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March 10, 2020

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, 2019 to December 31, 2019. 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, 2019, 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, 2019 and 2018

River Ridge Development Authority
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Years Ended December 31, 2019 and 2018

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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, 2019 and 2018, 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.

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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, 2019 and 2018, 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 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 21 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 25, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Jeffersonville, Indiana
February 25, 2020

**River Ridge Development Authority
Management's Discussion and Analysis
Years Ended December 31, 2019 and 2018**

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, 2019 and 2018.

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 cash came from, what was cash used for and what was the change in the cash balance during the reporting period.

**River Ridge Development Authority
Management's Discussion and Analysis (Continued)
Years Ended December 31, 2019 and 2018**

Required Financial Statements (Continued)

**Table 1
Condensed Statements of Net Position**

	2019	2018	Increase (decrease)	2017	Increase (decrease)
Assets					
Current assets	\$ 9,687,136	\$ 1,525,225	\$ 8,161,911	\$ 4,487,598	\$ (2,962,373)
Noncurrent assets	13,315,572	14,371,785	(1,056,213)	11,524,800	2,846,985
Capital assets, net	74,465,303	68,333,073	6,132,230	65,921,700	2,411,373
Other assets	8,023,834	6,909,602	1,114,232	8,648,884	(1,739,282)
Total assets	105,491,845	91,139,685	14,352,160	90,582,982	556,703
Liabilities					
Current liabilities	3,592,892	3,022,043	570,849	3,749,379	(727,336)
Other liabilities	455,988	307,102	148,886	52,228	254,874
Long-term debt	59,082,354	50,860,869	8,221,485	45,754,864	5,106,005
Total liabilities	63,131,234	54,190,014	8,941,220	49,556,471	4,633,543
Net investment in capital assets	12,747,089	15,746,682	(2,999,593)	20,120,439	(4,373,757)
Restricted	2,138,472	663,574	1,474,898	1,960,818	(1,297,244)
Unrestricted	27,475,050	20,539,415	6,935,635	18,945,254	1,594,161
Total net position	\$ 42,360,611	\$ 36,949,671	\$ 5,410,940	\$ 41,026,511	\$ (4,076,840)

Total assets increased \$14,352,160 in 2019. The increase in current assets \$8,161,911 and capital assets, net \$6,132,230 were the primary drivers. Current assets increased due to an increase in cash and restricted cash of \$8,150,009 in which the primary drivers were due to two land sales occurring in December and unspent revenue bond proceeds which were deposited into the Authority's account at bond refinance in December.

Total liabilities increased \$8,941,220 in 2019. The increase in long-term debt \$8,221,485 was the primary driver of the increase. Long-term debt increased primarily due to the Authority drawing down an additional \$10,433,316 on the bond anticipation notes (BANs) in which the proceeds were used to finance capital projects. The 2018 BAN was refinanced with the issuance of the Tax Incentive Revenue Bond Series 2019B. This was offset by the \$1,474,441 of scheduled debt payments.

Total Net Position increased \$5,410,940 in 2019. The increase primarily impacted Unrestricted which increased \$6,935,635 due to increased operating revenue. Net investments in capital assets decreased \$2,999,593 due to depreciation expense, additional borrowings on the BANs, and regularly scheduled debt payments. Restricted net position increased \$1,474,898 primarily due to unspent BAN funds which were deposited into the Authority's account during the bond refinance in December.

Total liabilities for 2018 increased \$4,633,543 from 2017 primarily due to issuance of the BANs.

**River Ridge Development Authority
Management's Discussion and Analysis (Continued)
Years Ended December 31, 2019 and 2018**

Required Financial Statements (Continued)

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

	2019	2018	Increase (decrease)	2017	Increase (decrease)
Total revenues, including nonoperating revenues	\$ 19,215,886	\$ 7,905,242	\$ 11,310,644	\$ 18,517,156	\$ (10,611,914)
Total expenses Including nonoperating expenses	<u>13,804,946</u>	<u>11,982,082</u>	<u>1,822,864</u>	<u>12,149,667</u>	<u>(167,585)</u>
Changes in net position	<u>\$ 5,410,940</u>	<u>\$ (4,076,840)</u>	<u>\$ 9,487,780</u>	<u>\$ 6,367,489</u>	<u>\$ (10,444,329)</u>

Economic conditions allowed for a 152% increase in land sale proceeds in 2019 compared to 2018. This was due in part to economic activity that spurred an increase in the absorption rate of available building space carried over from 2018. Three land sale contracts on a total of 47.7 acres are scheduled to close in 2020.

In 2019 the Authority sold approximately 110 acres with proceeds of \$8,318,134, compared to 51 acres and \$3,300,560 in 2018. New investments for 2019 include Mister P Realty Partnership, 18.017 acres; Gray Industrial Realty, 17.118 acres, Layn USA, 24.616 acres and Van Trust Real Estate, 50.000 acres.

Future Operations

The Authority anticipates increased land sales in 2020 for the manufacturing and distribution portion of the Commerce Center. Additionally, the Authority is forecasting land sales for the new Class A office park currently under development. This office park is being 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 are again expected in 2020 due to new assessments of recent private investments by developers and new tenants.

The Authority's emphasis continues to be site development and infrastructure improvements required to support existing projects and future private investments. Significant infrastructure and road improvements were completed in 2019, with additional projects slated for 2020 and beyond, to be funded through a Bond Anticipation Note in the amount of \$25M.

Major demolition projects, expansion of roadways and utility system construction totaled approximately \$11.3M in 2019. The continuation of these infrastructure improvements is consistent with the Authority's Strategic Plan and is necessary to enhance 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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash	\$ 7,250,569	\$ 575,458
Restricted cash - bond proceeds	2,138,472	663,574
Accounts receivable	167,038	153,239
Grants receivable	89,251	89,251
Prepaid expenses	41,806	43,703
	<u>9,687,136</u>	<u>1,525,225</u>
Total current assets		
Noncurrent assets		
Investment in cash		
Debt service	12,310,034	12,485,133
Security deposits	25,540	28,110
Escrow deposits	430,448	278,992
Demolition reserve	549,550	1,579,550
	<u>13,315,572</u>	<u>14,371,785</u>
Total noncurrent assets		
Capital assets		
Buildings	435,292	435,292
Equipment	1,728,544	1,728,544
Vehicles	246,250	246,250
Infrastructure	85,776,909	67,619,088
Leasehold improvements	67,705	67,705
Construction in process	3,165,833	10,183,695
	<u>91,420,533</u>	<u>80,280,574</u>
Less accumulated depreciation	<u>(16,955,230)</u>	<u>(11,947,501)</u>
Capital assets, net	74,465,303	68,333,073
Real estate available for sale	<u>8,023,834</u>	<u>6,909,602</u>
Total assets	<u>\$ 105,491,845</u>	<u>\$ 91,139,685</u>

See accompanying notes.

River Ridge Development Authority
Statements of Net Position (Continued)
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Liabilities		
Current liabilities		
Accounts payable and accruals	\$ 353,770	\$ 416,458
Current portion of bonds payable	2,635,860	1,725,522
Bond interest payable	487,294	744,863
Advanced rental payments	13,660	17,482
Accrued compensated absences	<u>102,308</u>	<u>117,718</u>
Total current liabilities	3,592,892	3,022,043
Other liabilities		
Security deposits	25,540	28,110
Escrow deposits	<u>430,448</u>	<u>278,992</u>
Total other liabilities	455,988	307,102
Long-term debt		
Bond anticipation notes	184,327	8,413,526
Bonds payable	<u>58,898,027</u>	<u>42,447,343</u>
Total long-term debt	<u>59,082,354</u>	<u>50,860,869</u>
Total liabilities	63,131,234	54,190,014
Net position		
Net investment in capital assets	12,747,089	15,746,682
Restricted	2,138,472	663,574
Unrestricted	<u>27,475,050</u>	<u>20,539,415</u>
Total net position	<u>\$ 42,360,611</u>	<u>\$ 36,949,671</u>

See accompanying notes.

River Ridge Development Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenues		
Rental income River Ridge property	\$ 838,893	\$ 855,377
Urban Enterprise Zone income	4,716,755	4,385,870
Tax increment financing income	3,217,758	2,623,585
Recycling and scrap sale income	221,040	269,761
Land proceeds	8,318,134	3,300,560
Water sales	<u>555,262</u>	<u>367,167</u>
Total operating revenues	17,867,842	11,802,320
Cost of land/infrastructure sold or transferred		
Cost of land sold	(571,948)	(261,284)
Cost of infrastructure transferred	<u>(114,933)</u>	<u>(3,841,002)</u>
Total cost of land/infrastructure sold or transferred	<u>(686,881)</u>	<u>(4,102,286)</u>
Total operating revenues, net	17,180,961	7,700,034
Operating expenses		
Payroll	1,247,673	1,229,205
Employee benefits	338,073	360,001
Payroll taxes	86,154	83,001
Redevelopment expenses	1,641,794	1,505,956
Road and ground maintenance	321,500	338,042
Common area improvements	45,013	217,692
Common area expense	175,470	127,657
Depreciation expense	5,007,729	4,206,853
Legal fees	398,763	461,167
Bond issuance fees	261,000	81,000
Insurance	268,354	178,743
Marketing	207,950	171,463
Office equipment and supplies	100,053	65,954
Professional fees	91,111	38,321
Rental expense	69,101	67,535
Security	71,618	57,677
Training expense	6,577	3,045
Travel and meeting expense	23,398	23,963
Water supplies and contract	338,891	144,654
Environmental monitoring	2,000	5,000
Employee recruitment	27,758	26,076
TIF administration	3,398	10,750
Development obligation expense	<u>1,038,058</u>	<u>858,844</u>
Total operating expenses	<u>11,771,436</u>	<u>10,262,599</u>
Operating income (loss)	5,409,525	(2,562,565)
Nonoperating revenues (expenses)		
Interest income	234,287	203,101
Interest expense	(2,033,510)	(1,719,150)
Gain on land swap	1,374,185	-
Land contribution income	144,500	-
Lake settlement income	260,000	-
Other income	<u>21,953</u>	<u>1,774</u>
Total nonoperating revenues (expenses)	<u>1,415</u>	<u>(1,514,275)</u>
Changes in net position	5,410,940	(4,076,840)
Net position, beginning of year	<u>36,949,671</u>	<u>41,026,511</u>
Net position, end of year	<u>\$ 42,360,611</u>	<u>\$ 36,949,671</u>

See accompanying notes.

River Ridge Development Authority
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Cash received from tenant, land sales, and others	\$ 12,710,404	\$ 6,209,521
Cash paid to suppliers, employees, and others	(6,435,455)	(6,754,637)
Urban Enterprise Zone income received	<u>4,716,755</u>	<u>4,385,870</u>
Net cash provided by operating activities	10,991,704	3,840,754
Cash flows from investing activities		
Purchases of capital assets	(11,254,892)	(9,414,357)
Interest received	234,287	203,101
Cash paid for interest expense	(2,291,079)	(1,672,765)
Other income	<u>281,953</u>	<u>2,107</u>
Net cash used by investing activities	(13,029,731)	(10,881,914)
Cash flows from financing activities		
Principal payments made on bonds	(1,474,441)	(1,628,396)
Proceeds received from borrowings	<u>10,606,264</u>	<u>8,413,526</u>
Net cash provided by financing activities	<u>9,131,823</u>	<u>6,785,130</u>
Net increase (decrease) in cash	7,093,796	(256,030)
Cash, beginning of year	<u>15,610,817</u>	<u>15,866,847</u>
Cash, end of year	<u><u>\$ 22,704,613</u></u>	<u><u>\$ 15,610,817</u></u>
Reconciliation of cash to the statement of net position		
Cash	\$ 7,250,569	\$ 575,458
Restricted cash - bond proceeds	2,138,472	663,574
Investments in cash	<u>13,315,572</u>	<u>14,371,785</u>
Total cash	<u><u>\$ 22,704,613</u></u>	<u><u>\$ 15,610,817</u></u>
Non-cash activities		
Real estate available for sale non-cash trades	\$ 1,518,685	\$ -

See accompanying notes.

River Ridge Development Authority
Statements of Cash Flows (Continued)
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Reconciliation of net operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 5,409,525	\$ (2,562,565)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation expense	5,007,729	4,206,853
Infrastructure transferred and expensed as part of cost of land sold	114,933	2,795,798
(Increase) decrease in		
Accounts receivable	(13,799)	(153,239)
Prepaid expenses	1,897	12,597
Real estate available for sale	404,453	157,284
Army credits	-	1,581,998
Increase (decrease) in		
Accounts payable and accruals	(62,688)	(864,622)
Advanced rental payments	(3,822)	(2,076)
Accrued compensated absences	(15,410)	(4,150)
Security deposits	(2,570)	882
Escrow deposits	151,456	253,992
Payable to United States Army	-	(1,581,998)
	<u>\$ 10,991,704</u>	<u>\$ 3,840,754</u>

See accompanying notes.

River Ridge Development Authority
Notes to Financial Statements
Years Ended December 31, 2019 and 2018

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, 2019 and 2018.
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, 2019 and 2018.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

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.

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, 2019 and 2018, gross land sale proceeds were \$8,318,134 and \$3,300,560, respectively, and costs of land sold or donated were \$686,881 and \$4,102,286, 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 and capital asset transactions.

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. Reclassifications: Certain amounts in the 2018 financial statements have been reclassified to conform with the 2019 presentation. The reclassifications have no impact on impact on change in net position or total net position.
11. 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.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018.

Note D - Restricted Cash and Investments in Cash

The Authority obtains 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, 2019 and 2018, \$2,138,472 and \$663,574 in unspent bond proceeds, respectively, was available to fund anticipated future improvements and is classified as restricted cash and restricted net position on the Statements of Net Position.

The Authority has established 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, 2019 and 2018, the balance of the debt service was \$12,310,034 and \$12,485,133, respectively. These amounts are classified as investments in cash and unrestricted net position on the Statements of Net Position at December 31, 2019 and 2018, respectively.

Security deposits total \$25,540 and \$28,110 at December 31, 2019 and 2018, respectively, and represent deposits made by tenants for property leased from the Authority. The liability for such deposits at December 31, 2019 and 2018 was \$25,540 and \$28,110, 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 \$430,448 and \$278,992 at December 31, 2019 and 2018, respectively. The liability for such deposits at December 31, 2019 and 2018 was \$430,448 and \$278,992, 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, 2019 and 2018 was \$ 549,550 and \$1,579,550, respectively. These funds are classified as investments in cash and unrestricted net position on the Statements of Net Position.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

Note E - Capital Assets

The following is a summary of the capital assets activity during the years ended December 31, 2019 and 2018:

	Balance at 12/31/2018	Additions	Transfers	Dispositions	Balance at 12/31/2019
Buildings	\$ 435,292	\$ -	\$ -	\$ -	\$ 435,292
Equipment	1,728,544	-	-	-	1,728,544
Vehicles	246,250	-	-	-	246,250
Infrastructure	67,619,088	8,227,604	10,045,150	(114,933)	85,776,909
Leasehold improvements	67,705	-	-	-	67,705
Construction in process	10,183,695	3,027,288	(10,045,150)	-	3,165,833
	80,280,574	11,254,892	-	(114,933)	91,420,533
Less accumulated depreciation	(11,947,501)	(5,007,729)	-	-	(16,955,230)
Capital assets, net	<u>\$ 68,333,073</u>	<u>\$ 6,247,163</u>	<u>\$ -</u>	<u>\$ (114,933)</u>	<u>\$ 74,465,303</u>
	Balance at 12/31/2017	Additions	Transfers	Dispositions	Balance at 12/31/2018
Buildings	\$ -	\$ 435,292	\$ -	\$ -	\$ 435,292
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
Construction in process	8,631,622	4,376,281	(2,742,406)	(81,802)	10,183,695
	73,706,750	9,414,357	-	(2,840,533)	80,280,574
Less accumulated depreciation	(7,785,050)	(4,206,853)	-	44,402	(11,947,501)
Capital assets, net	<u>\$ 65,921,700</u>	<u>\$ 5,207,504</u>	<u>\$ -</u>	<u>\$ (2,796,131)</u>	<u>\$ 68,333,073</u>

Depreciation expense was \$5,007,729 and \$4,206,853 for the years ended December 31, 2019 and 2018, respectively.

Included in the 2019 and 2018 activity was property/infrastructure that was transferred to various municipalities.

Note F - Real Estate Available for Sale

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

According to the agreements, the Conveyance Consideration shall be paid to the United States Army no later than 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, 2019 and 2018

Note F - Real Estate Available for Sale (Continued)

Real estate available for sale totaled \$8,023,834 and \$6,909,602 at December 31, 2019 and 2018, respectively, and consisted of approximately 4,700 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 are payable semiannually and payments began on February 1, 2016. The remaining principal balance on the bonds at December 31, 2019 and 2018 was \$4,438,985 and \$5,056,736, 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 were set to mature February 1, 2034. The bond bore interest at 4.60%. During 2019, the Authority refinanced the bonds through a bond issuance of \$16,270,000 (Tax Increment Revenue Refunding Bonds 2019 Series A (TIRR)). The refinanced bonds mature on February 1, 2034 and bear interest at 2.69%. Principal and interest are payable semiannually and payments began on February 1, 2020. The remaining principal balance on the bonds at December 31, 2019 was \$16,270,000.

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 are payable semiannually and payments began on February 1, 2016. The remaining principal balance on the bonds at December 31, 2019 and 2018 was \$7,256,902 and \$7,593,979, 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, 2019 and 2018 was \$584,000 and \$663,574 respectively. The remaining principal balance on the bonds at December 31, 2019 and 2018 was \$14,818,000 and \$14,830,000, respectively.

During May 2018, the Authority issued tax increment revenue bond anticipation notes (BANs) in the amount of \$18,500,000 to temporarily fund capital projects prior to the issuance of serial revenue bonds. The note was issued on May 23, 2018 and was set to mature August 1, 2020. The note bore interest at 3.45%. Principal on the note was due in one installment at maturity. During 2019, the Authority refinanced the BANs through a bond issuance of \$18,750,000 (Tax Increment Revenue Refunding Bonds 2019 Series B (TIRR)). The refinanced bonds mature on August 1, 2039 and bear interest at 3.09%. Principal and interest are payable semiannually and payments began on February 1, 2020. The remaining principal balance on the bonds at December 31, 2019 was \$18,750,000.

During December 2019, the Authority issued tax increment revenue bond anticipation notes in the amount of \$25,000,000 to temporarily fund capital projects prior to the issuance of serial revenue bonds. The note was issued on December 20, 2019 and matures on December 20, 2022. The note bears interest at 3.05% which is payable in semiannual installments and begins on February 1, 2020. Principal on the note is due in one installment at maturity. At December 31, 2019, the total principal balance of the notes issued and outstanding was \$184,327.

Bond interest payable at December 31, 2019 and 2018 was \$487,294 and \$744,863, respectively.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

Note G - Long-term Debt (Continued)

Long-term debt activity for the year ended December 31, 2019 was as follows:

	Balance 12/31/18	Additions	Payments	Refinance	Balance 12/31/19	Amounts due within one year
TIR Bond of 2014, Series A	\$ 16,692,150	\$ -	\$ (507,613)	\$ (16,184,537)	\$ -	\$ -
TIR Bond of 2015, Series A	7,593,979	-	(337,077)	-	7,256,902	348,567
TIR Bond of 2015, Series B	5,056,736	-	(617,751)	-	4,438,985	634,293
TIR Bond of 2016, Series A	14,830,000	-	(12,000)	-	14,818,000	13,000
2018 Bond Anticipation Notes	8,413,526	10,248,989	-	(18,662,515)	-	-
2019 Bond Anticipation Notes	-	184,327	-	-	184,327	-
TIR Bond of 2019, Series A	-	85,463	-	16,184,537	16,270,000	1,145,000
TIR Bond of 2019, Series B	-	87,485	-	18,662,515	18,750,000	495,000
	<u>\$ 52,586,391</u>	<u>\$ 10,606,264</u>	<u>\$ (1,474,441)</u>	<u>\$ -</u>	<u>\$ 61,718,214</u>	<u>\$ 2,635,860</u>

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

	Balance 12/31/17	Additions	Payments	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
2018 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>

As of December 31, 2019, bonds mature as follows:

	Principal	Interest	Total
2020	\$ 2,635,860	\$ 1,463,927	\$ 4,099,787
2021	2,355,726	1,746,515	4,102,241
2022	2,609,778	1,679,083	4,288,861
2023	2,496,061	1,609,639	4,105,700
2024	2,563,586	1,538,151	4,101,737
2025 - 2029	13,988,237	6,525,396	20,513,633
2030 - 2034	16,201,684	4,311,292	20,512,976
2035 - 2039	18,867,282	1,643,909	20,511,191
Total	<u>\$ 61,718,214</u>	<u>\$ 20,517,912</u>	<u>\$ 82,236,126</u>

Interest expense related to the 2019 Bond Anticipation Notes is excluded from the maturity table. Interest expense for the 2019 Bond Anticipation Notes is calculated off of future draws however as of December 31, 2019 that amount cannot be reasonably estimated.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

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, 2019 and 2018, was \$13,660 and \$17,482, 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, 2019 and 2018, accrued compensated absences were \$102,308 and \$117,718, 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:

2020	\$ 561,484
2021	476,486
2022	465,979
2023	465,979
2024	441,031
Thereafter	<u>1,037,529</u>
	<u>\$ 3,448,488</u>

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 \$73,485 and \$73,798 for the years ended December 31, 2019 and 2018, 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.

**River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018**

Note L - Operating Leases (Continued)

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.

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.

The Authority leases office space from an unrelated party. The lease term was on a month-to-month basis until the new lease agreement became effective in November of 2019. The office lease expires in 2021 and future minimum lease payments is \$73,800 for 2020 and 2021, respectively. Lease expense under this lease was \$69,101 and 67,535 for years ended December 31, 2019 and 2018.

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, 2019 and 2018 was \$22,704,613 and \$15,610,817, respectively. The bank balance at December 31, 2019 and 2018 was \$23,225,725 and \$16,053,225, respectively.

Note N - Major Customers

In 2019, approximately \$668,000 (80%) of the Authority's rental income was generated from three customers. In 2018, approximately \$670,000 (78%) of the Authority's rental income was generated from the same three 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 - 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.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

Note P - Environmental Remediation (Continued)

Prior to expiration, the Authority renewed the environmental liability insurance policy in 2019. The environmental liability insurance policy provides coverage for five years beginning on September 16, 2019, with a maximum of \$20 million in payouts, either individually, or in the aggregate. The policy premium is \$298,198 and is payable in four quarterly installments two in which were made in 2019. This policy will protect the Authority from claims of pollution incidents and business interruption coverage at insured sites. The Authority has determined the insurance is necessary after a review by environmental attorneys. There have been no payouts through December 31, 2019 under this policy.

Note Q - 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 R - 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:

2020	\$ 20,000,000
2021	20,000,000
2022	20,000,000
2023	20,000,000
2024	20,000,000
Thereafter	<u>230,000,000</u>
	<u>\$ 330,000,000</u>

Note S - 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.

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.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

Note S - Future Accounting Pronouncements (Continued)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The provisions of this Statement are effective for fiscal years beginning after December 15, 2019. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The Authority is evaluating the impact that will result from adopting the above GASB statements and is currently unable to disclose the impact of the adoption of these standards upon the financial position and results of operations.

Supplementary Information

River Ridge Development Authority
Tax Increment Bonds of 2015, Series A - Amortization Schedule
December 31, 2019

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Period total</u>	<u>Fiscal total</u>
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>\$ 7,256,902</u>		<u>\$ 2,197,978</u>	<u>\$ 9,454,880</u>	<u>\$ 9,454,880</u>

See accompanying independent auditor's report.

River Ridge Development Authority
Tax Increment Bonds of 2015, Series B - Amortization Schedule
December 31, 2019

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Period total</u>	<u>Fiscal total</u>
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	<u>369,180</u>	2.66%	<u>4,909</u>	<u>374,089</u>	<u>374,089</u>
	<u>\$ 4,438,985</u>		<u>\$ 424,184</u>	<u>\$ 4,863,169</u>	<u>\$ 4,863,169</u>

See accompanying independent auditor's report.

River Ridge Development Authority
Tax Increment Bonds of 2016, Series A - Amortization Schedule
December 31, 2019

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Period total</u>	<u>Fiscal total</u>
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>\$ 14,818,000</u>		<u>\$ 6,189,872</u>	<u>\$ 21,007,872</u>	<u>\$ 21,007,872</u>

See accompanying independent auditor's report.

River Ridge Development Authority
Tax Increment Bonds of 2019, Series A - Amortization Schedule
December 31, 2019

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Period total</u>	<u>Fiscal total</u>
2/1/2020	\$ 645,000	2.69%	\$ 66,865	\$ 711,865	\$ -
8/1/2020	500,000	2.69%	210,156	710,156	1,422,021
2/1/2021	510,000	2.69%	203,431	713,431	-
8/1/2021	515,000	2.69%	196,572	711,572	1,425,003
2/1/2022	525,000	2.69%	189,645	714,645	-
8/1/2022	530,000	2.69%	182,584	712,584	1,427,229
2/1/2023	535,000	2.69%	175,455	710,455	-
8/1/2023	545,000	2.69%	168,260	713,260	1,423,715
2/1/2024	550,000	2.69%	160,929	710,929	-
8/1/2024	560,000	2.69%	153,532	713,532	1,424,461
2/1/2025	565,000	2.69%	146,000	711,000	-
8/1/2025	575,000	2.69%	138,401	713,401	1,424,401
2/1/2026	580,000	2.69%	130,667	710,667	-
8/1/2026	590,000	2.69%	122,866	712,866	1,423,533
2/1/2027	600,000	2.69%	114,930	714,930	-
8/1/2027	605,000	2.69%	106,860	711,860	1,426,790
2/1/2028	615,000	2.69%	98,723	713,723	-
8/1/2028	620,000	2.69%	90,451	710,451	1,424,174
2/1/2029	630,000	2.69%	82,112	712,112	-
8/1/2029	640,000	2.69%	73,639	713,639	1,425,751
2/1/2030	645,000	2.69%	65,031	710,031	-
8/1/2030	655,000	2.69%	56,356	711,356	1,421,387
2/1/2031	665,000	2.69%	47,546	712,546	-
8/1/2031	675,000	2.69%	38,602	713,602	1,426,148
2/1/2032	685,000	2.69%	29,523	714,523	-
8/1/2032	690,000	2.69%	20,310	710,310	1,424,833
2/1/2033	325,000	2.69%	11,029	336,029	-
8/1/2033	330,000	2.69%	6,658	336,658	672,687
2/1/2034	165,000	2.69%	2,216	167,216	167,216
	<u>\$ 16,270,000</u>		<u>\$ 3,089,349</u>	<u>\$ 19,359,349</u>	<u>19,359,349</u>

See accompanying independent auditor's report.

River Ridge Development Authority
Tax Increment Bonds of 2019, Series B - Amortization Schedule
December 31, 2019

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Period total</u>	<u>Fiscal total</u>
2/1/2020	\$ 345,000	3.09%	\$ 88,516	\$ 433,516	\$ -
8/1/2020	150,000	3.09%	284,357	434,357	867,873
2/1/2021	150,000	3.09%	282,040	432,040	-
8/1/2021	155,000	3.09%	279,722	434,722	866,762
2/1/2022	155,000	3.09%	277,328	432,328	-
8/1/2022	160,000	3.09%	274,933	434,933	867,261
2/1/2023	165,000	3.09%	272,461	437,461	-
8/1/2023	165,000	3.09%	269,912	434,912	872,373
2/1/2024	170,000	3.09%	267,362	437,362	-
8/1/2024	165,000	3.09%	264,736	429,736	867,098
2/1/2025	170,000	3.09%	262,187	432,187	-
8/1/2025	175,000	3.09%	259,560	434,560	866,747
2/1/2026	180,000	3.09%	256,856	436,856	-
8/1/2026	180,000	3.09%	254,075	434,075	870,931
2/1/2027	180,000	3.09%	251,294	431,294	-
8/1/2027	185,000	3.09%	248,513	433,513	864,807
2/1/2028	185,000	3.09%	245,655	430,655	-
8/1/2028	195,000	3.09%	242,797	437,797	868,452
2/1/2029	195,000	3.09%	239,784	434,784	-
8/1/2029	195,000	3.09%	236,771	431,771	866,555
2/1/2030	200,000	3.09%	233,759	433,759	-
8/1/2030	205,000	3.09%	230,669	435,669	869,428
2/1/2031	205,000	3.09%	227,501	432,501	-
8/1/2031	210,000	3.09%	224,334	434,334	866,835
2/1/2032	210,000	3.09%	221,090	431,090	-
8/1/2032	220,000	3.09%	217,845	437,845	868,935
2/1/2033	595,000	3.09%	214,446	809,446	-
8/1/2033	605,000	3.09%	205,253	810,253	1,619,699
2/1/2034	25,000	3.09%	195,906	220,906	-
8/1/2034	190,000	3.09%	195,520	385,520	606,426
2/1/2035	195,000	3.09%	192,584	387,584	-
8/1/2035	195,000	3.09%	189,572	384,572	772,156
2/1/2036	200,000	3.09%	186,559	386,559	-
8/1/2036	205,000	3.09%	183,469	388,469	775,028
2/1/2037	1,870,000	3.09%	180,302	2,050,302	-
8/1/2037	1,900,000	3.09%	151,410	2,051,410	4,101,712
2/1/2038	1,930,000	3.09%	122,055	2,052,055	-
8/1/2038	1,960,000	3.09%	92,237	2,052,237	4,104,292
2/1/2039	1,990,000	3.09%	61,955	2,051,955	-
8/1/2039	2,020,000	3.09%	31,204	2,051,204	4,103,159
	<u>\$ 18,750,000</u>		<u>\$ 8,616,529</u>	<u>\$ 27,366,529</u>	<u>\$ 27,366,529</u>

See accompanying 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, 2019, 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 25, 2020.

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 25, 2020