

LOUISVILLE RENAISSANCE ZONE CORPORATION
Louisville, Kentucky

FINANCIAL STATEMENTS
June 30, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louisville Renaissance Zone Corporation
Louisville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the Louisville Renaissance Zone Corporation (a non-profit corporation) ("LRZC"), a component unit of Louisville Regional Airport Authority ("Authority"), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LRZC as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Crowe Horwath LLP

Louisville, Kentucky
November 16, 2016

LOUISVILLE RENAISSANCE ZONE CORPORATION
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash and equivalents	\$ 3,108,055	\$ 4,196,229
Investments, plus accrued interest	13,997,319	15,004,782
Land held for sale	2,502,697	241,710
Fees receivable, net	<u>4,486,381</u>	<u>5,070,045</u>
Total current assets	24,094,452	24,512,766
Long-term assets		
Fees receivable	5,050,000	6,240,000
Capital assets not being depreciated	8,972,742	9,572,791
Depreciable capital assets, net	17,760,251	15,631,296
Deferred loan costs	<u>822,184</u>	<u>2,357,794</u>
Total long-term assets	<u>32,605,177</u>	<u>33,801,881</u>
Total assets	<u>\$ 56,699,629</u>	<u>\$ 58,314,647</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable – Authority	\$ 14,522	\$ 37,448
Accounts payable	338,296	509,272
Accrued interest	3,175	11,916
Accrued expenses and other	131,808	-
Loans payable – current	<u>4,655,611</u>	<u>3,733,022</u>
Total current liabilities	5,143,412	4,291,658
Long-term liabilities		
Loans payable	<u>2,697,889</u>	<u>7,571,655</u>
Total liabilities	7,841,301	11,863,313
Net assets – unrestricted	<u>48,858,328</u>	<u>46,451,334</u>
Total liabilities and net assets	<u>\$ 56,699,629</u>	<u>\$ 58,314,647</u>

See accompanying notes to financial statements.

LOUISVILLE RENAISSANCE ZONE CORPORATION
 STATEMENTS OF ACTIVITIES
 Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues		
TIF revenue	\$ 2,460,000	\$ 4,385,909
Lease revenue	1,587,169	1,576,829
Land sales, net of costs	<u>1,271,207</u>	<u>9,351,008</u>
Total operating revenues	5,318,376	15,313,746
 Operating expenses		
General and administrative	296,136	211,654
Depreciation	<u>1,060,661</u>	<u>800,349</u>
Total expenses	<u>1,356,797</u>	<u>1,012,003</u>
 Operating income	3,961,579	14,301,743
 Non-operating revenues (expenses)		
Interest revenue	40,001	12,708
Interest expense and loan amortization	<u>(1,594,586)</u>	<u>(307,454)</u>
Total non-operating revenues (expenses)	<u>(1,554,585)</u>	<u>(294,746)</u>
 Change in net assets	2,406,994	14,006,997
 Net assets, beginning of year	<u>46,451,334</u>	<u>32,444,337</u>
 Net assets, end of year	<u>\$ 48,858,328</u>	<u>\$ 46,451,334</u>

See accompanying notes to financial statements.

LOUISVILLE RENAISSANCE ZONE CORPORATION
 STATEMENTS OF CASH FLOWS
 Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Land sales, lease revenue, and TIF revenue	\$ 7,350,965	\$ 16,223,126
Cash paid to suppliers and others	<u>(615,894)</u>	<u>(1,073,790)</u>
Net cash provided by operating activities	6,735,071	15,149,336
Cash flows from financing activities		
Payments on loans payable	(3,951,177)	(1,469,691)
Additions to capital assets	(4,856,322)	(2,126,974)
Net borrowings from (repayment to) the Authority	(27,438)	(41,398)
Cash paid for interest	<u>(35,772)</u>	<u>(120,005)</u>
Net cash used for financing activities	(8,870,709)	(3,758,068)
Cash flows from investing activities		
Interest and dividend income	40,001	12,707
Purchase of investments	(31,005,080)	(24,507,335)
Proceeds from maturities of investments	<u>32,012,543</u>	<u>9,502,553</u>
Net cash provided by (used for) investing activities	<u>1,047,464</u>	<u>(14,992,075)</u>
Net change in cash and equivalents	(1,088,174)	(3,600,807)
Cash and equivalents, beginning of year	<u>4,196,229</u>	<u>7,797,036</u>
Cash and equivalents, end of year	<u>\$ 3,108,055</u>	<u>\$ 4,196,229</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 3,961,579	\$ 14,301,743
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,060,661	800,349
Changes in assets and liabilities:		
Fees receivable	1,773,665	207,772
Prepaid expenses	-	168,731
Accounts payable	(451,566)	701,608
Accrued expenses and other	131,808	-
Deferred income	-	(500,000)
Land	<u>258,924</u>	<u>(530,867)</u>
Net cash provided by operating activities	<u>\$ 6,735,071</u>	<u>\$ 15,149,336</u>

Noncash capital and financing activities

LRZC financed the purchase of capital assets through accounts payable of approximately \$280,000 and \$299,000 in 2016 and 2015, respectively.

See accompanying notes to financial statements.

LOUISVILLE RENAISSANCE ZONE CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisville Renaissance Zone Corporation (“LRZC”) is a non-stock, non-profit public property corporation set up to oversee an area that is bordered at the north by Fern Valley Road, the east by I-65, the south by I-265, and the west by CSX railroad. The photo below is an aerial view of this area bordered in red. This area can be developed for commercial or industrial uses.



(Continued)

LOUISVILLE RENAISSANCE ZONE CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LRZC entered into an Interlocal Cooperation Agreement with the Louisville Metro Government and the Commonwealth of Kentucky whereby funding will be provided by Tax Incremental Financing (“TIF”). Under this agreement, LRZC is to acquire property, construct, and maintain improvements to accomplish approved public purposes. To date, LRZC has approval for an initial project totaling \$41.7 million primarily for land acquisition and infrastructure improvements. Upon completion of the initial project, approval for additional projects may be requested based on TIF funding availability.

The Louisville Regional Airport Authority’s Board members also serve as LRZC’s Board, however LRZC is legally separate from the Authority, there is no financial benefit or burden relationship, activities of the LRZC are managed separately, and LRZC benefits the community. These characteristics support LRZC being defined as a discretely presented component unit in the Authority’s financial statements.

General Accepted Accounting Principles: LRZC follows the Financial Accounting Standards Board statements for non-profit organizations. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (“GASB”) recognition criteria and presentation features, as presented in the Authority’s financial statements.

Accounting principles for external financial reporting by non-profit organizations require that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories follows:

- Unrestricted net assets include the surplus or deficit in expendable funds available for support in the operation of the entity.
- Temporarily restricted net assets include contributions for which donor imposed restrictions have not been met and pledges unavailable for expenditure until collection. There were no temporarily restricted net assets at June 30, 2016 and 2015.
- Permanently restricted net assets include amounts, which the donors have stipulated that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. There were no permanently restricted net assets at June 30, 2016 and 2015.

Basis of Accounting: The financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and earned, and expenses are recognized in the accounting period in which the liabilities are incurred.

Cash and Equivalents: For purposes of the statements of cash flows, LRZC considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. The balances of each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. All deposits exceeding the federal insurance coverage level are collateralized with securities held by LRZC’s agent in LRZC’s name.

Investments: Investments are recorded at fair value. Investments are made only in government-backed securities. All investments are held in the LRZC’s name. It is management’s intention to reinvest all maturing funds.

Land Held For Sale: As a public property corporation, land may be available for either lease or sale. The book value of land intended to be sold within one year is reclassified from Capital Assets to Land Held for Sale.

(Continued)

LOUISVILLE RENAISSANCE ZONE CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Loan Costs: Amortization of loan costs is computed on the straight-line method (which approximates the effective-interest method over the lives of the related loans).

Capital Assets: Capital assets are recorded at cost or at estimated fair value, if donated, at the date of purchase. Costs that clearly relate to land development projects are capitalized. Costs are allocated to project components by the specific identification method whenever possible. Otherwise, costs are allocated based on their relative value to the total project. Interest costs are capitalized while development is in progress. Depreciation is provided on all depreciable assets over the estimated useful lives of the respective assets using the straight-line method. LRZC is depreciating land improvements and utility systems over periods of 10 to 20 years. These assets are reviewed for impairment when events indicate the carrying amount may not be recoverable. If impaired, the assets are recorded at fair value. The LRZC has a capitalization threshold of \$50,000 for all capital assets.

Income Taxes: LRZC is a non-profit corporation created as an agency of the Authority under the provisions of KRS 58.180. Therefore, the entity is exempt from income taxes. Accordingly, there is no provision for income taxes in the accompanying financial statements.

Accounting principles generally accepted in the United States of America prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. Due to its tax-exempt status, LRZC is generally not subject to U.S. federal income tax or state income tax. LRZC does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. LRZC recognizes interest and / or penalties related to income tax matters in income tax expense. LRZC has no amounts accrued for interest and penalties as of June 30, 2016 and 2015.

Fees Receivable: Receivables represent Tax Increment Financing (TIF) requests submitted to or earned from state and local governments. At June 30, 2016, fees receivable include TIF revenue calculated based on detailed information obtained from the local government through December 31, 2013 and estimated TIF revenue earned through calendar year 2015 for both local and state governments for which detailed information is not yet available to calculate. Amounts not expected to be collected within one year are reported as long-term receivables. Receivables are reported at fair value and are reduced by the estimated portion that is expected to be uncollectible. Interest is not normally charged on receivables. As of June 30, 2016 and 2015, management has estimated all amounts to be fully collectible.

Revenues: LRZC recognizes revenue from land sales upon transfer of title. Revenue from the TIF agreements are recognized when reasonably measurable and determinable based on the terms of the respective agreements.

TIF revenue included in operating revenue represents the estimated TIF revenue earned in the most recent calendar year as well as any differences between actual collections and prior estimates.

Management’s 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 based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ.

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LOUISVILLE RENAISSANCE ZONE CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 2 – INVESTMENTS

At June 30, 2016, LRZC's investment balances were as follows:

<u>Investment Type</u>	<u>Investment Balances</u>	<u>Maturity</u>	<u>Rating</u>
Federal Home Loan Bank	<u>\$ 13,997,319</u>	8/25/16 through 12/9/16	Aaa

At June 30, 2015, LRZC's investment balances were as follows:

<u>Investment Type</u>	<u>Investment Balances</u>	<u>Maturity</u>	<u>Rating</u>
Federal Home Loan Bank	<u>\$ 15,004,782</u>	8/25/15 through 10/23/15	Aaa

Fair Value Measurement: The LRZC categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The LRZC has the following recurring fair value measurements as of June 30, 2016:

- Federal Home Loan Bank Domestic Bonds of \$13,997,319 is valued using a matrix pricing model (Level 2 inputs)

The LRZC has the following recurring fair value measurements as of June 30, 2015:

- Federal Home Loan Bank Domestic Bonds of \$15,004,782 is valued using a matrix pricing model (Level 2 inputs)

Interest Rate Risk: As a means of managing its exposure to fair value losses arising from increasing interest rates, LRZC is currently limited to investing unrestricted funds in U.S. Government obligations and agencies with a stated maturity of not more than one year; however, with CEO and CFO approval, maturity can be two years for the investment.

Credit Risk: LRZC only has investments in U.S. Treasuries or other debt securities backed by the U.S. Government.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the custodian, LRZC may not be able to recover the value of investments or collateral securities that are in the possession of the custodian.

Concentration of Credit Risk: Unrestricted funds invested in U.S. Government Agencies are not limited. At June 30, 2016 and 2015, approximately \$14,000,000 and \$15,000,000, was invested in U.S. Government agency obligations, respectively. Domestic bank obligations may not exceed 35% of invested assets per issuer or 50% of total invested assets for all issuers.

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LOUISVILLE RENAISSANCE ZONE CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 7,656,349	\$ 457,370	\$ (2,518,957)	\$ 5,594,762
Construction projects	<u>1,916,442</u>	<u>4,651,155</u>	<u>(3,189,617)</u>	<u>3,377,980</u>
Total capital assets not being depreciated	9,572,791	5,108,525	(5,708,574)	8,972,742
Other capital assets:				
Land improvements	15,685,601	3,189,616	-	18,875,217
Utility systems	<u>3,254,054</u>	<u>-</u>	<u>-</u>	<u>3,254,054</u>
Total other capital assets	18,939,655	3,189,616	-	22,129,271
Less accumulated depreciation	<u>(3,308,359)</u>	<u>(1,060,661)</u>	<u>-</u>	<u>(4,369,020)</u>
Other capital assets, net	<u>15,631,296</u>	<u>2,128,955</u>	<u>-</u>	<u>17,760,251</u>
Net capital assets	<u>\$ 25,204,087</u>	<u>\$ 7,237,480</u>	<u>\$ (5,708,574)</u>	<u>\$ 26,732,993</u>

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 7,860,738	\$ 72,400	\$ (276,789)	\$ 7,656,349
Construction projects	<u>4,130,486</u>	<u>3,184,368</u>	<u>(5,398,412)</u>	<u>1,916,442</u>
Total capital assets not being depreciated	11,991,224	3,256,768	(5,675,201)	9,572,791
Other capital assets:				
Land improvements	10,318,857	5,366,745	-	15,685,601
Utility systems	<u>3,114,054</u>	<u>140,000</u>	<u>-</u>	<u>3,254,054</u>
Total other capital assets	13,432,911	5,506,745	-	18,939,655
Less accumulated depreciation	<u>(2,508,011)</u>	<u>(800,349)</u>	<u>-</u>	<u>(3,308,359)</u>
Other capital assets, net	<u>10,924,900</u>	<u>4,706,396</u>	<u>-</u>	<u>15,631,296</u>
Net capital assets	<u>\$ 22,916,124</u>	<u>\$ 7,963,164</u>	<u>\$ (5,675,201)</u>	<u>\$ 25,204,087</u>

(Continued)

LOUISVILLE RENAISSANCE ZONE CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 4 – LOANS PAYABLE

In February 2007, LRZC signed a Loan and Participation Agreement (“Agreement”) with United Parcel Service (“UPS”). Under the Agreement, UPS purchased a 60-acre site within the Minors Lane redevelopment area and relocated a ground sort facility previously located at the Louisville International Airport. The Agreement also contained additional options to purchase land, which have since expired. In addition, UPS agreed to loan LRZC \$6.9 million (interest-bearing) for the purchase of property, which has since been paid in full, and \$11.2 million (interest-free) for construction of the Phase I projects that include a bridge and various roadway, utility and other public infrastructure improvements. In lieu of paying interest on the infrastructure loan, the Agreement called for LRZC to expend up to \$5.6 million to make site improvements on the 60-acre parcel to address floodplain, wetland and other related issues. Repayment of the loans from UPS will come from future land sales and/or leases, and revenues generated from tax increment financing provided by the Commonwealth of Kentucky and Metro Louisville. Additionally, as described in Note 7 the loans from UPS are subject to advance repayment obligations under circumstances triggered subsequent to June 30, 2016. The Statements of Financial Position reflect the value of land purchased, construction costs incurred and other liabilities to date.

Loans payable consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Loan payable to UPS under original terms to be paid in fourteen annual installments of principal, beginning September 21, 2008 and maturing on September 21, 2021. Repayments on this loan are to be made solely from specified proceeds of LRZC activities subject to advance repayment as described in Note 7.	\$ 1,669,493	\$ 4,787,648
Loan payable to UPS under original terms to be paid in seven annual installments of principal beginning September 21, 2021 and maturing on September 21, 2027. Repayments on this loan are to be made solely from TIF revenues subject to advance repayment as described in Note 7.	5,097,890	5,097,890
Loan payable to be paid to Louisville Paving in sixty monthly installments of \$75,062, including interest at 6.5%, beginning March 1, 2012 and maturing on February 1, 2017. Repayments on this loan are secured by an assignment of certain rents (see Note 5).	<u>586,117</u>	<u>1,419,139</u>
Total loans payable	7,353,500	11,304,677
Less current portion	<u>(4,655,611)</u>	<u>(3,733,022)</u>
Long-term portion	<u>\$ 2,697,889</u>	<u>\$ 7,571,655</u>

(Continued)

LOUISVILLE RENAISSANCE ZONE CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 4 – LOANS PAYABLE (Continued)

Annual Loan Repayment Requirements: The annual loan repayment requirements to maturity, including principal and interest, as of June 30, 2016, are estimated as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended June 30,			
2017	\$ 4,655,611	\$ 14,377	\$ 4,669,988
2018	<u>2,697,889</u>	<u>-</u>	<u>2,697,889</u>
	<u>\$ 7,353,500</u>	<u>\$ 14,377</u>	<u>\$ 7,367,877</u>

NOTE 5 – OPERATING LEASE OF A LESSOR

LRZC entered into an operating lease with Ford Motor Company for 14.593 acres of land and land improvements that commenced in July 2011 with an original term through December 2016 and an option to renew for five years. The lease includes ground rent, improvement rent, and commission rent components. The lease was amended in April 2012 and again in April 2013 to include additional improvements. The approximate future minimum lease payments to be received in each of the years remaining under the original term are as follows:

Year ended June 30,	
2017	<u>\$ 700,195</u>

Lease revenue recognized during the year ended June 30, 2016 and 2015 was \$1,587,169 and \$1,576,829, respectfully. The net book value of the property subject to the lease was approximately \$3,200,000 and \$3,300,000 at June 30, 2016 and 2015, respectively. The rent related to improvements is the primary source of repayment for the loan payable to be paid to Louisville Paving.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Authority provides management and construction oversight services to LRZC. The amount due to the Authority was approximately \$15,000 and \$37,000 at June 30, 2016 and 2015, respectively.

In March 2016, LRZC purchased 8.97 acres of land with a fair market value of \$439,000 from the Authority. The Authority retained avigation easements related to this land. In October 2014, LRZC purchased 13.16 acres of land with a fair market value of \$65,000 from the Authority. The Authority retained avigation easements related to this land.

(Continued)

LOUISVILLE RENAISSANCE ZONE CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 7 – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to June 30, 2016 to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended June 30, 2016. Management has performed their analysis through November 16, 2016, the date the financial statements were available to be issued.

Subsequent to June 30, 2016, the LRZC completed a land sale of 109.84 acres for \$14,005,000. The sale will be recorded as land sale revenue in fiscal year 2017. The property sold is classified as Land Held for Sale with a net book value of approximately \$2,500,000 at June 30, 2016. Additionally, this transaction resulted in circumstances that triggered the advance prepayment obligations under the UPS loans. This caused the full repayment of the construction loan in September 2016 of approximately \$1,670,000 and also caused a change in the repayment terms of the In Lieu of Interest loan. Those terms now require payment exclusively from TIF revenues as and when received until paid in full. Management estimates that the LRZC will receive approximately \$2,400,000 in TIF revenues within one-year of the financial statement date that will be applied towards that loan. The financial statements as of June 30, 2016 have been adjusted to classify these amounts subsequently paid or estimated to be paid within one-year as short-term liabilities.