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March 24, 2022

Board of Directors
River Ridge Development Authority
300 Corporate Drive, 3rd Floor
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, 2021 to December 31, 2021. 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, 2021, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, MCM CPAs & Advisors LLP prepared the audit report 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 cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

River Ridge Development Authority
Report on Audit of Financial Statements
Years Ended December 31, 2021 and 2020

River Ridge Development Authority
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Years Ended December 31, 2021 and 2020

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Independent Auditor's Report

The Board of Directors
River Ridge Development Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of River Ridge Development Authority (the "Authority"), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2021 and 2020, and the change 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

MCM CPAs & Advisors LLP

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Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Independent Auditor's Report (Continued)

Supplementary 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 as of December 31, 2021, on pages 23 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 22, 2022, 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 22, 2022

**River Ridge Development Authority
Management's Discussion and Analysis
Years Ended December 31, 2021 and 2020**

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, 2021 and 2020.

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, 2021 and 2020**

Required Financial Statements (Continued)

**Table 1
Condensed Statements of Net Position**

	<u>2021</u>	<u>2020</u>	Increase (decrease)	<u>2019</u>	Increase (decrease)
Assets					
Current assets	\$ 26,295,184	\$ 12,617,137	\$ 13,678,047	\$ 9,687,136	\$ 2,930,001
Noncurrent assets	4,359,181	11,846,938	(7,487,757)	13,315,572	(1,468,634)
Capital assets, net	79,731,562	76,057,684	3,673,878	74,465,303	1,592,381
Other assets	<u>7,829,983</u>	<u>7,972,156</u>	<u>(142,173)</u>	<u>8,023,834</u>	<u>(51,678)</u>
Total assets	118,215,910	108,493,915	9,721,995	105,491,845	3,002,070
Liabilities					
Current liabilities	17,115,324	5,536,099	11,579,225	3,592,892	1,943,207
Other liabilities	124,440	26,940	97,500	455,988	(429,048)
Long-term debt	<u>58,445,000</u>	<u>60,070,555</u>	<u>(1,625,555)</u>	<u>59,082,354</u>	<u>988,201</u>
Total liabilities	75,684,764	65,633,594	10,051,170	63,131,234	2,502,360
Net investment in capital assets	5,401,053	13,631,404	(8,230,351)	12,747,089	884,315
Restricted	4,178,724	1,020,777	3,157,947	2,138,472	(1,117,695)
Unrestricted	<u>32,951,369</u>	<u>28,208,140</u>	<u>4,743,229</u>	<u>27,475,050</u>	<u>733,090</u>
Total net position	<u>\$ 42,531,146</u>	<u>\$ 42,860,321</u>	<u>\$ (329,175)</u>	<u>\$ 42,360,611</u>	<u>\$ 499,710</u>

Total assets increased \$9,721,995 in 2021. The increase in current assets, \$13,678,047, and capital assets, net \$3,673,878 were the primary drivers. Current assets increased due to an increase in cash and restricted cash of \$13,612,845 which was due to additional borrowings in the current year. The capital asset increase was attributable to additional projects completed in 2021.

Total liabilities increased \$10,051,170 in 2021. The increase in current liabilities, \$11,579,225, was the primary drivers. Current liabilities increased primarily due to the Authority drawing down additional funding on the bond anticipation notes ("BANs") in which the proceeds were used to finance capital projects, which led to additional borrowings. This financing is expected to be amortized once fully drawn in 2022.

Total Net Position decreased \$329,175 in 2021. The decrease in net investment in capital assets, \$8,230,531, was the primary driver. This decrease is related to additional borrowing for future capital projects.

**River Ridge Development Authority
Management's Discussion and Analysis (Continued)
Years Ended December 31, 2021 and 2020**

Required Financial Statements (Continued)

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

	2021	2020	Increase (decrease)	2019	Increase (decrease)
Total revenues,					
including nonoperating revenues	\$ 17,176,804	\$ 15,115,619	\$ 2,061,185	\$ 19,215,886	\$ (4,100,267)
Total expenses					
Including nonoperating expenses	<u>17,505,979</u>	<u>14,615,909</u>	<u>2,890,070</u>	<u>13,804,946</u>	<u>810,963</u>
Changes in net position	<u>\$ (329,175)</u>	<u>\$ 499,710</u>	<u>\$ (828,885)</u>	<u>\$ 5,410,940</u>	<u>\$ (4,911,230)</u>

The continued economic uncertainty of 2020 carried over into 2021 and impacted the development of planned increases in industrial capacity. As a result, RRDA's land sale revenues were below the anticipated budget level. However, throughout the year, there was a steady increase in potential new project activity. Currently, RRDA is carrying more potential new project leads in its pipeline than ever before.

In 2021 the Authority sold approximately 92 acres with proceeds of \$4,304,775, compared to 46 acres and \$3,118,400 in 2020. New investments for 2021 included US Capital, 37.4 acres and the OmniTRAX main rail line on-site for 55 acres.

Future Operations

The Authority anticipates increased land sales in 2022 for new industrial prospects. Additionally, the Authority is nearing completion of the first Class-A office building in the new Gateway Office & Technology Campus. It is comprised of 45,000 square feet and is scheduled for completion in March 2022. Tax Increment Financing ("TIF") and Urban Enterprise Zone ("UEZ") revenues will increase again this year due to new assessments of recently completed private investments by developers and new companies.

The Authority will continue to emphasize site development and infrastructure improvements required to support existing projects and attract new future private investments. Major demolition projects, expansion of roadways, and utility system improvements totaled approximately \$15.1 Million in 2021. Additional projects slated for 2022 and beyond are to be funded through existing bonds, BANs and TIF in the amount of \$35.1 Million. A new bond issue is planned for 2022 to fully fund those planned improvements. The continuation of these infrastructure improvements is consistent with the Authority's Strategic Plan and is necessary to enhance 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 at 300 Corporate Drive Suite 300, Jeffersonville, Indiana 47130.

River Ridge Development Authority
Statements of Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash	\$ 21,870,876	\$ 11,415,978
Restricted cash - bond proceeds	4,178,724	1,020,777
Accounts receivable	97,736	44,174
Grants receivable	89,251	89,251
Prepaid expenses	<u>58,597</u>	<u>46,957</u>
Total current assets	26,295,184	12,617,137
Noncurrent assets		
Investment in cash		
Debt service	4,234,741	11,819,998
Security deposits	25,440	26,940
Escrow deposits	<u>99,000</u>	<u>-</u>
Total noncurrent assets	4,359,181	11,846,938
Capital assets		
Buildings	458,493	435,292
Equipment	1,584,080	1,774,080
Vehicles	669,879	288,032
Infrastructure	94,290,199	91,840,901
Leasehold improvements	67,705	67,705
Construction in process	<u>11,148,262</u>	<u>4,088,369</u>
	108,218,618	98,494,379
Less accumulated depreciation	<u>(28,487,056)</u>	<u>(22,436,695)</u>
Capital assets, net	79,731,562	76,057,684
Real estate available for sale	<u>7,829,983</u>	<u>7,972,156</u>
Total assets	<u>\$ 118,215,910</u>	<u>\$ 108,493,915</u>

See accompanying notes.

River Ridge Development Authority
Statements of Net Position (Continued)
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Liabilities		
Current liabilities		
Accounts payable and accruals	\$ 404,977	\$ 2,307,339
Current portion of bonds payable	3,275,000	2,355,725
Bond anticipation notes	12,610,509	-
Bond interest payable	711,829	761,635
Advanced rental payments	4,893	3,285
Accrued compensated absences	108,116	108,115
	<u>17,115,324</u>	<u>5,536,099</u>
Total current liabilities		
Other liabilities		
Security deposits	25,440	26,940
Escrow deposits	99,000	-
	<u>124,440</u>	<u>26,940</u>
Total other liabilities		
Long-term debt		
Bond anticipation notes	-	3,528,253
Bonds payable	58,445,000	56,542,302
	<u>58,445,000</u>	<u>60,070,555</u>
Total long-term debt		
Total liabilities		
	75,684,764	65,633,594
Net position		
Net investment in capital assets		
Restricted	5,401,053	13,631,404
Unrestricted	4,178,724	1,020,777
	32,951,369	28,208,140
	<u>42,531,146</u>	<u>42,860,321</u>
Total net position		

See accompanying notes.

River Ridge Development Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues		
Rental income River Ridge property	\$ 695,757	\$ 765,100
Urban Enterprise Zone income	6,056,625	5,711,243
Tax increment financing income	5,023,477	3,568,146
Recycling and scrap sale income	333,338	49,450
Land proceeds	4,304,775	3,118,400
Water sales	<u>900,415</u>	<u>779,736</u>
Total operating revenues	17,314,387	13,992,075
Cost of land/infrastructure sold or transferred		
Cost of land sold	<u>(250,341)</u>	<u>(51,686)</u>
Total cost of land/infrastructure sold or transferred	<u>(250,341)</u>	<u>(51,686)</u>
Total operating revenues, net	17,064,046	13,940,389
Operating expenses		
Payroll	1,459,562	1,388,486
Employee benefits	424,522	362,636
Payroll taxes	107,214	92,871
Redevelopment expenses	1,993,167	2,803,656
Road and ground maintenance	356,387	319,338
Common area improvements	35,492	18,798
Common area expense	385,996	191,361
Depreciation expense	6,133,557	5,794,139
Legal fees	201,375	370,198
Bond issuance fees	99,850	-
Insurance	131,438	258,171
Marketing	210,667	232,660
Office equipment and supplies	336,859	107,342
Professional fees	95,280	94,528
Rental expense	58,964	73,800
Security	66,078	76,948
Training expense	9,870	4,181
Travel and meeting expense	17,466	8,880
Water supplies and contract	444,600	360,284
Environmental monitoring	-	4,625
Employee recruitment	10,029	11,000
TIF administration	-	5,651
Development obligation expense	<u>3,000,000</u>	<u>158,957</u>
Total operating expenses	<u>15,578,373</u>	<u>12,738,510</u>
Operating income	1,485,673	1,201,879
Nonoperating revenues (expenses)		
Interest income	105,633	116,006
Interest expense	(1,927,606)	(1,743,294)
(Loss) gain on disposal of capital assets	(5,804)	140,511
Lake settlement income	-	750,000
Other income	<u>12,929</u>	<u>34,608</u>
Total nonoperating (expenses) revenues	<u>(1,814,848)</u>	<u>(702,169)</u>
Changes in net position	(329,175)	499,710
Net position, beginning of year	<u>42,860,321</u>	<u>42,360,611</u>
Net position, end of year	<u>\$ 42,531,146</u>	<u>\$ 42,860,321</u>

See accompanying notes.

River Ridge Development Authority
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Cash received from tenant, land sales, and others	\$ 11,052,967	\$ 7,912,587
Cash paid to suppliers, employees, and others	(9,313,487)	(7,002,278)
Urban Enterprise Zone income received	<u>6,056,625</u>	<u>5,711,243</u>
Net cash provided by operating activities	7,796,105	6,621,552
Cash flows from investing activities		
Purchases of capital assets	(11,817,396)	(5,496,186)
Proceeds from disposal of capital assets	101,000	313,987
Interest received	105,633	116,006
Cash paid for interest expense	(1,977,412)	(1,468,953)
Other income	<u>12,929</u>	<u>784,608</u>
Net cash used by investing activities	(13,575,246)	(5,750,538)
Cash flows from financing activities		
Principal payments made on bonds	(2,355,724)	(2,635,860)
Proceeds received from borrowings, net of refinancing	<u>14,259,953</u>	<u>3,343,926</u>
Net cash provided by financing activities	<u>11,904,229</u>	<u>708,066</u>
Net increase in cash	6,125,088	1,579,080
Cash, beginning of year	<u>24,283,693</u>	<u>22,704,613</u>
Cash, end of year	<u>\$ 30,408,781</u>	<u>\$ 24,283,693</u>
Reconciliation of cash to the statement of net position		
Cash	\$ 21,870,876	\$ 11,415,978
Restricted cash - bond proceeds	4,178,724	1,020,777
Investments in cash	<u>4,359,181</u>	<u>11,846,938</u>
Total cash	<u>\$ 30,408,781</u>	<u>\$ 24,283,693</u>
Non-cash activities		
Fixed assets in accounts payable at year end	\$ (160,653)	\$ (2,063,810)

See accompanying notes.

River Ridge Development Authority
Statements of Cash Flows (Continued)
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of net operating income to net cash provided by operating activities		
Operating income	\$ 1,485,673	\$ 1,201,879
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	6,133,557	5,794,139
(Increase) decrease in		
Accounts receivable	(53,562)	122,864
Prepaid expenses	(11,640)	(5,151)
Real estate available for sale	142,173	51,678
Increase (decrease) in		
Accounts payable and accruals	795	(110,241)
Advanced rental payments	1,608	(10,375)
Accrued compensated absences	1	5,807
Security deposits	(1,500)	1,400
Escrow deposits	99,000	(430,448)
	<u>\$ 7,796,105</u>	<u>\$ 6,621,552</u>
Net cash provided by operating activities		

See accompanying notes.

River Ridge Development Authority
Notes to Financial Statements
Years Ended December 31, 2021 and 2020

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, 2021 and 2020.
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, 2021 and 2020.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2021 and 2020

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, 2021 and 2020, gross land sale proceeds were \$4,304,775 and \$3,118,400, respectively, and costs of land sold or donated were \$250,341 and \$51,686, 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, Urban Enterprise Zone income and Tax Increment Financing income. Operating expenses include payroll, redevelopment expenses, depreciation, 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. Subsequent Events: The Authority has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

Note C - 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, 2021 and 2020, 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, 2021 and 2020.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2021 and 2020

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, 2021 and 2020, \$4,178,724 and \$1,020,777 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, 2021 and 2020, the balance of the debt service was \$4,234,741 and \$11,819,998, respectively. These amounts are classified as investments in cash and unrestricted net position on the Statements of Net Position at December 31, 2021 and 2020, respectively.

Security deposits total \$25,440 and \$26,940 at December 31, 2021 and 2020, respectively, and represent deposits made by tenants for property leased from the Authority. The liability for such deposits at December 31, 2021 and 2020 was \$25,440 and \$26,940, respectively. These funds are classified as investments in cash on the Statements of Net Position.

Escrow deposits consist of earnest money received for potential future real estate transactions. Escrow deposits totaled \$99,000 and \$0 at December 31, 2021 and 2020, respectively. The liability for such deposits at December 31, 2021 and 2020 was \$99,000 and \$0, 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. During 2020, the Authority removed the demolition reserve as such the balance of the reserve was \$0 at December 31, 2021 and 2020.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2021 and 2020

Note E - Capital Assets

The following is a summary of the capital assets activity during the years ended December 31, 2021 and 2020:

	Balance at 12/31/2020	Additions	Transfers	Dispositions	Balance at 12/31/2021
Buildings	\$ 435,292	\$ 23,201	\$ -	\$ -	\$ 458,493
Equipment	1,774,080	-	-	(190,000)	1,584,080
Vehicles	288,032	381,847	-	-	669,879
Infrastructure	91,840,901	50,800	2,398,498	-	94,290,199
Leasehold improvements	67,705	-	-	-	67,705
Construction in process	4,088,369	9,458,391	(2,398,498)	-	11,148,262
	98,494,379	9,914,239	-	(190,000)	108,218,618
Less accumulated depreciation	(22,436,695)	(6,133,557)	-	83,196	(28,487,056)
Capital assets, net	<u>\$ 76,057,684</u>	<u>\$ 3,780,682</u>	<u>\$ -</u>	<u>\$ (106,804)</u>	<u>\$ 79,731,562</u>
	Balance at 12/31/2019	Additions	Transfers	Dispositions	Balance at 12/31/2020
Buildings	\$ 435,292	\$ -	\$ -	\$ -	\$ 435,292
Equipment	1,728,544	494,536	-	(449,000)	1,774,080
Vehicles	246,250	78,932	-	(37,150)	288,032
Infrastructure	85,776,909	153,616	5,910,376	-	91,840,901
Leasehold improvements	67,705	-	-	-	67,705
Construction in process	3,165,833	6,832,912	(5,910,376)	-	4,088,369
	91,420,533	7,559,996	-	(486,150)	98,494,379
Less accumulated depreciation	(16,955,230)	(5,794,139)	-	312,674	(22,436,695)
Capital assets, net	<u>\$ 74,465,303</u>	<u>\$ 1,765,857</u>	<u>\$ -</u>	<u>\$ (173,476)</u>	<u>\$ 76,057,684</u>

Depreciation expense was \$6,133,557 and \$5,794,139 for the years ended December 31, 2021 and 2020, respectively. Included in the 2021 and 2020 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, 2021 and 2020

Note F - Real Estate Available for Sale (Continued)

Real estate available for sale totaled \$7,829,983 and \$7,972,156 at December 31, 2021 and 2020, respectively, and consisted of approximately 4,300 and 4,650 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 bore interest at 2.66%. The remaining principal balance on the bonds at December 31, 2020 was \$3,804,692. These bonds were refinanced in 2021 with the TIRR Bonds Series 2021.

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 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, 2021 and 2020 was \$14,100,000 and \$15,125,000, 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 bore interest at 3.38%. The remaining principal balance on the bonds at December 31, 2020 was \$6,908,335. These bonds were refinanced in 2021 with the TIRR Bonds Series 2021.

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. The bonds bore interest at 3.09%. The remaining principal balance on the bonds at December 31, 2020 was \$14,805,000. These bonds were refinanced in 2021 with the TIRR Bonds Series 2021.

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 unspent bond proceeds at December 31, 2021 and 2020 was approximately \$0 and \$612,000, respectively. The remaining principal balance on the bonds at December 31, 2021 and 2020 was \$17,950,000 and \$18,255,000, respectively.

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 began on February 1, 2020. Principal on the note is due in one installment at maturity. The total principal balance of the notes issued and outstanding at December 31, 2021 and 2020 was \$12,610,509 and \$3,528,253, respectively.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2021 and 2020

Note G - Long-term Debt (Continued)

During August 2021, the Authority issued tax increment revenue bond anticipation notes in the amount of \$29,670,000 to refinance various obligations as noted above. The bonds were issued August 16, 2021 and bear interest at 1.79%. Principal and interest are payable semiannually and payments began February 1, 2022 and have a maturity date of August 1, 2036. The unspent bond proceeds at December 31, 2021 was approximately \$4,076,188. The remaining principal balance on the bonds at December 31, 2021 was \$29,670,000.

Bond interest payable at December 31, 2021 and 2020 was \$711,829 and \$761,635, respectively.

Long-term debt activity for the year ended December 31, 2021 was as follows:

	Balance 12/31/20	Additions	Payments	Refinanced	Balance 12/31/21	Amounts due within one year
TIR Bond of 2015, Series A	\$ 6,908,335	\$ -	\$ (360,448)	(6,547,887)	\$ -	\$ -
TIR Bond of 2015, Series B	3,804,692	-	(651,276)	(3,153,416)	-	-
TIR Bond of 2016, Series A	14,805,000	-	(14,000)	(14,791,000)	-	-
2019 Bond Anticipation Notes	3,528,253	9,082,256	-	-	12,610,509	12,610,509
TIR Bond of 2019, Series A	15,125,000	-	(1,025,000)	-	14,100,000	1,055,000
TIR Bond of 2019, Series B	18,255,000	-	(305,000)	-	17,950,000	315,000
TIRRR Bonds - Series 2021	-	29,670,000	-	-	29,670,000	1,905,000
	<u>\$ 62,426,280</u>	<u>\$ 38,752,256</u>	<u>\$ (2,355,724)</u>	<u>\$ (24,492,303)</u>	<u>\$ 74,330,509</u>	<u>\$ 15,885,509</u>

Long-term debt activity for the year ended December 31, 2020 was as follows:

	Balance 12/31/19	Additions	Payments	Amounts Balance 12/31/20	Amounts due within one year
TIR Bond of 2015, Series A	\$ 7,256,902	\$ -	\$ (348,567)	\$ 6,908,335	\$ 360,448
TIR Bond of 2015, Series B	4,438,985	-	(634,293)	3,804,692	651,276
TIR Bond of 2016, Series A	14,818,000	-	(13,000)	14,805,000	14,000
2019 Bond Anticipation Notes	184,327	3,343,926	-	3,528,253	-
TIR Bond of 2019, Series A	16,270,000	-	(1,145,000)	15,125,000	1,025,000
TIR Bond of 2019, Series B	18,750,000	-	(495,000)	18,255,000	305,000
	<u>\$ 61,718,214</u>	<u>\$ 3,343,926</u>	<u>\$ (2,635,860)</u>	<u>\$ 62,426,280</u>	<u>\$ 2,355,724</u>

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2021 and 2020

Note G - Long-term Debt (Continued)

As of December 31, 2021, bonds mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 15,885,509	\$ 1,423,387	\$ 17,308,896
2023	2,880,000	1,376,504	4,256,504
2024	2,935,000	1,310,616	4,245,616
2025	3,010,000	1,243,356	4,253,356
2026	3,070,000	1,172,853	4,242,853
2027 - 2031	16,465,000	4,777,651	21,242,651
2032 - 2036	18,415,000	2,831,921	21,246,921
2037 - 2039	11,670,000	639,163	12,309,163
Total	<u>\$ 74,330,509</u>	<u>\$ 14,775,451</u>	<u>\$ 89,105,960</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 from future draws, however, as of December 31, 2021 that amount cannot be reasonably estimated.

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, 2021 and 2020, was \$4,893 and \$3,285, 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, 2021 and 2020, accrued compensated absences were \$108,116 and \$108,115, 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:

2022	\$ 158,724
2023	121,767
2024	<u>85,581</u>
	<u>\$ 366,072</u>

**River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2021 and 2020**

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 \$87,594 and \$85,446 for the years ended December 31, 2021 and 2020, 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.

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 leased 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 expired in 2021. Lease expense under this lease was \$58,964 and \$73,800 for years ended December 31, 2021 and 2020.

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, 2021 and 2020 was \$30,408,781 and \$24,283,693, respectively. The bank balance at December 31, 2021 and 2020 was \$30,999,455 and \$24,563,762, respectively.

Note N - Major Customers

In 2021, approximately \$482,000 (69%) of the Authority's rental income was generated from two customers. In 2020, approximately \$618,000 (81%) of the Authority's rental income was generated from three customers.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2021 and 2020

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.

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 2021 and 2020, respectively. 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, 2021 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.

Development obligation expense for the year ended December 31, 2021 includes \$3,000,000 related to RRDA terminating a tenant's leasehold interest early. This amount represents the appraised value of the tenant's remaining leasehold interest.

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:

2022	\$ 20,000,000
2023	20,000,000
2024	20,000,000
2025	20,000,000
2026	20,000,000
Thereafter	<u>190,000,000</u>
	<u>\$ 290,000,000</u>

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2021 and 2020

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 June 15, 2021.

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.

GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements*, was issued in May 2020. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for governments. This Statement defines an SBITA, establishes that a SBITA results in a right-to-use subscription intangible asset and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments and requires note disclosures regarding an SBITA. The standards for SBITAs are based on the standards established in Statement No. 87 - *Leases*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

The Authority has commenced its evaluation of the standard and currently anticipates an immaterial impact to the financial statements upon adoption.

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, 2020. 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 has implemented the above statement with no impact to the statement of net position or the statement of revenues, expenses, and changes in net position.

River Ridge Development Authority
Notes to Financial Statements (Continued)
Years Ended December 31, 2021 and 2020

Note T - Risks and Uncertainties

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 ("COVID-19") outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States. The resultant economic uncertainty impacted the development of planned increases in industrial capacity in 2020. The Authority's operations could continue to be adversely affected as a result of COVID-19, but the impact is not known at this point.

Supplementary Information

River Ridge Development Authority
Tax Increment Revenue Bonds of 2019, Series A - Amortization Schedule
December 31, 2021

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Period total</u>	<u>Fiscal total</u>
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>\$ 14,100,000</u>		<u>\$ 2,412,325</u>	<u>\$ 16,512,325</u>	<u>\$ 16,512,325</u>

See accompanying independent auditor's report.

River Ridge Development Authority
Tax Increment Revenue Bonds of 2019, Series B - Amortization Schedule
December 31, 2021

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Period total</u>	<u>Fiscal total</u>
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	<u>2,020,000</u>	3.09%	<u>31,204</u>	<u>2,051,204</u>	<u>4,103,159</u>
	<u>\$ 17,950,000</u>		<u>\$ 7,681,894</u>	<u>\$ 25,631,894</u>	<u>\$ 25,631,894</u>

See accompanying independent auditor's report.

River Ridge Development Authority
Tax Increment Revenue Bonds of 2021 - Amortization Schedule
December 31, 2021

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Period total</u>	<u>Fiscal total</u>
2/1/2022	\$ 960,000	1.79%	\$ 241,942	\$ 1,201,942	\$ -
8/1/2022	945,000	1.79%	256,955	1,201,955	2,403,897
2/1/2023	735,000	1.79%	248,497	983,497	-
8/1/2023	735,000	1.79%	241,919	976,919	1,960,416
2/1/2024	740,000	1.79%	235,340	975,340	-
8/1/2024	750,000	1.79%	228,717	978,717	1,954,057
2/1/2025	760,000	1.79%	222,005	982,005	-
8/1/2025	765,000	1.79%	215,203	980,203	1,962,208
2/1/2026	930,000	1.79%	208,356	1,138,356	-
8/1/2026	610,000	1.79%	200,033	810,033	1,948,389
2/1/2027	780,000	1.79%	194,573	974,573	-
8/1/2027	795,000	1.79%	187,592	982,592	1,957,165
2/1/2028	795,000	1.79%	180,477	975,477	-
8/1/2028	810,000	1.79%	173,362	983,362	1,958,839
2/1/2029	815,000	1.79%	166,112	981,112	-
8/1/2029	815,000	1.79%	158,818	973,818	1,954,930
2/1/2030	830,000	1.79%	151,524	981,524	-
8/1/2030	835,000	1.79%	144,095	979,095	1,960,619
2/1/2031	835,000	1.79%	136,622	971,622	-
8/1/2031	850,000	1.79%	129,149	979,149	1,950,771
2/1/2032	860,000	1.79%	121,541	981,541	-
8/1/2032	860,000	1.79%	113,844	973,844	1,955,385
2/1/2033	870,000	1.79%	106,147	976,147	-
8/1/2033	890,000	1.79%	98,361	988,361	1,964,508
2/1/2034	1,630,000	1.79%	90,395	1,720,395	-
8/1/2034	1,680,000	1.79%	75,807	1,755,807	3,476,202
2/1/2035	1,685,000	1.79%	60,771	1,745,771	-
8/1/2035	1,680,000	1.79%	45,690	1,725,690	3,471,461
2/1/2036	1,555,000	1.79%	30,654	1,585,654	-
8/1/2036	<u>1,870,000</u>	1.79%	<u>16,731</u>	<u>1,886,731</u>	<u>3,472,385</u>
	<u>\$ 29,670,000</u>		<u>\$ 4,681,232</u>	<u>\$ 34,351,232</u>	<u>\$ 34,351,232</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 River Ridge Development Authority (the "Authority") as of and for the year ended December 31, 2021, 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 22, 2022.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

MCM CPAs & Advisors LLP

Jeffersonville, Indiana

February 22, 2022