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April 25, 2019

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

We have reviewed the audit report of River Ridge Development Authority which was opined upon by MCM CPAs & Advisors LLP, Independent Public Accountants, for the period January 1, 2018 to December 31, 2018. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of River Ridge Development Authority as of December 31, 2018, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts.

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

A handwritten signature in 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, 2018 and 2017**

**River Ridge Development Authority**

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Years Ended December 31, 2018 and 2017

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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, 2018 and 2017, 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 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 audits 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.

**Kentucky**  
**Indiana**  
**Ohio**

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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 respective financial position of the business-type activities of the Authority as of December 31, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 6 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 22 through 25, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2019, 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  
February 28, 2019

**River Ridge Development Authority  
Management's Discussion and Analysis  
December 31, 2018 and 2017**

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, 2018 and 2017.

**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, 2018 and 2017**

**Required Financial Statements (Continued)**

**Table 1  
Condensed Statements of Net Position**

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>2016</u>	<u>Increase (Decrease)</u>
<b>Assets</b>					
Current Assets	\$ 1,525,225	\$ 4,487,598	\$ (2,962,373)	\$ 20,082,239	\$ (15,594,641)
Noncurrent Assets	14,371,785	11,524,800	2,846,985	5,531,788	5,993,012
Capital Assets, Net	68,333,073	65,921,700	2,411,373	53,553,722	12,367,978
Other Assets	<u>6,909,602</u>	<u>8,648,884</u>	<u>(1,739,282)</u>	<u>7,712,865</u>	<u>936,019</u>
Total Assets	91,139,685	90,582,982	556,703	86,880,614	3,702,368
<b>Liabilities</b>					
Current Liabilities	3,022,043	3,749,379	(727,336)	4,687,426	(938,047)
Other Liabilities	307,102	52,228	254,874	35,308	16,920
Long-term Debt	<u>50,860,869</u>	<u>45,754,864</u>	<u>5,106,005</u>	<u>47,498,858</u>	<u>(1,743,994)</u>
Total Liabilities	54,190,014	49,556,471	4,633,543	52,221,592	(2,665,121)
Net Investment in Capital Assets	15,746,682	20,120,439	(4,373,757)	6,033,829	14,086,610
Restricted	663,574	1,960,818	(1,297,244)	14,400,331	(12,439,513)
Unrestricted	<u>20,539,415</u>	<u>18,945,254</u>	<u>1,594,161</u>	<u>14,224,862</u>	<u>4,720,392</u>
Total Net Position	<u>\$ 36,949,671</u>	<u>\$ 41,026,511</u>	<u>\$ (4,076,840)</u>	<u>\$ 34,659,022</u>	<u>\$ 6,367,489</u>

Total liabilities increased \$4,633,543 in 2018. The increase in long-term debt \$5,106,005 was the primary driver of this increase. The Authority was authorized to issue tax increment revenue bond anticipation notes (BANs) up to \$18,500,000 to temporarily fund capital projects prior to the issuance of serial revenue bonds. The issuance of bonds is in keeping with the Authority's business model of financing capital projects with the proceeds of debt and repaying the debt through the collection of Tax Increment Financing (TIF) and Urban Enterprise Zone (UEZ) funds. As of December 31, 2018, the Authority had drawn down \$8,413,526 of these notes. This was offset by \$1,628,396 of scheduled debt payments.

Total Net Position decreased \$4,076,840 in 2018. This decrease primarily impacted the Net Investments in Capital Assets which decreased \$4,373,757 due to depreciation expense and the issuance of new debt exceeding additions of fixed assets and regularly scheduled debt payments. Restricted net position decreased \$1,297,244 due to the use of outstanding bond proceeds to fund continued development costs. Unrestricted Net Position, net position available for spending increased \$1,594,161 due to normal business operations of the Authority.

The significant shift of current assets into capital assets during 2017 was impacted by ongoing infrastructure projects. The primary increase in net capital assets resulted from expending bond proceeds for infrastructure improvements. Total liabilities for 2017 decreased by \$2,665,121 from 2016 primarily due to debt service payments.

**River Ridge Development Authority  
Management's Discussion and Analysis (Continued)  
December 31, 2018 and 2017**

**Required Financial Statements (Continued)**

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

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Total Revenues					
Including Nonoperating Revenues	\$ 7,905,242	\$ 18,517,156	\$ (10,611,914)	\$ 24,127,773	\$ (5,610,617)
Total Expenses					
Including Nonoperating Expenses	<u>11,982,082</u>	<u>12,149,667</u>	<u>(167,585)</u>	<u>9,889,262</u>	<u>2,260,405</u>
Changes in Net Position	<u>\$ (4,076,840)</u>	<u>\$ 6,367,489</u>	<u>\$ (10,444,329)</u>	<u>\$ 14,238,511</u>	<u>\$ (7,871,022)</u>

Economic conditions allowed for an exceptional level of land sales in 2017; this led to an oversupply of new buildings suppressing land sales in 2018.

In 2018, River Ridge Development Authority sold approximately 51 acres with net proceeds of \$3,300,560. New investors for 2018 included Gray Industry Realty I, Inc. and River Ridge Properties, LLC. Gray Industry Realty I, Inc. purchased 20.882 acres resulting in net proceeds of \$1,220,560 and River Ridge Properties, LLC purchased 30.025 acres resulting in net proceeds of \$2,080,000.

Development related activities generated the majority of total expenditures, which decreased slightly in 2018 by \$167,585. Other expenses were generally within budgeted amounts.

In 2017, River Ridge Development Authority sold approximately 170 acres with proceeds of \$11.6 million. New investors for 2017 included D.A. Inc., Exeter Hilton Land, LLC, RR 5, LLC, Duke Gateway and Medline Industries, Inc. Exeter Hilton Land, LLC purchased 84.1 acres resulting in proceeds of \$5,517,500; Medline Industries, Inc. purchased 65.7 acres resulting in proceeds of \$4,927,200; RR 5, LLC purchased 6.8 acres resulting in proceeds of \$571,214; Duke Gateway purchased 8.8 acres resulting in proceeds of \$406,945 and D. A. Inc. purchased 5.3 acres resulting in proceeds of \$176,610.

Total expenses increased in 2017 by \$2,260,405 primarily due to continuing development activities. Other expenses were generally within budgeted amounts.

**River Ridge Development Authority  
Management's Discussion and Analysis (Continued)  
December 31, 2018 and 2017**

*Future Operations*

Based upon net absorption in new leases, the Authority anticipates increased land sales in 2019 for the manufacturing and distribution portion of the development. Additionally, the Authority is forecasting land sales for the new Class A office park located off the first Indiana interchange of the recently constructed Lewis & Clark Bridge connecting Kentucky. This office park will be managed and marketed by an accomplished developer as part of a master development agreement. Increases in Tax Increment Financing (TIF) and Urban Enterprise Zone (UEZ) revenue is expected in 2019 due to new assessments of recent private investments by developers and new tenants.

The Authority's emphasis will continue to be site development and infrastructure improvements required to support existing projects and future private investments. Significant infrastructure and road improvements were completed in 2018, with additional projects slated for 2019 and beyond. Major demolition projects, expansion of roadways and storm sewer system construction totaled approximately \$13.1M in 2018 with comparable expenditures planned for 2019. With the second full year of the new Lewis & Clark Bridge and the River Ridge segment of the transportation corridor project, River Ridge anticipates the continuation of our current growth trajectory. Completion of infrastructure improvements provide enhanced 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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current Assets		
Cash	\$ 575,458	\$ 2,381,229
Restricted cash - bond proceeds	663,574	1,960,818
Accounts receivable	153,239	-
Grants receivable	89,251	89,251
Prepaid expenses	<u>43,703</u>	<u>56,300</u>
Total Current Assets	1,525,225	4,487,598
Noncurrent Assets		
Investment in cash:		
Debt service	12,485,133	8,842,922
Security deposits	28,110	27,228
Escrow deposits	278,992	25,000
Demolition reserve	1,579,550	1,961,725
Rail repurchase reserve	<u>-</u>	<u>667,925</u>
Total Noncurrent Assets	14,371,785	11,524,800
Capital Assets		
Buildings	435,292	-
Equipment	1,728,544	1,582,044
Vehicles	246,250	246,250
Infrastructure	67,619,088	63,179,129
Leasehold improvements	67,705	67,705
Construction in process	<u>10,183,695</u>	<u>8,631,622</u>
	80,280,574	73,706,750
Less accumulated depreciation	<u>(11,947,501)</u>	<u>(7,785,050)</u>
Capital Assets, net	68,333,073	65,921,700
Other Assets		
Army credit	-	1,581,998
Real estate available for sale	<u>6,909,602</u>	<u>7,066,886</u>
Total Other Assets	<u>6,909,602</u>	<u>8,648,884</u>
Total Assets	<u>\$ 91,139,685</u>	<u>\$ 90,582,982</u>

See accompanying notes.

**River Ridge Development Authority**  
**Statements of Net Position (Continued)**  
**December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accruals	\$ 416,458	\$ 1,281,080
Current portion of bonds payable	1,725,522	1,628,395
Bond interest payable	744,863	698,478
Advanced rental payments	17,482	19,558
Accrued compensated absences	117,718	121,868
	<u>3,022,043</u>	<u>3,749,379</u>
Total Current Liabilities		
Other Liabilities		
Security deposits	28,110	27,228
Escrow deposits	278,992	25,000
	<u>307,102</u>	<u>52,228</u>
Total Other Liabilities		
Long-term Debt		
Bond anticipation notes	8,413,526	-
Bonds payable	42,447,343	44,172,866
Payable to United States Army	-	1,581,998
	<u>50,860,869</u>	<u>45,754,864</u>
Total Long-term Debt		
Total Liabilities	54,190,014	49,556,471
<b>Net Position</b>		
Net investment in capital assets	15,746,682	20,120,439
Restricted	663,574	1,960,818
Unrestricted	20,539,415	18,945,254
	<u>36,949,671</u>	<u>41,026,511</u>
Total Net Position		

See accompanying notes.

**River Ridge Development Authority**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Rental income River Ridge property	\$ 855,377	\$ 785,725
Urban Enterprise Zone income	4,385,870	3,579,316
Tax Increment Financing income	2,623,585	1,257,211
Recycling and scrap sale income	269,761	251,744
Land proceeds	3,300,560	11,599,469
Water sales	367,167	334,274
Grant income	-	11,667
	<u>11,802,320</u>	<u>17,819,406</u>
Total Operating Revenues		
Cost of Land/Infrastructure Sold or Transferred		
Cost of land sold	(261,284)	(222,718)
Cost of infrastructure transferred	<u>(3,841,002)</u>	<u>(592,832)</u>
	<u>(4,102,286)</u>	<u>(815,550)</u>
Total Cost of Land/Infrastructure Sold or Transferred		
Total Operating Revenues, net	7,700,034	17,003,856
Operating Expenses		
Payroll	1,229,205	1,191,911
Employee benefits	360,001	331,574
Payroll taxes	83,001	77,882
Redevelopment expenses	1,505,956	2,335,503
Road and ground maintenance	338,042	277,246
Common area improvements	217,692	249,093
Common area expense	127,657	129,158
Depreciation expense	4,206,853	3,776,076
Legal fees	542,167	461,274
Insurance	178,743	163,174
Marketing	171,463	224,689
Office equipment and supplies	65,954	67,532
Professional fees	38,321	33,102
Rental expense	67,535	67,535
Security	57,677	89,352
Training expense	3,045	1,951
Travel and meeting expense	23,963	21,437
Water supplies and contract	144,654	176,580
Environmental monitoring	5,000	19,035
Employee recruitment	26,076	14,532
TIF administration	10,750	25,480
Rail repurchase expense	858,844	674,250
	<u>10,262,599</u>	<u>10,408,366</u>
Total Operating Expenses		
Operating Income (Loss)	(2,562,565)	6,595,490
Nonoperating Revenues (Expenses)		
Interest income	203,101	237,152
Interest expense	(1,719,150)	(1,696,864)
Other income	2,107	1,821
Loss on disposal/transfer of capital assets	(333)	(44,437)
Army Credits	-	1,274,327
	<u>(1,514,275)</u>	<u>(228,001)</u>
Total Nonoperating Revenues (Expenses)		
Changes in Net Position	(4,076,840)	6,367,489
Net Position, Beginning of Year	<u>41,026,511</u>	<u>34,659,022</u>
Net Position, End of Year	<u>\$ 36,949,671</u>	<u>\$ 41,026,511</u>

See accompanying notes.

**River Ridge Development Authority**  
**Statements of Cash Flows**  
**Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Cash received from tenant, land sales, and others	\$ 6,209,521	\$ 14,018,265
Cash paid to suppliers, employees, and others	(6,708,252)	(7,257,463)
Urban Enterprise Zone income received	4,385,870	3,579,316
Grants received	-	2,756,132
	<u>3,887,139</u>	<u>13,096,250</u>
Net Cash Provided by Operating Activities	3,887,139	13,096,250
Cash Flows from Investing Activities		
Purchases of capital assets	(9,414,357)	(16,769,649)
Interest received	203,101	237,152
Cash paid for interest expense	(1,719,150)	(1,696,864)
Other income	2,107	1,821
	<u>(10,928,299)</u>	<u>(18,227,540)</u>
Net Cash Used by Investing Activities	(10,928,299)	(18,227,540)
Cash Flows from Financing Activities		
Principal payments made on bonds	(1,628,396)	(1,718,632)
Proceeds received from issuance of bond anticipation notes	8,413,526	-
	<u>6,785,130</u>	<u>(1,718,632)</u>
Net Cash Provided (Used) by Financing Activities	6,785,130	(1,718,632)
Net Decrease in Cash	(256,030)	(6,849,922)
Cash, Beginning of Year	<u>15,866,847</u>	<u>22,716,769</u>
Cash, End of year	<u>\$ 15,610,817</u>	<u>\$ 15,866,847</u>
Reconciliation of Cash to the Statement of Net Position		
Cash	\$ 575,458	\$ 2,381,229
Restricted cash - bond proceeds	663,574	1,960,818
Investments in cash	<u>14,371,785</u>	<u>11,524,800</u>
Total Cash	<u>\$ 15,610,817</u>	<u>\$ 15,866,847</u>

See accompanying notes.

**River Ridge Development Authority**  
**Statements of Cash Flows (Continued)**  
**Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Reconciliation of Net Operating (Loss) Income to Net Cash Provided by Operating Activities:		
Operating (loss) income	\$ (2,562,565)	\$ 6,595,490
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation expense	4,206,853	3,776,076
Infrastructure transferred and expensed as part of cost of land sold	2,795,798	581,158
(Increase) decrease in:		
Accounts receivable - tenants	(153,239)	11,341
Grants receivable	-	2,744,465
Prepaid expenses	12,597	(4,099)
Real estate available for sale	157,284	222,811
Army credits	1,581,998	115,497
Increase (decrease) in:		
Accounts payable	(864,622)	(913,375)
Bond interest payable	46,385	50,677
Advanced rental payments	(2,076)	(4,027)
Accrued compensated absences	(4,150)	18,915
Security deposit liability	882	(8,080)
Escrow deposit liability	253,992	25,000
Payable to United States Army	<u>(1,581,998)</u>	<u>(115,599)</u>
Net Cash Provided by Operating Activities	<u>\$ 3,887,139</u>	<u>\$ 13,096,250</u>

See accompanying notes.

**River Ridge Development Authority**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**

**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, 2018 and 2017.
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, 2018 and 2017.

**River Ridge Development Authority**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2018 and 2017**

**Note B - Summary of Significant Accounting Policies (Continued)**

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

Depreciation is provided on the estimated useful lives of the assets using the straight-line method. The estimated useful lives are 40 years for buildings, 5 to 7 years for office equipment, 7 to 10 years for furniture and fixtures, 5 years for vehicles, and 20 years for infrastructure.

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

7. Land Sale Proceeds: The Authority records proceeds from the sale of land at the gross sales price, net of cost of land sold, which includes the original price/acre the Authority paid for the land, real estate commissions and costs of improvements made to the land. At December 31, 2018 and 2017, gross land sale proceeds were \$3,300,560 and \$11,599,469, respectively, and costs of land sold or donated were \$4,102,286 and \$815,550 respectively.
8. Revenue Recognition: The Authority recognizes revenue when earned and not when received. Advanced and unearned rentals arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues consist of land sale proceeds, 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 these criteria are reported as nonoperating revenues and expenses, including interest income, capital asset transactions, and credits provided by the Army.

9. Use of Restricted and Unrestricted Resources: Restricted resources are primarily for specific infrastructure improvements and development activities. However, when both restricted and unrestricted resources are available for operational use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.
10. Subsequent Events: The Authority has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditor's Report, the date the financial statements were available to be issued.
11. Reclassifications: Certain amounts presented in the prior year financial statements have been reclassified to conform to current year presentation.

**River Ridge Development Authority**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2018 and 2017**

**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, 2018 and 2017, 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, 2018 and 2017.

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, 2017, the Authority recognized \$11,667 as grant revenue. As of December 31, 2017, the Authority had recognized all revenue under the grant and all grant funds had been fully received.

**Note D - Restricted Cash and Investments in Cash**

During the year ended December 31, 2016, 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, 2018 and 2017, \$663,574 and \$1,960,818, respectively, was available to fund anticipated future improvements and is classified as restricted cash and restricted net position on the Statements of Net Position.

The Authority has established a debt service for the repayment of bond debt (see Note G for additional information on the bonds payable). The funds are made up of proceeds from Tax Increment Financing income and Urban Enterprise Zone income. At December 31, 2018 and 2017, the balance of the debt service was \$12,485,133 and \$8,842,922, respectively. These amounts are classified as investments in cash and unrestricted net position on the Statements of Net Position at December 31, 2018 and 2017, respectively.

Security deposits total \$28,110 and \$27,228 at December 31, 2018 and 2017, respectively, and represent deposits made by tenants for property leased from the Authority. The liability for such deposits at December 31, 2018 and 2017 was \$28,110 and \$27,228, respectively. These funds are classified as investments in cash on the Statements of Net Position.

Escrow deposits consist of earnest money received for possible real estate transactions. Escrow deposits totaled \$278,992 and \$25,000 at December 31, 2018 and 2017, respectively. The liability for such deposits at December 31, 2018 and 2017 was \$278,992 and \$25,000, respectively. These funds are classified as investments in cash on the Statements of Net Position.

Rail repurchase reserves consist of funds committed for the repurchase of portions of railroad track which need to be removed for development projects (see Note P for additional information on the commitment). At December 31, 2018 and 2017, the balance of this account was \$-0- and \$667,925, respectively. These funds are classified as investments in cash on the Statements of Net Position.

The demolition reserve is cash that the Authority sets aside from available cash flows to fund future demolition costs related to preparing land for sale. The balance of the reserve at December 31, 2018 and 2017 was \$1,579,550 and \$1,961,725, respectively. These funds are classified as investments in cash on the Statements of Net Position.

**River Ridge Development Authority**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2018 and 2017**

**Note E - Capital Assets**

The following is a summary of the capital assets activity during the years ended December 31, 2018 and 2017:

	Balance at 12/31/2017	Additions	Transfers	Dispositions	Balance at 12/31/2018
Buildings	\$ -	\$ 435,292	\$ -	\$ -	\$ 435,292
Office equipment	1,582,044	148,500	-	(2,000)	1,728,544
Vehicles	246,250	-	-	-	246,250
Infrastructure	63,179,129	4,454,284	2,742,406	(2,756,731)	67,619,088
Leasehold Improvements	67,705	-	-	-	67,705
CIP	8,631,622	4,376,281	(2,742,406)	(81,802)	10,183,695
	<u>73,706,750</u>	<u>9,414,357</u>	<u>-</u>	<u>(2,840,533)</u>	<u>80,280,574</u>
Accumulated depreciation	<u>(7,785,050)</u>	<u>(4,206,853)</u>	<u>-</u>	<u>44,402</u>	<u>(11,947,501)</u>
Total, net	<u>\$ 65,921,700</u>	<u>\$ 5,207,504</u>	<u>\$ -</u>	<u>\$ (2,796,131)</u>	<u>\$ 68,333,073</u>

  

	Balance at 12/31/2016	Additions	Transfers	Dispositions	Balance at 12/31/2017
Office equipment	\$ 1,442,665	\$ 327,095	\$ -	\$ (187,716)	\$ 1,582,044
Vehicles	265,844	-	-	(19,594)	246,250
Infrastructure	50,992,534	9,027,041	3,853,070	(693,516)	63,179,129
Leasehold Improvements	67,705	-	-	-	67,705
CIP	5,069,179	7,415,513	(3,853,070)	-	8,631,622
	<u>57,837,927</u>	<u>16,769,649</u>	<u>-</u>	<u>(900,826)</u>	<u>73,706,750</u>
Accumulated depreciation	<u>(4,284,205)</u>	<u>(3,776,076)</u>	<u>-</u>	<u>275,231</u>	<u>(7,785,050)</u>
Total, net	<u>\$ 53,553,722</u>	<u>\$ 12,993,573</u>	<u>\$ -</u>	<u>\$ (625,595)</u>	<u>\$ 65,921,700</u>

Depreciation expense was \$4,206,853 and \$3,776,076 for the years ended December 31, 2018 and 2017, respectively.

Included in the 2018 and 2017 activity was property/infrastructure that was transferred to various municipalities.

**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 Army no later than ten years after the date of conveyance of the property. The final conveyance of property occurred during the year ended December 31, 2016. During the year ended December 31, 2018, the Authority paid the Conveyance Consideration in full using reconciliation credits. The Authority is currently making improvements to the land and holding it available for sale to the extent the property is not subject to prior lease by the Authority.

**River Ridge Development Authority**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2018 and 2017**

**Note F - Real Estate Available for Sale and Payable to United States Army (Continued)**

Real estate available for sale totaled \$6,909,602 and \$7,066,886 at December 31, 2018 and 2017, respectively, and consisted of 4,743.42 and 4,873.44 acres, respectively.

**Note G - Long-term Debt**

On December 29, 2010, the Authority obtained financing for future infrastructure improvements planned at River Ridge Commerce Center through a bond issuance of \$8,500,000 (Build America Bonds (BAB) \$5,240,000 and Recovery Zone Economic Development Bonds (RZB) \$3,260,000). The bonds were set to mature February 1, 2026 and bore interest at 6.5%. During 2015, the Authority refinanced the bonds through a bond issuance of \$6,815,000 (Tax Increment Revenue Refunding Bonds 2015 Series B (TIRR)). The refinanced bonds mature on February 1, 2026 and bear interest at 2.66%. Principal and interest is payable semiannually and payments began on February 1, 2016. The remaining principal balance on the bonds at December 31, 2018 and 2017 was \$5,056,736 and \$5,658,378, respectively.

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 remaining principal balance on the bonds at December 31, 2018 and 2017 was \$16,692,150 and \$17,380,937, 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 remaining principal balance on the bonds at December 31, 2018 and 2017 was \$7,593,979 and \$7,919,946, 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 began on February 1, 2017. The unspent bond proceeds at December 31, 2018 and 2017 was \$663,574 and \$1,960,818, respectively. The remaining principal balance on the bonds at December 31, 2018 and 2017 was \$14,830,000 and \$14,842,000, respectively

During May 2018, the Authority issued tax increment revenue bond anticipation notes in the amount of \$18,500,000 to temporarily fund capital projects prior to the issuance of serial revenue bonds. The note was issued on May 23, 2018 and matures on August 1, 2020. The note bears interest at 3.45% which is payable in semiannual installments and began on August 1, 2018. Principal on the note is due in one installment at maturity. At December 31, 2018, the total principal balance of the notes issued and outstanding was \$8,413,526.

Accrued interest payable at December 31, 2018 and 2017 was \$744,863 and \$698,478, respectively.

**River Ridge Development Authority**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2018 and 2017**

**Note G - Long-term Debt (Continued)**

Long-term debt activity for the year ended December 31, 2018 was as follows:

	Balance 12/31/17	Additions	Reductions	Balance 12/31/18	Amounts Due within One Year
TIR Bond of 2014, Series A	\$ 17,380,937	\$ -	\$ (688,787)	\$ 16,692,150	\$ 758,694
TIR Bond of 2015, Series A	7,919,946	-	(325,967)	7,593,979	337,077
TIR Bond of 2015, Series B	5,658,378	-	(601,642)	5,056,736	617,751
TIR Bond of 2016, Series A	14,842,000	-	(12,000)	14,830,000	12,000
Bond Anticipation Notes	-	8,413,526	-	8,413,526	-
	<u>\$45,801,261</u>	<u>\$ 8,413,526</u>	<u>\$ (1,628,396)</u>	<u>\$52,586,391</u>	<u>\$ 1,725,522</u>

Long-term debt activity for the year ended December 31, 2017 was as follows:

	Balance 12/31/16	Additions	Reductions	Balance 12/31/17	Amounts Due within One Year
TIR Bond of 2014, Series A	\$18,040,395	\$ -	\$ (659,458)	\$17,380,937	\$ 688,787
TIR Bond of 2015, Series A	8,235,168	-	(315,222)	7,919,946	325,967
TIR Bond of 2015, Series B	6,244,330	-	(585,952)	5,658,378	601,641
TIR Bond of 2016, Series A	15,000,000	-	(158,000.00)	14,842,000	12,000
	<u>\$47,519,893</u>	<u>\$ -</u>	<u>\$ (1,718,632)</u>	<u>\$45,801,261</u>	<u>\$ 1,628,395</u>

As of December 31, 2018, bonds mature as follows:

	Principal	Interest	Total
2019	\$ 1,725,522	\$ 1,891,916	\$ 3,617,438
2020	10,203,381	1,731,455	11,934,837
2021	1,856,664	1,471,718	3,328,382
2022	1,925,052	1,402,898	3,327,950
2023	1,996,124	1,331,394	3,327,518
2024 - 2028	11,169,810	5,470,866	16,640,676
2029 - 2033	13,509,384	3,131,760	16,641,144
2034 - 2036	10,200,454	541,635	10,742,089
Total	<u>\$ 52,586,391</u>	<u>\$ 16,973,642</u>	<u>\$ 69,560,033</u>

**River Ridge Development Authority  
Notes to Financial Statements (Continued)  
Years Ended December 31, 2018 and 2017**

**Note H - Advanced Rental Payments**

The Authority recognizes rent paid by tenants for future periods as "Advanced rental payments" on the Statements of Net Position. The liability for "Advanced rental payments" at December 31, 2018 and 2017, was \$17,482 and \$19,558, 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, 2018 and 2017, accrued compensated absences were \$117,718 and \$121,868, respectively.

**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:

2018	\$	164,867
2019		99,935
2020		70,198
2021		60,285
2022		60,285

**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 \$73,798 and \$71,636 for the years ended December 31, 2018 and 2017, 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. Properties transferred to the Authority were subject to a vendor's lien in favor of the Army whereby the Authority was obligated to pay the purchase price for the acreage received no later than 10 years after the conveyance was completed. This property is part of Real Estate available for sale 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 included 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 agreed that all documented costs, which directly related to improvement, operation, maintenance, protection, and repair of the Ammunition Plant, would offset rents due to the Army under the lease. In the event that documented costs exceeded rent, the costs could be carried over to future years. In the event that rent exceeded documented costs, the Army could request excess rent be paid based upon the terms of the master lease agreement.

**River Ridge Development Authority  
Notes to Financial Statements (Continued)  
Years Ended December 31, 2018 and 2017**

**Note L - Operating Leases (Continued)**

As of August 7, 2018, the Army had conveyed, and the Authority had accepted all of the acreage agreed to under the master lease agreement. The purchase price for all conveyed acreage was paid in full and the vendor's liens on all acreage were released. Both parties agreed that all terms of the lease had been satisfied and the master lease agreement was terminated in its entirety.

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 \$67,535 for both years ended December 31, 2018 and 2017.

**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.

The carrying value of cash including restricted deposits at December 31, 2018 and 2017 was \$15,610,817 and \$15,866,847, respectively. The bank balance at December 31, 2018 and 2017 was \$16,053,225 and \$16,205,493, respectively.

**Note N - Major Customers**

In 2018, approximately \$670,000 (78%) of the Authority's rental income was generated from three customers. In 2017, approximately \$660,000 (84%) 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.

**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 is due to expire 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, 2018 and 2017 was \$104,439 and \$139,751, 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 allowed the Authority to repurchase portions of track and terminate the party's leasehold interest thereto on a piecemeal basis as portions of track were removed for development projects. Under this agreement, the Authority was obligated to pay up to \$1,791,050 to the outside party for the removal of 65,642 linear feet of track by October 30, 2018. At December 31, 2018 and 2017, cumulative disbursements made under this agreement totaled \$1,791,050 and \$1,015,200, respectively.

**River Ridge Development Authority  
Notes to Financial Statements (Continued)  
Years Ended December 31, 2018 and 2017**

**Note Q - Environmental Remediation**

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

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 by environmental attorneys. There have been no payouts through December 31, 2018 under this policy.

**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.

**Note S - Estimated Cost of Future Land Improvements**

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

2019	\$ 20,000,000
2020	20,000,000
2021	20,000,000
2022	20,000,000
2023	20,000,000
Thereafter	<u>250,000,000</u>
	<u>\$ 350,000,000</u>

**Note T - Future Accounting Pronouncements**

In June 2017, the GASB issued statement No. 87, *Leases*. The provisions of this statement are effective for fiscal years beginning after December 15, 2019.

This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

**River Ridge Development Authority**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2018 and 2017**

**Note T - Future Accounting Pronouncements (Continued)**

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The Organization is currently evaluating the impact that will result from adopting GASB No. 87 and is therefore unable to disclose the impact that adopting the Standard will have on the Authority's financial position and the results of its operations when the Statement is adopted.

## **Supplementary Information**

**River Ridge Development Authority**  
**Tax Increment Bonds of 2014, Series A - Amortization Schedule**  
**December 31, 2018**

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
2/1/2019	\$ 375,035	4.6%	\$ 383,918	\$ 758,953	
8/1/2019	383,659	4.6%	375,294	758,953	\$ 1,517,906
2/1/2020	392,484	4.6%	366,469	758,953	
8/1/2020	401,511	4.6%	357,442	758,953	1,517,906
2/1/2021	410,745	4.6%	348,208	758,953	
8/1/2021	420,193	4.6%	338,760	758,953	1,517,906
2/1/2022	429,857	4.6%	329,096	758,953	
8/1/2022	439,744	4.6%	319,209	758,953	1,517,906
2/1/2023	449,858	4.6%	309,095	758,953	
8/1/2023	460,205	4.6%	298,748	758,953	1,517,906
2/1/2024	470,789	4.6%	288,164	758,953	
8/1/2024	481,617	4.6%	277,336	758,953	1,517,906
2/1/2025	492,695	4.6%	266,258	758,953	
8/1/2025	504,027	4.6%	254,926	758,953	1,517,906
2/1/2026	515,619	4.6%	243,334	758,953	
8/1/2026	527,479	4.6%	231,474	758,953	1,517,906
2/1/2027	539,611	4.6%	219,342	758,953	
8/1/2027	552,022	4.6%	206,931	758,953	1,517,906
2/1/2028	564,718	4.6%	194,235	758,953	
8/1/2028	577,707	4.6%	181,246	758,953	1,517,906
2/1/2029	590,994	4.6%	167,959	758,953	
8/1/2029	604,587	4.6%	154,366	758,953	1,517,906
2/1/2030	618,492	4.6%	140,461	758,953	
8/1/2030	632,718	4.6%	126,235	758,953	1,517,906
2/1/2031	647,270	4.6%	111,683	758,953	
8/1/2031	662,157	4.6%	96,796	758,953	1,517,906
2/1/2032	677,387	4.6%	81,566	758,953	
8/1/2032	692,967	4.6%	65,986	758,953	1,517,906
2/1/2033	708,905	4.6%	50,048	758,953	
8/1/2033	725,210	4.6%	33,743	758,953	1,517,906
2/1/2034	741,888	4.6%	17,065	758,953	758,953
	<u>\$16,692,150</u>		<u>\$ 6,835,393</u>	<u>\$23,527,543</u>	<u>\$ 23,527,543</u>

See independent auditor's report.

**River Ridge Development Authority**  
**Tax Increment Bonds of 2015, Series A - Amortization Schedule**  
**December 31, 2018**

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
2/1/2019	\$ 167,126	3.38%	\$ 128,339	\$ 295,465	
8/1/2019	169,951	3.38%	125,514	295,465	\$ 590,930
2/1/2020	172,823	3.38%	122,642	295,465	
8/1/2020	175,744	3.38%	119,721	295,465	590,930
2/1/2021	178,714	3.38%	116,751	295,465	
8/1/2021	181,734	3.38%	113,731	295,465	590,930
2/1/2022	184,805	3.38%	110,660	295,465	
8/1/2022	187,929	3.38%	107,536	295,465	590,930
2/1/2023	191,105	3.38%	104,360	295,465	
8/1/2023	194,334	3.38%	101,131	295,465	590,930
2/1/2024	197,619	3.38%	97,846	295,465	
8/1/2024	200,958	3.38%	94,507	295,465	590,930
2/1/2025	204,354	3.38%	91,111	295,465	
8/1/2025	207,808	3.38%	87,657	295,465	590,930
2/1/2026	211,320	3.38%	84,145	295,465	
8/1/2026	214,891	3.38%	80,574	295,465	590,930
2/1/2027	218,523	3.38%	76,942	295,465	
8/1/2027	222,216	3.38%	73,249	295,465	590,930
2/1/2028	225,972	3.38%	69,493	295,465	
8/1/2028	229,790	3.38%	65,675	295,465	590,930
2/1/2029	233,674	3.38%	61,791	295,465	
8/1/2029	237,623	3.38%	57,842	295,465	590,930
2/1/2030	241,639	3.38%	53,826	295,465	
8/1/2030	245,722	3.38%	49,743	295,465	590,930
2/1/2031	249,875	3.38%	45,590	295,465	
8/1/2031	254,098	3.38%	41,367	295,465	590,930
2/1/2032	258,392	3.38%	37,073	295,465	
8/1/2032	262,759	3.38%	32,706	295,465	590,930
2/1/2033	267,200	3.38%	28,265	295,465	
8/1/2033	271,715	3.38%	23,750	295,465	590,930
2/1/2034	276,307	3.38%	19,158	295,465	
8/1/2034	280,977	3.38%	14,488	295,465	590,930
2/1/2035	285,726	3.38%	9,739	295,465	
8/1/2035	290,556	3.38%	4,909	295,465	590,930
	<u>\$ 7,593,979</u>		<u>\$ 2,451,831</u>	<u>\$ 10,045,810</u>	<u>\$ 10,045,810</u>

See independent auditor's report.

**River Ridge Development Authority**  
**Tax Increment Bonds of 2015, Series B - Amortization Schedule**  
**December 31, 2018**

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
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%	59,039	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%	33,047	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	369,180	2.66%	4,909	374,089	374,089
	<u>\$ 5,056,736</u>		<u>\$ 554,613</u>	<u>\$ 5,611,349</u>	<u>\$ 5,611,349</u>

See independent auditor's report.

**River Ridge Development Authority**  
**Tax Increment Bonds of 2016, Series A - Amortization Schedule**  
**December 31, 2018**

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
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>\$ 14,830,000</u>		<u>\$ 6,648,027</u>	<u>\$ 21,478,027</u>	<u>\$ 21,478,027</u>

See independent auditor's report.



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

Board of Directors  
**River Ridge Development Authority**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the River Ridge Development Authority (the "Authority") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 28, 2019.

**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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

**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.

MCM CPAs & Advisors LLP

Jeffersonville, Indiana  
February 28, 2019