial statements. The accompanying Bond Amortization Schedules on pages 20 through 23, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Bond Amortization Schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Bond Amortization Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Jeffersonville, Indiana
May 12, 2017

**River Ridge Development Authority
Management's Discussion and Analysis
December 31, 2016 and 2015**

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, 2016 and 2015.

Nature of Organization and Reporting Entity

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

Overview of the Financial Statements

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

Required Financial Statements

The Statements of Net Position

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

The Statements of Revenues, Expenses and Changes in Net Position

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

The Statements of Cash Flows

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

River Ridge Development Authority
Management's Discussion and Analysis (Continued)
December 31, 2016 and 2015

Required Financial Statements (Continued)

Table 1
Condensed Statements of Net Position

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Assets			
Current Assets	\$ 3,963,276	\$ 2,551,681	\$ 1,411,595
Cash Reserves	21,650,751	22,083,542	(432,791)
Capital Assets, Net	53,553,722	27,332,242	26,221,480
Other Assets	<u>7,712,865</u>	<u>7,143,658</u>	<u>569,207</u>
Total Assets	<u>86,880,614</u>	<u>59,111,123</u>	<u>27,769,491</u>
Liabilities			
Current Liabilities	4,687,426	3,531,682	1,155,744
Other Liabilities	35,308	323,313	(288,005)
Long-Term Debt	<u>47,498,858</u>	<u>34,835,617</u>	<u>12,663,241</u>
Total Liabilities	<u>52,221,592</u>	<u>38,690,612</u>	<u>13,530,980</u>
Net Investment in Capital Assets	6,033,829	(6,729,124)	12,762,953
Restricted	14,400,331	13,625,660	774,671
Unrestricted	<u>14,224,862</u>	<u>13,523,975</u>	<u>700,887</u>
Total Net Position	<u>\$ 34,659,022</u>	<u>\$ 20,420,511</u>	<u>\$ 14,238,511</u>

Total assets increased by \$27,769,491 in 2016 due to a net increase in capital assets of \$26,221,480. The primary increase in net capital assets resulted from infrastructure improvements. Total liabilities increased by \$13,530,980 due to the overall net long-term debt increase of \$12,663,241, which was the result of the \$15 million Tax Increment Bonds of 2016, Series A bond issuance. See Note E, Capital Assets, and Note G, Bonds Payable, for details of transactional activity.

**River Ridge Development Authority
Management's Discussion and Analysis (Continued)
December 31, 2016 and 2015**

Required Financial Statements (Continued)

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

	<u>2016</u>	<u>2015</u>	<u>Increase</u>
Total Revenues,			
Including Nonoperating Revenues	\$ 24,127,773	\$ 13,621,725	\$ 10,506,048
Total Expenses			
Including Nonoperating Expenses	<u>9,889,262</u>	<u>8,270,665</u>	<u>1,618,597</u>
Changes in Net Position	<u>\$ 14,238,511</u>	<u>\$ 5,351,060</u>	<u>\$ 8,887,451</u>

- Total revenues increased in 2016 by \$10,506,048 primarily due to an increase of \$5,916,236 in net revenues from land sales and an increase of \$4,315,674 in revenues from grants.

In 2016, River Ridge Development Authority sold approximately 293 acres with proceeds of \$12 million. New investors for 2016 included Opus, LLC, Van Trust, LLC & Louisville Warehouse Co. Louisville Warehouse Company purchased 84.56 acres resulting in net proceeds of \$5,372,689; Van Trust Real Estate, LLC purchased 40 acres resulting in net proceeds of \$2,449,431; and River Ridge Ventures LLC purchased 26.9 acres resulting in net proceeds of \$1,995,013.

- Total expenses increased in 2016 by \$1,618,597 primarily due to continuing development activities. Other expenses were generally within budgeted amounts.

Future Operations

The Authority anticipates comparable land sales for 2017 based upon activities carried over from 2016. Additional increases in Tax Increment Financing (TIF) and Urban Enterprise Zone (UEZ) revenue is expected in 2017 due to new assessments of recent private investments by developers and new tenants.

Our emphasis will continue to be site development and infrastructure improvements required to support existing projects and future private investments. Significant on-site infrastructure and road improvements were completed in 2016, with additional projects slated for 2017. Major demolition projects totaling more than \$1.7M were started in 2016 with comparable expenditures planned for 2017. With the opening of the Lewis & Clark Bridge and the completion of the River Ridge segment of the transportation corridor project, River Ridge anticipates the continuation of our current growth trajectory. Completion of internal and external infrastructure improvements provide added value to the overall marketability of the River Ridge Commerce Center.

Requests for Additional Information

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

River Ridge Development Authority
Statements of Net Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Cash	\$ 1,066,018	\$ 2,229,593
Accounts receivable - tenants	11,341	4,835
Grants receivable	2,833,716	269,251
Prepaid expenses	<u>52,201</u>	<u>48,002</u>
Total Current Assets	3,963,276	2,551,681
Cash Reserves		
Cash and cash equivalents - security deposits	35,308	34,537
Cash and cash equivalents - debt service reserve	7,215,112	5,405,913
Cash and cash equivalents - bond proceeds	14,400,331	13,625,660
Cash and cash equivalents - escrow deposits	-	288,776
Cash and cash equivalents - Army repayment reserve funds	-	1,228,656
Cash and cash equivalents - demolition reserve	<u>-</u>	<u>1,500,000</u>
Total Cash Reserves	21,650,751	22,083,542
Capital Assets		
Equipment	1,442,665	1,103,115
Vehicles	265,844	233,734
Infrastructure	50,992,534	17,954,437
Leasehold improvements	67,705	67,705
Construction in process	<u>5,069,179</u>	<u>10,940,238</u>
	57,837,927	30,299,229
Less accumulated depreciation	<u>(4,284,205)</u>	<u>(2,966,987)</u>
Capital Assets, Net	53,553,722	27,332,242
Other Assets		
Army credit	423,168	94,972
Real estate available for sale	<u>7,289,697</u>	<u>7,048,686</u>
Total Other Assets	<u>7,712,865</u>	<u>7,143,658</u>
Total Assets	<u>\$ 86,880,614</u>	<u>\$ 59,111,123</u>

River Ridge Development Authority
Statements of Net Position (Continued)
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Liabilities		
Current Liabilities		
Accounts payable and accruals	\$ 2,194,455	\$ 1,291,121
Current portion of bonds payable	1,718,632	1,541,474
Bond interest payable	647,801	565,067
Advanced rental payments	23,585	35,972
Accrued compensated absences	102,953	98,048
	<u>4,687,426</u>	<u>3,531,682</u>
Total Current Liabilities		
Other Liabilities (Payable From Cash Reserves)		
Security deposits	35,308	34,537
Escrow deposits	-	288,776
	<u>35,308</u>	<u>323,313</u>
Total Other Liabilities		
Long - Term Debt		
Bonds payable	45,801,261	32,519,892
Payable to United States Army	1,697,597	2,315,725
	<u>47,498,858</u>	<u>34,835,617</u>
Total Long-term Debt		
	<u>52,221,592</u>	<u>38,690,612</u>
Total Liabilities		
Net Position		
Net investment in capital assets (deficit)	6,033,829	(6,729,124)
Restricted	14,400,331	13,625,660
Unrestricted	14,224,862	13,523,975
	<u>\$ 34,659,022</u>	<u>\$ 20,420,511</u>
Total Net Position		

See accompanying notes.

River Ridge Development Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Rental income	\$ 506,671	\$ 771,733
Rental income River Ridge property	347,624	108,112
Urban Enterprise Zone income	3,339,469	2,998,082
Tax Increment Financing income	1,204,869	1,014,753
Recycling and scrap sale income	190,461	382,360
Land proceeds, net	12,080,502	6,164,266
Water sales	290,162	221,855
Grant income	4,515,674	200,000
	<u>22,475,432</u>	<u>11,861,161</u>
Total Operating Revenues		
Operating Expenses		
Payroll	1,086,555	992,081
Employee benefits	318,289	306,963
Payroll taxes	74,656	68,962
Redevelopment expenses	1,764,629	427,082
Road and ground maintenance	243,462	254,224
Depreciation expense	1,431,429	793,622
Legal fees	164,943	390,009
Insurance	163,285	155,017
Marketing	164,544	208,393
Office equipment and supplies	148,300	76,077
Professional fees	25,908	48,916
Rental expense	67,780	64,845
Security	193,969	218,722
Training expense	1,725	1,966
Travel	12,741	20,871
Utilities	12,388	12,505
Water supplies and contract	142,824	169,378
Environmental monitoring	30,568	149,385
Army operational expenses	4,048	668,548
Employee recruitment	23,936	550
TIF administration	-	5,842
Settlement expense	151,950	264,000
Interest expense	1,396,652	1,345,649
	<u>7,624,581</u>	<u>6,643,607</u>
Total Operating Expenses		
Operating Income	14,850,851	5,217,554
Nonoperating Revenues (Expenses)		
Interest income	191,599	239,364
Other income	6,124	1,381
(Loss) on disposal/transfer of capital assets	(2,264,681)	(1,627,058)
Army Credits	1,454,618	1,519,819
	<u>(612,340)</u>	<u>133,506</u>
Total Nonoperating (Expenses) Revenues		
Changes in Net Position	14,238,511	5,351,060
Net Position, Beginning of Year	<u>20,420,511</u>	<u>15,069,451</u>
Net Position, End of Year	<u>\$ 34,659,022</u>	<u>\$ 20,420,511</u>

See accompanying notes.

River Ridge Development Authority
Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Cash received from tenant, land sales, and others	\$ 12,043,055	\$ 8,579,746
Cash paid to suppliers, employees, and others	(5,534,574)	(5,121,614)
Urban Enterprise Zone income received	3,051,464	2,998,082
Interest received	191,599	484,623
Grants received	4,515,674	200,000
	<u>14,267,218</u>	<u>7,140,837</u>
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities		
Real estate available for sale, net	(241,011)	(980,779)
Purchases of capital assets	(29,929,178)	(8,263,984)
Proceeds on sale of capital assets	11,588	-
	<u>(30,158,601)</u>	<u>(9,244,763)</u>
Net Cash Used by Investing Activities		
Cash Flows from Financing Activities		
Receipt of bonds	15,000,000	8,575,000
Payment on bonds	(1,541,473)	(1,103,021)
Payment to United States Army obligation	(33,147)	-
Charges to the United States Army for land transfer, net	869,637	-
	<u>14,295,017</u>	<u>7,471,979</u>
Net Cash Provided by Financing Activities		
Net (Decrease) Increase in Cash	(1,596,366)	5,368,053
Cash and Cash Equivalents, Beginning of Year	<u>24,313,135</u>	<u>18,945,082</u>
Cash and Cash Equivalents, End of year	<u>\$ 22,716,769</u>	<u>\$ 24,313,135</u>
Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities:		
Change in net position	\$ 14,238,511	\$ 5,351,060
Adjustments to reconcile changes in net position to net cash provided by operating activities:		
Depreciation expense	1,431,429	793,622
Army credit deferred income	(1,454,618)	(1,519,819)
Loss on sale/transfer of capital assets	2,264,681	1,627,058
(Increase) decrease in:		
Accounts receivable - tenants	(6,506)	(3,285)
Accounts receivable	-	19,901
Grant receivable	(2,564,465)	(180,000)
Interest rebate receivable	-	75,833
Prepaid expenses	(4,199)	49,207
Army credits	(328,196)	(94,972)
Increase (decrease) in:		
Accounts payable and accruals	903,334	762,248
Bond interest payable	82,734	(1,642)
Advanced rental payments	(12,387)	2,837
Accrued compensated absences	4,905	13,530
Security deposit liability	771	(117)
Escrow deposit liability	(288,776)	245,376
	<u>14,267,218</u>	<u>7,140,837</u>
Net Cash Provided by Operating Activities		
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash	\$ 1,066,018	\$ 2,229,593
Cash Reserves	21,650,751	22,083,542
Total Cash and Cash Equivalents	<u>\$ 22,716,769</u>	<u>\$ 24,313,135</u>

See accompanying notes.

River Ridge Development Authority
Notes to Financial Statements
December 31, 2016 and 2015

Note A - Nature of Operations

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

Note B - Summary of Significant Accounting Policies

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

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

1. Basis of Accounting: The financial statements are presented using the accrual basis of accounting with an economic resources measurement focus. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. As permitted by GAAP, the Authority has elected to apply all relevant GASB pronouncements in the preparation of the financial statements.
2. Basis of Presentation: These financial statements present the Authority (primary government). There are no other component units which require inclusion. All of the Authority's programs are accounted for as one business-type activity for financial reporting purposes. This financial statement presentation provides an indication of the financial performance of the Authority as a whole. Enterprise designations are used to account for activities if any of the following criteria applies: (a) The activity is financed with debt that is solely secured by pledge of the net revenues from fees and charges of the activity; (b) laws or regulations that require that the activity's costs of providing services be recovered with fees and charges rather than taxes or similar revenues; or (c) the pricing policies of the activity establish fees and charges designated to recover its costs.
3. Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (and disclosure of contingent assets and liabilities, if any) at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
4. Cash Equivalents: The Authority considers all short-term investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2016 and 2015.
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, 2016 and 2015.

River Ridge Development Authority
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

Note B - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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, grant income, Urban Enterprise Zone income and Tax Increment Financing income. Operating expenses include payroll, redevelopment expenses, depreciation, interest and other general operating expenses. All revenues and expenses not meeting this criteria are reported as nonoperating revenues and expenses, including interest income, capital asset transactions, and credits provided by the Army.

8. 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.
9. 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.
10. Reclassifications: Certain amounts presented in the prior year financial statements have been reclassified to conform to the current year presentation.

Note C - Grants Receivable

During 2012, the Authority was granted approximately \$2.7 million to use for improvements along State Road 62. This grant required a 20% local match totaling approximately \$700,000 for a total project cost of approximately \$3.5 million. At December 31, 2016 and 2015, 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, 2016 and 2015.

**River Ridge Development Authority
Notes to Financial Statements (Continued)
December 31, 2016 and 2015**

Note C - Grants Receivable (Continued)

During 2013, the Authority was awarded a Federal EDA grant for the construction of a 3,700 acre industrial park. The grant required a 50% local match of the overall total project costs which were estimated to be approximately \$3.6 million. During the year ended December 31, 2016, the Authority recognized \$1,661,283 as grant revenue and has a receivable from the grantor in the amount of \$281,842 for reimbursement of expenses as of December 31, 2016. No revenue related to this grant was recognized for the year ended December 31, 2015.

During 2015, the Authority was granted approximately \$3.5 million for the development and construction of roads and railways from the Indiana Department of Transportation. The Authority was required to commit \$7 million to the project for a total project cost of approximately \$10.5 million. During the year ended December 31, 2016, the Authority recognized \$2,854,391 as grant revenue and has a receivable from the grantor in the amount of \$2,462,623 for reimbursement of expenses as of December 31, 2016. No revenue related to this grant was recognized for the year ended December 31, 2015.

During 2015, the Authority received a \$200,000 grant award for the reconstruction and completion of an infrastructure project. As of December 31, 2016, the Authority had received all funds related to the grant.

Note D - Cash Reserves

Security deposits total \$35,308 and \$34,537 at December 31, 2016 and 2015, respectively, and represent deposits made by tenants for the property leased from the Authority. The liability for such deposits at December 31, 2016 and 2015 was \$35,308 and \$34,537, respectively.

In a prior year, the Board established designated reserve funds for the repayment of bond debt. The funds are made up of proceeds from Tax Increment Financing income and Urban Enterprise Zone income. At December 31, 2016 and 2015, the balance of these reserve accounts was \$7,215,112 and \$5,405,913, respectively. These funds are reported as a component of unrestricted net position on the Statements of Net Position at December 31, 2016 and 2015.

During the year ended December 31, 2016 and 2015, the Authority obtained financing for future infrastructure improvements planned at River Ridge Commerce Center through the issuance of bonds (see Note G for additional information on the bonds payable). At December 31, 2016 and 2015, \$14,400,331 and \$13,625,660, respectively, was available to fund anticipated future improvements and is classified as restricted net position in the Statements of Net Position.

Escrow deposits reserves consist of earnest money received for possible real estate transactions. Escrow deposits totaled \$-0- and \$288,776 at December 31, 2016 and 2015, respectively. The liability for such deposits at December 31, 2016 and 2015 was \$-0- and \$288,776, respectively.

In a prior year, the Board passed a resolution to establish a designated reserve fund for the United States Army repayment. At December 31, 2016 and 2015, the balance of this reserve account was \$-0- and \$1,228,656, respectively. This is reported as a component of unrestricted net position on the Statements of Net Position at December 31, 2015.

During 2015, the Board resolved to establish a designated reserve fund for financing future infrastructure improvements planned at River Ridge Commerce Center. At December 31, 2016 and 2015, the balance of this reserve account was \$-0- and \$1,500,000, respectively.

River Ridge Development Authority
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

Note E - Capital Assets

The following is a summary of the capital assets activity during the years ended December 31, 2016 and 2015:

	Balance at 12/31/2015	Additions	Transfers	Dispositions	Balance at 12/31/2016
Office equipment	\$ 1,103,115	\$ 425,550	\$ -	\$ (86,000)	\$ 1,442,665
Vehicles	233,734	32,110	-	-	265,844
Infrastructure	17,954,437	23,749,695	11,592,882	(2,304,480)	50,992,534
Leasehold Improvements	67,705	-	-	-	67,705
CIP	10,940,238	5,721,823	(11,592,882)	-	5,069,179
	<u>30,299,229</u>	<u>29,929,178</u>	<u>-</u>	<u>(2,390,480)</u>	<u>57,837,927</u>
Accumulated depreciation	<u>(2,966,987)</u>	<u>(1,431,429)</u>	<u>-</u>	<u>114,211</u>	<u>(4,284,205)</u>
Total, net	<u>\$ 27,332,242</u>	<u>\$ 28,497,749</u>	<u>\$ -</u>	<u>\$ (2,276,269)</u>	<u>\$ 53,553,722</u>

	Balance at 12/31/2014	Additions	Transfers	Dispositions	Balance at 12/31/2015
Office equipment	\$ 962,151	\$ 182,441	\$ -	\$ (41,477)	\$ 1,103,115
Vehicles	228,497	37,150	-	(31,913)	233,734
Infrastructure	13,903,593	-	5,888,074	(1,837,230)	17,954,437
Leasehold Improvements	67,705	-	-	-	67,705
CIP	8,783,919	8,044,393	(5,888,074)	-	10,940,238
	<u>23,945,865</u>	<u>8,263,984</u>	<u>-</u>	<u>(1,910,620)</u>	<u>30,299,229</u>
Accumulated depreciation	<u>(2,456,927)</u>	<u>(793,622)</u>	<u>-</u>	<u>283,562</u>	<u>(2,966,987)</u>
Total, net	<u>\$ 21,488,938</u>	<u>\$ 7,470,362</u>	<u>\$ -</u>	<u>\$ (1,627,058)</u>	<u>\$ 27,332,242</u>

Depreciation expense was \$1,431,429 and \$793,622 for the years ended December 31, 2016 and 2015, respectively.

Included in the 2016 and 2015 activity was property/infrastructure that was transferred to various municipalities.

River Ridge Development Authority
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

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

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

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

Year Conveyed	Number of Acres	Acquisition Price Per Acre	Original Purchase Price	Year Sold	Acres Sold	RRDA Required Payment	Repaid with Credits and Other Changes	Acres Remaining	Inventory Cost Remaining	Payable to U.S. Army			
2005	26.40	\$1,093	\$ 28,855	2006	24.35	\$ 27,144	-	-	-	-			
				2015	-	-	1,711	2	1,711	-			
	36.40	\$1,122	40,841	2006	10.00	11,215	-	-	-	-			
				2015	-	-	29,626	26	29,536	-			
	2,082.58	\$1,122	2,336,655	2007	30.44	74,689	-	-	-	-	-		
				2008	13.92	17,276	-	-	-	-	-		
				2009	27.71	31,087	-	-	-	-	-		
				2012	11.96	13,419	-	-	-	-	-		
				2013	32.66	14,098	-	-	-	-	-		
				2014	23.56	27,125	-	-	-	-	-		
				2015	77.60	1,753,356	-	-	405,605	-	-		
				2016	3.29	-	-	1,861	-	2,090,603	-		
				182.22	\$1,122	204,451	2006	70.84	80,123	-	-	-	-
							2010	1.42	1,609	-	-	-	-
	2011	2.00	2,262				-	-	-	-			
	2015	7.70	8,638				111,819	100	111,818	-			
2016	0.46	523	-				-	-	-				
2006	577.63	\$1,153	666,007	2006	0.46	523	-	-	-	-			
				2007	57.17	66,664	-	-	-	-			
				2008	11.80	13,772	-	-	-	-			
				2010	19.90	23,207	-	-	-	-			
				2011	3.44	-	4,016	-	-	-			
				2012	47.60	-	55,014	-	-	-			
				2013	21.49	21,846	-	-	-	-			
				2014	33.61	38,752	-	-	-	-			
				2015	35.79	41,262	-	-	-	-			
				2016	23.72	5,307	395,644	323	373,603	-			
2009	143.77	\$1,248	179,425	2013	3.98	4,966	-	-	-				
				2015	26.82	33,475	-	113	140,984	140,984			
2010	80.45	\$1,197	103,137	2012	20.00	-	30,800	60	72,337	72,337			
2011	240.30	\$1,316	324,669	2012	0.13	-	10,478	-	-	-			
				2013	9.11	11,990	-	-	-	-			
				2014	17.92	23,577	-	-	-	-			
				2015	28.30	38,264	-	-	-	-			
				2016	23.88	27,840.00	334	161	212,186	212,186			
				2012	0.28	-	704,426	-	-	-			
2012	417.26	\$1,668	704,426	2013	1.31	-	-	-	-				
				2015	22.97	-	-	-	-				
				2016	3.20	-	-	390	659,937	-			
				2014	86.97	\$1,352	117,583	-	-	87	117,583	117,583	
2014	699.89	\$1,759	1,220,044	-	-	-	1,220,044	700	1,220,044	-			
				2014	239.28	\$1,425	340,974	-	-	239	340,974	340,974	
2015	146.15	\$1,806	263,947	-	-	-	263,947	146	263,947	-			
				2016	685.26	\$1,463	1,002,535	2016	148.49	-	217,240	537	785,295
2016	18.80	\$1,502	28,238	-	-	-	-	19	28,238	28,238			
				2016	274.61	\$1,855	509,402	-	-	509,402	275	509,402	-
					<u>898.81</u>			<u>5,039.16</u>	<u>6,958,197</u>	<u>1,697,597</u>			
Purchased from the United States Army			<u>8,071,189</u>		\$ 2,413,486	\$ 3,960,106							
2014	8.50	\$39,000	<u>331,500</u>					8.50	331,500	-			
Purchased from other than United States Army			<u>331,500</u>										
Real estate available for sale at 12/31/2016									<u>\$ 7,289,697</u>				
Total Real Estate Purchased			<u>\$ 8,402,689</u>							<u>\$ 1,697,597</u>			

River Ridge Development Authority
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

Note G - Bonds Payable

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

During 2014, the Authority obtained financing for future infrastructure improvements planned at River Ridge Commerce Center through a bond issuance of \$20,000,000 (Tax Increment Revenue (TIR) Bonds). The bonds were issued May 23, 2014 and mature on February 1, 2034. The bond bears interest at 4.60%. Principal and interest is payable semiannually and payments began on August 1, 2014. The cash balance at December 31, 2016 and 2015 was \$-0- and \$6,783,990, respectively. The Authority also established a debt service reserve in accordance with the bond agreement. The cash balance of the reserve at December 31, 2016 and 2015 was \$1,023,854 and \$1,767,619, respectively.

During 2015, the Authority obtained financing for future infrastructure improvements planned at River Ridge Commerce Center through a bond issuance of \$8,540,000 (Tax Increment Revenue Refunding Bonds (TIRR)). The bonds were issued August 3, 2015 and mature August 1, 2035. The bonds bear interest at 3.38%. Principal and interest is payable semiannually and payments began on February 1, 2016. The cash balance at December 31, 2016 and 2015 was \$970,863 and \$6,841,670, respectively.

During 2016, the Authority obtained financing for future infrastructure improvements planned at River Ridge Commerce Center through a bond issuance of \$15,000,000 (Tax Increment Revenue (TIR) Bonds). The bonds were issued September 30, 2016 and mature August 1, 2036. The bonds bear interest at 3.09%. Semiannual payments of both principal and interest will begin on February 1, 2017. The cash balance at December 31, 2016 was \$13,429,468.

Accrued interest payable at December 31, 2016 and 2015 was \$647,801 and \$565,067, respectively.

Bond payable activity for the year ended December 31, 2016 was as follows:

	Balance 12/31/15	Additions	Reductions	Balance 12/31/16	Amounts Due within One Year
TIR Bond of 2014, Series A	\$ 18,706,366	\$ -	\$ (665,971)	\$ 18,040,395	\$ 659,458
TIR Bond of 2015, Series A	8,540,000	-	(304,832)	8,235,168	315,222
TIR Bond of 2015, Series B	6,815,000	-	(570,670)	6,244,330	585,952
TIR Bond of 2016, Series A	-	15,000,000	-	15,000,000	158,000
	<u>\$ 34,061,366</u>	<u>\$ 15,000,000</u>	<u>\$ (1,541,473)</u>	<u>\$ 47,519,893</u>	<u>\$ 1,718,632</u>

River Ridge Development Authority
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

Note G - Bonds Payable (Continued)

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

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

As of December 31, 2016, bonds mature as follows:

	Principal	Interest	Total
2017	\$ 1,718,632	\$ 1,608,689	\$ 3,327,321
2018	1,628,396	1,699,145	3,327,541
2019	1,725,522	1,601,648	3,327,170
2020	1,789,855	1,537,943	3,327,798
2021	1,855,664	1,471,718	3,327,382
Thereafter	<u>38,801,824</u>	<u>11,878,544</u>	<u>50,680,368</u>
Total	<u>\$ 47,519,893</u>	<u>\$ 19,797,688</u>	<u>\$ 67,317,581</u>

Note H - 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, 2016 and 2015, was \$23,585 and \$35,972, respectively.

Note I - Compensated Absences

The Authority employees earn paid time off (sick/vacation) at a rate of 18 to 22 days per year based upon the number of years of service. Except for the Executive Director, employees may carry unused time until the accumulated paid time off balance equals two times the annual paid time off. The Executive Director may accrue up to 32 days per year without expiration. At December 31, 2016 and 2015, accrued compensated absences were \$102,953 and \$98,048, respectively.

River Ridge Development Authority
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

Note J - 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:

2017	\$	116,829
2018		12,375
2019		12,375
2020		12,375
2021		12,375

Note K - 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 \$63,177 and \$60,105 for the years ended December 31, 2016 and 2015, respectively. These amounts are included in employee benefits in the Statements of Revenues, Expenses and Changes in Net Position.

Note L - Operating Leases

In May 2003, the Authority and the 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, 2016, 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 term is on a month-to-month basis and is subject to monthly rental increases based on the month-to-month increase in value, if any. Lease expense under this lease was \$67,780 and \$64,845 for the years ended December 31, 2016 and 2015, respectively.

Note M - 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.

**River Ridge Development Authority
Notes to Financial Statements (Continued)
December 31, 2016 and 2015**

Note M - Cash and Cash Held For Restricted Deposits (Continued)

The carrying value of cash including restricted deposits at December 31, 2016 and 2015 was \$22,716,769 and \$24,313,135, respectively. The bank balance at December 31, 2016 and 2015 was \$23,715,528 and \$25,433,052, respectively.

Note N - Major Customers

In 2016, approximately \$646,712 (76%) of the Authority's rental income was generated from three customers. In 2015, approximately \$595,000 (73%) of the Authority's rental income was generated from the same customers.

Note O - 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.

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. 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, 2016 under this policy.

Note P - Commitments

The Authority entered into a four-year contract, which was set to expire on June 30, 2015, with Louisville Water Company ("LWC"), whereby LWC would provide the Authority with various operational and maintenance related needs for water treatment, pumping and storage facilities. The Authority agreed to pay a total of \$212,351 during this initial four-year contract period (\$4,424 monthly) for the services. During July 2015, the Authority negotiated a four-year extension to the original contract, which currently expires June 30, 2019. The Authority agreed to pay a total of \$393,600 during the four-year contract period (\$8,200 monthly) for the services. The total paid to LWC for the years ended December 31, 2016 and 2015 was \$106,682 and \$80,168, respectively.

During October 2015, the Authority took title of the 6,000-acre River Ridge Commerce Center ("RRCC") subject to a pre-existing lease held by an outside party which runs through October 31, 2027, and which allows that party the right to store rail cars on approximately 49 miles of rail road tracks spread throughout the property. Because the party's leasehold interest in the tracks can become incompatible with, and an impediment to, specific projects being developed within the RRCC, the Authority and the party reached an agreement which allows the Authority to repurchase portions of track and terminate the party's leasehold interest thereto on a piecemeal basis as portions of track need to be removed for development projects. Under this agreement, the Authority will be obligated to pay up to \$1,541,875 to the outside party for 61,675 linear feet of track by October 30, 2018, as the tracks are removed. At December 31, 2016, cumulative disbursements made under this agreement totaled \$190,950.

River Ridge Development Authority
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

Note Q - Environmental Remediation

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

Note R - Litigation

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

Supplementary Information

River Ridge Development Authority
Tax Increment Bonds of 2014, Series A - Amortization Schedule
December 31, 2016

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
2/1/2017	\$ 344,517	4.6%	\$ 377,430	\$ 721,947	\$ 721,947
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
	<u>\$ 18,040,395</u>		<u>\$ 8,448,948</u>	<u>\$ 26,489,343</u>	<u>\$ 26,489,343</u>

River Ridge Development Authority
Tax Increment Bonds of 2015, Series A - Amortization Schedule
December 31, 2016

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
2/1/2017	\$ 156,290	3.38%	\$ 139,174	\$ 295,465	
8/1/2017	158,932	3.38%	136,533	295,465	\$ 590,929
2/1/2018	161,618	3.38%	133,847	295,465	
8/1/2018	164,349	3.38%	131,116	295,465	590,929
2/1/2019	167,126	3.38%	128,338	295,465	
8/1/2019	169,951	3.38%	125,514	295,465	590,929
2/1/2020	172,823	3.38%	122,642	295,465	
8/1/2020	175,744	3.38%	119,721	295,465	590,929
2/1/2021	178,714	3.38%	116,751	295,465	
8/1/2021	181,734	3.38%	113,731	295,465	590,929
2/1/2022	184,805	3.38%	110,659	295,465	
8/1/2022	187,929	3.38%	107,536	295,465	590,929
2/1/2023	191,105	3.38%	104,360	295,465	
8/1/2023	194,334	3.38%	101,130	295,465	590,929
2/1/2024	197,619	3.38%	97,846	295,465	
8/1/2024	200,958	3.38%	94,506	295,465	590,929
2/1/2025	204,354	3.38%	91,110	295,465	
8/1/2025	207,808	3.38%	87,657	295,465	590,929
2/1/2026	211,320	3.38%	84,145	295,465	
8/1/2026	214,891	3.38%	80,573	295,465	295,465
2/1/2027	218,523	3.38%	76,942	295,465	
8/1/2027	222,216	3.38%	73,249	295,465	295,465
2/1/2028	225,972	3.38%	69,493	295,465	
8/1/2028	229,790	3.38%	65,674	295,465	295,465
2/1/2029	233,674	3.38%	61,791	295,465	
8/1/2029	237,623	3.38%	57,842	295,465	295,465
2/1/2030	241,639	3.38%	53,826	295,465	
8/1/2030	245,722	3.38%	49,742	295,465	295,465
2/1/2031	249,875	3.38%	45,590	295,465	
8/1/2031	254,098	3.38%	41,367	295,465	295,465
2/1/2032	258,392	3.38%	37,072	295,465	
8/1/2032	262,759	3.38%	32,706	295,465	295,465
2/1/2033	267,200	3.38%	28,265	295,465	
8/1/2033	271,715	3.38%	23,749	295,465	295,465
2/1/2034	276,307	3.38%	19,157	295,465	
8/1/2034	280,977	3.38%	14,488	295,465	295,465
2/1/2035	285,726	3.38%	9,739	295,465	
8/1/2035	290,554	3.38%	4,910	295,465	295,465
	<u>\$ 8,235,168</u>		<u>\$ 2,992,491</u>	<u>\$ 11,227,659</u>	<u>\$ 8,273,012</u>

River Ridge Development Authority
Tax Increment Bonds of 2015, Series B - Amortization Schedule
December 31, 2016

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
2/1/2017	\$ 291,040	2.66%	\$ 83,050	\$ 374,090	
8/1/2017	294,912	2.66%	79,179	374,091	\$ 748,181
2/1/2018	298,833	2.66%	75,256	374,089	
8/1/2018	302,807	2.66%	71,282	374,089	748,178
2/1/2019	306,835	2.66%	67,255	374,090	
8/1/2019	310,916	2.66%	63,174	374,090	748,180
2/1/2020	315,051	2.66%	59,038	374,090	
8/1/2020	319,242	2.66%	54,848	374,090	748,180
2/1/2021	323,488	2.66%	50,602	374,090	
8/1/2021	327,790	2.66%	46,300	374,090	748,180
2/1/2022	332,150	2.66%	41,940	374,090	
8/1/2022	336,567	2.66%	37,523	374,090	748,180
2/1/2023	341,043	2.66%	33,046	374,090	
8/1/2023	345,579	2.66%	28,511	374,090	748,180
2/1/2024	350,176	2.66%	23,914	374,090	
8/1/2024	354,833	2.66%	19,257	374,090	748,180
2/1/2025	359,552	2.66%	14,538	374,090	
8/1/2025	364,334	2.66%	9,756	374,090	748,180
2/1/2026	369,181	2.66%	4,910	374,091	374,091
	<u>\$ 6,244,330</u>		<u>\$ 863,380</u>	<u>\$ 7,107,709</u>	<u>\$ 7,107,709</u>

River Ridge Development Authority
Tax Increment Bonds of 2016, Series A - Amortization Schedule
December 31, 2016

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
2/1/2017	\$ 79,000	3.09%	\$ 155,788	\$ 234,788	
8/1/2017	79,000	3.09%	230,529	309,529	\$ 544,317
2/1/2018	6,000	3.09%	229,309	235,309	
8/1/2018	6,000	3.09%	229,216	235,216	470,525
2/1/2019	6,000	3.09%	229,124	235,124	
8/1/2019	6,000	3.09%	229,031	235,031	470,155
2/1/2020	6,000	3.09%	228,938	234,938	
8/1/2020	7,000	3.09%	228,845	235,845	470,783
2/1/2021	7,000	3.09%	228,737	235,737	
8/1/2021	7,000	3.09%	228,629	235,629	471,366
2/1/2022	7,000	3.09%	228,521	235,521	
8/1/2022	7,000	3.09%	228,413	235,413	470,934
2/1/2023	7,000	3.09%	228,305	235,305	
8/1/2023	7,000	3.09%	228,197	235,197	470,502
2/1/2024	7,000	3.09%	228,088	235,088	
8/1/2024	8,000	3.09%	227,980	235,980	471,068
2/1/2025	8,000	3.09%	227,857	235,857	
8/1/2025	8,000	3.09%	227,733	235,733	471,590
2/1/2026	177,000	3.09%	227,609	404,609	
8/1/2026	216,000	3.09%	224,875	440,875	845,484
2/1/2027	385,000	3.09%	221,538	606,538	
8/1/2027	397,000	3.09%	215,589	612,589	1,219,127
2/1/2028	397,000	3.09%	209,456	606,456	
8/1/2028	409,000	3.09%	203,322	612,322	1,218,778
2/1/2029	415,000	3.09%	197,003	612,003	
8/1/2029	417,000	3.09%	190,591	607,591	1,219,594
2/1/2030	426,000	3.09%	184,149	610,149	
8/1/2030	432,000	3.09%	177,567	609,567	1,219,716
2/1/2031	437,000	3.09%	170,892	607,892	
8/1/2031	447,000	3.09%	164,141	611,141	1,219,033
2/1/2032	455,000	3.09%	157,235	612,235	
8/1/2032	457,000	3.09%	150,205	607,205	1,219,440
2/1/2033	460,000	3.09%	143,144	603,144	
8/1/2033	480,000	3.09%	136,037	616,037	1,219,181
2/1/2034	1,222,000	3.09%	128,621	1,350,621	
8/1/2034	1,277,000	3.09%	109,741	1,386,741	2,737,362
2/1/2035	1,288,000	3.09%	90,012	1,378,012	
8/1/2035	1,289,000	3.09%	70,112	1,359,112	2,737,124
2/1/2036	1,463,000	3.09%	50,197	1,513,197	
8/1/2036	1,786,000	3.09%	27,593	1,813,593	3,326,790
	<u>\$ 15,000,000</u>		<u>\$ 7,492,869</u>	<u>\$ 22,492,869</u>	<u>\$ 22,492,869</u>

**River Ridge Development Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Commerce				
Economic Development Cluster:				
Economic Adjustment Assistance	11.307	06-79-05800	\$ -	\$ 1,661,283
Total U.S. Department of Commerce			-	1,661,283
Total Expenditures of Federal Awards			\$ -	\$ 1,661,283

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal grant activity of the River Ridge Development Authority (the "Authority") under programs of the federal government for the year ended December 31, 2016 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles required by the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Note C - Indirect Cost Rate

The Authority has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note D - Procurement Policy

The Authority has elected to delay adopting the procurement requirements specified in the Uniform Guidance.



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

Board of Directors
River Ridge Development Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the business-type activities of the River Ridge Development Authority (the "Authority") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 12, 2017.

Internal Control over Financial Reporting

In planning and performing our audit, 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 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jeffersonville, Indiana
May 12, 2017



Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Board of Directors
River Ridge Development Authority

Report on Compliance for Each Major Federal Program

We have audited the River Ridge Development Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2016. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance (Continued)

Report on Compliance for Each Major Federal Program (Continued)

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Jeffersonville, Indiana
May 12, 2017

**River Ridge Development Authority
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2016**

Section I - Summary of Independent Auditor's Report

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified not considered to be
 material weaknesses? yes none reported
 Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified not considered to be
 material weaknesses? yes none reported

Type of auditor's report issued on compliance for major
 programs: Unmodified

Any audit findings disclosed that are required to be reported
 in accordance with 2 CFR section 200.516(a)? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
11.307	Economic Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as a low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Major Federal Award Programs Audit Findings

None

**River Ridge Development Authority
Summary Schedule of Prior Year Findings
For the year ended December 31, 2016**

There were no findings for the prior year ended December 31, 2015.