

RUTLAND REDEVELOPMENT AUTHORITY
RUTLAND, VERMONT

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

Corrette & Associates, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Rutland Redevelopment Authority
Rutland, Vermont

We have audited the accompanying financial statements of the governmental activities and each major fund of the Rutland Redevelopment Authority, component unit of the City of Rutland, Vermont, as of and for the year ended June 30, 2012, which collectively comprise the Redevelopment Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Rutland Redevelopment Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Rutland Redevelopment Authority, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary information on pages 3 through 5 and page 20 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.

Corrette & Associates, P.C.

February 12, 2013

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**Rutland Redevelopment Authority
Management Discussion and Analysis
For the Year ended June 30, 2012**

Presented here is the Management Discussion & Analysis Report for the Rutland Redevelopment Authority (hereafter, the Authority), a component unit of the City of Rutland, Vermont for the fiscal year ended June 30, 2012. Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly present the Authority's financial position. All disclosures necessary to enable the reader to gain an accurate understanding of the Authority's financial activities have been included.

The Authority is responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Authority are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the Authority using the integrated approach as prescribed by GASB Statement 34. Additionally, the Rutland Redevelopment Authority is shown on the City of Rutland government-wide financial statements as a component unit of the City. The Authority is not shown on the fund financial statements of the City, as it is not a primary City government operation.

Government-Wide Financial Statements

The statement of net assets presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The only fund type utilized by the Authority at this time is a single governmental fund, as the Authority does not have proprietary or fiduciary funds. Therefore, the Authority's government-wide financial statement report and the fund financial statements do not differ.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However; unlike the government-wide financial statements, governmental fund financial statements focus on current period inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Authority's near-term financing requirements.

The RRA Board adopts an annual appropriation budget and sets a tax rate on the Special Benefits District properties of the City of Rutland. A budgetary comparison has been provided for the Authority using the approved budget to demonstrate compliance with that budget.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Note: Because the Authority has a sole operating fund, the government-wide financial statements and the fund financial statements contain the same information.

Statement of Net Assets—there are not differences between the governmental fund Balance Sheet of the Authority and the government-wide Statement of Net Assets

Statement of Activities—there are not differences between the governmental fund Statement of Revenues, Expenditures and Changes to Fund Balance of the Authority and the government-wide Statement of Activities

Net Assets as of June 30, 2012 are as follows:		
	2012 Total Primary Government	2011 Total Primary Government
Current and other assets:	81,771	19,008
Total Assets:	81,771	19,008
Current and other liabilities:	15,913	2,697
Total liabilities:	15,913	2,697
Net Assets:		
Invested in capital assets net of related debt	-	-
Unrestricted net assets	65,858	16,311
Total net assets	65,858	16,311
Statement of Activities, for the year ended June 30, 2012		
	2012 Total Primary Government	2011 Total Primary Government
General revenues:		
Special benefits district tax	265,003	285,000
Grant administration and development fees	7,500	71,081
Investment earnings	46	162
Other revenue	180,000	8,262
Total Revenues	452,549	364,505
General Expenses:		
General operations	397,405	330,831
Grants	5,597	8,643
Total governmental activities	403,002	339,474
Change in net assets:		
Net assets-beginning of year	16,311	(8,720)
Net assets-end of year	65,858	16,311
Change in net assets:	49,547	25,031

Comparative Analysis:

The Authority has experienced a significant increase in net assets from 2011 to 2012. This is due to continued operational funding from the City of Rutland which was increased in FY 2011, appropriate budgetary control and management's plan to increase net assets in FY 2012. The Authority anticipates it will utilize some its surplus to establish a capital fund for community development projects to further its mission.

Contacting Authority's Financial Management

This financial report is to provide our citizens and creditors with a general overview of the Rutland Redevelopment Authority's finances and to show accountability for the money it receives. If you have questions about this report or need to get additional information, contact the Rutland Redevelopment Authority at 802-775-2910, or at its website: www.rutlandvtbusiness.com

FINANCIAL STATEMENTS

RUTLAND REDEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government Governmental Activities
ASSETS	
Cash	\$ 79,379
Accounts receivable	847
Prepaid expenses	1,545
Total assets	81,771
 LIABILITIES	
Accounts payable	1,976
Due to City of Rutland	8,730
Accrued payroll expenses	5,207
Total liabilities	15,913
 NET ASSETS	
Unrestricted net assets	65,858
Total net assets	\$ 65,858

The notes to the financial statements are an integral part of this statement

RUTLAND REDEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Change in Net Assets
	Charges for services	Operating grants and contributions	Capital grants and contributions	Total governmental activities
Governmental activities:				
General operations	\$ 397,405	\$ -	\$ -	\$ 397,405
Grants	5,597	-	-	5,597
Total governmental activities	\$ 403,002	\$ -	\$ -	403,002
		General revenues:		
			Special benefits district tax	265,003
			Investment earnings	46
			Other revenue	187,500
			Total general revenues	452,549
			Change in net assets	49,547
			Net assets - beginning	16,311
			Net assets - ending	\$ 65,858

The notes to the financial statements are an integral part of this statement

RUTLAND REDEVELOPMENT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2012

	<u>General Fund</u>
ASSETS	
Cash	\$ 79,379
Accounts receivable	847
Prepaid expenditures	1,545
Total assets	<u>81,771</u>
 LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	1,976
Due to City of Rutland	8,730
Accrued payroll expenditures	5,207
Total liabilities	<u>15,913</u>
 Fund balance	
Unassigned fund balance	<u>65,858</u>
Total fund balance	<u>65,858</u>
Total liabilities and fund balance	<u>\$ 81,771</u>

There are no differences between the governmental fund
Balance Sheet and the government-wide Statement of
Net Assets

Net assets	<u>\$ 65,858</u>
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The notes to the financial statements are an integral part of this statement

RUTLAND REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>
Revenues	
Special benefits district tax	\$ 265,003
Grant revenue	7,500
City Contract	180,000
Investment earnings	46
Total revenues	452,549
 Expenditures	
Partnership contract	237,000
General operations	21,877
Payroll	138,528
Grant	5,597
Total expenditures	403,002
Excess (deficiency) of revenues over expenditures	49,547
 Other financing sources (uses)	
Total other financing sources and uses	-
Net change in fund balance	49,547
Fund balance, June 30, 2011	16,311
Fund balance, June 30, 2012	\$ 65,858

There are no differences between the governmental fund Statement of Revenues, Expenditures, and Change in Fund Balance and the government-wide Statement of Activities.

	\$ -
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See accompanying notes to the required supplementary information

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

I. Summary of significant accounting policies

A. Nature of operations

The Rutland Redevelopment Authority (the Authority) is a special-purpose municipal corporation formed in 1989 to promote economic opportunity and planning within the City of Rutland, Vermont. It is governed by a Board of Commissioners appointed by the City Mayor and Board of Aldermen. The City Treasurer also serves on the Board. Except where noted, the accounting policies conform to generally accepted accounting principles, as applicable to governmental units.

The Authority prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in AU Section 411 of the Professional Standards of the American Institute of Certified Public Accountants (AICPA).

The Board of Commissioners has the authority to adopt, administer, and enforce ordinances relating to the power of eminent domain with the approval of the City's Board of Aldermen. It also has the primary accountability for its fiscal matters. Therefore, the Authority is a financial reporting entity as defined by the GASB, in its Statement No. 14.

B. Reporting entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the U.S. generally accepted accounting principles.

The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to influence operations significantly, and accountability for fiscal matters.

A second criterion used to evaluate potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens and whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

I. Summary of significant accounting policies (continued)

B. Reporting entity (continued)

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based on the application of these three criteria, there are no potential component units to be addressed in defining the government's reporting entity.

Based on these same criteria, the Authority is a discretely-presented component unit of the City of Rutland, Vermont and is presented in the City's government-wide financial statements.

C. Government-wide and fund financial statements

The government-wide financial statements report information on all of the Authority's non-fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. The grants and contributions column includes amounts paid to the Authority to help meet the operational or capital requirements of a given function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

There are no differences between the government-wide and fund financial statements.

D. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

I. Summary of significant accounting policies (continued)

**D. Measurement focus, basis of accounting, and financial statement presentation
(continued)**

measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within sixty days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

Equity in the government-wide financial statements is reported in three components: invested in capital assets net of related debt, restricted, and unrestricted. In the fund financial statements, equity is reported in five components: nonspendable, restricted, committed, assigned, and unassigned. At June 30, 2012, all amounts are reported as unrestricted/unassigned.

Governmental Fund Types:

General Fund – The general fund is the Authority’s single operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This is the only fund recognized by the Authority.

The Authority applies all GASB pronouncements and private sector standards issued prior to December 1, 1989, unless these pronouncements conflict or contradict GASB pronouncements.

E. Assets, liabilities, and net assets or equity

1. Deposits

The Authority’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The Authority does not have policies regarding deposit risks as noted at IV.A.

2. Capital Assets

Capital assets, which include property and infrastructure assets, are reported in the governmental column of the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years.

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

I. Summary of significant accounting policies (continued)

E. Assets, liabilities, and net assets or equity (continued)

Accordingly, amounts spent for the construction or acquisition of infrastructure assets would be capitalized and reported in the government-wide financial statements.

Capital assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are recorded as expenditures as incurred. Depreciation expense on all assets is provided on the straight-line basis over the following estimated lives:

Buildings	40 – 50 years
Improvements	20 – 40 years
Machinery and equipment	5 – 20 years

3. Fund Equity – Governmental Funds

During 2009 the Governmental Accounting Standards Board published Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement changes fund balance classifications based on the relative strength of the constraints that control the purposes for which specific amounts can be spent.

The classifications of fund balance used in these financial statements, beginning with the most binding constraints, are as follows:

Nonspendable -	Amounts unavailable for spending, such as related to inventories and permanent corpus of a trust
Restricted -	Amounts constrained by external parties, constitution provision, or enabling legislation
Committed -	Amounts constrained by formal action of a government using its highest level of decision-making authority
Assigned -	Amounts a government intends to use for a particular purpose
Unassigned -	Amounts in the General Fund that are not constrained at all. Deficits, if any, would require future funding.

The Authority does not report classifications of fund balance other than unassigned fund balance in these financial statements.

The Authority does not have policies regarding the use of classifications of fund balance or net assets when amounts are available to be used in more than one category.

The Authority does not have a policy regarding a minimum fund balance amount to be maintained.

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

I. Summary of significant accounting policies (continued)

E. Assets, liabilities, and net assets or equity (continued)

4. Net assets

In the government-wide Statement of Net Assets, net assets are classified in three categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets and their associated accumulated depreciation into one component of net assets. Debt that is attributable to the acquisition, construction, or improvement of these assets reduces this category.

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This category represents the net assets of the Town that are not restricted for any project or other purpose.

F. Other significant accounting policies

1. Authorized expenditures

The Authority does not utilize encumbrance accounting for its governmental fund.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide Statement of Net Assets. At June 30, 2012, there was no difference in fund balance and net assets balance.

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

II. Reconciliation of government-wide and fund financial statements (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and change in fund balance and the government-wide statement of activities

The government fund Statement of Revenues, Expenditures, and Change in Fund Balance includes a reconciliation between net change in fund balance – total governmental funds and change in net assets of governmental activities as reported in the government-wide Statement of Activities. At June 30, 2012 there was no difference in the net change in fund balance and the net change in net assets.

III. Stewardship, compliance, and accountability

A. Budget and budgetary accounting

The Authority develops an annual budget approved by the Board of Commissioners, used to set the special assessment tax rate. The following procedures are used in setting the special assessment tax rate:

1. Prior to June 30th of each year, the Authority receives a request for funding from an unrelated organization for the management and promotion of the special assessment district. This request is accompanied with a detailed budget and work plan.
2. The request is reviewed and approved by the Board of Commissioners. The Authority, at its option, may add an amount for its own use and sets the assessment tax rate based on the total of these anticipated expenditures.

B. Excess of revenues over expenditures

The Authority's budget for fiscal year ended June 30, 2012 was developed with an anticipated surplus of \$2,469. For this year, the Authority's General Fund received \$7,449 more in revenues than anticipated and expended \$39,629 less than budgeted, for a net increase of \$49,547 in fund balance.

IV. Detailed notes on all funds

A. Deposits and investments

Cash belonging to the Authority is placed in the custody of the Administrative Assistant who is hired by the Executive Director. The Authority periodically reviews the relative strength of the financial institutions with which it has a deposit relationship.

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

IV. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

Cash balances at June 30, 2012 are as follows:	Reported	Bank
	<u>Amount</u>	<u>Balance</u>
Insured (FDIC)	<u>\$79,379</u>	<u>\$79,379</u>

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits.

Concentration of credit risk: This is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment.

Credit Risk: Credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Foreign currency risk: This risk associated with fluctuation in the exchange rate between U.S. dollars and the base currency in other countries.

At yearend none of the Authority's deposits with financial institutions is subject to custodial credit risk, credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. At June 30, 2012, the Authority has no investments.

B. Capital assets

	Beginning Balance	Increase	Decrease	Ending Balance
Furniture & equipment	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,000</u>
Total capital assets at historical cost	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>12,000</u>
Less accumulated depreciation for:				
Furniture & equipment	<u>(12,000)</u>	<u>-</u>	<u>-</u>	<u>(12,000)</u>
Total accumulated Depreciation	<u>(12,000)</u>	<u>-</u>	<u>-</u>	<u>(12,000)</u>
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2012, the Authority's capital assets were fully depreciated.

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

IV. Detailed notes on all funds (continued)

C. Payable

At June 30, 2012 the Authority has an intergovernmental payable balance of \$8,730 due to the City of Rutland, related to expenditures made by the City on the Authority's behalf.

D. Special assessments

The special assessment tax administered by the City of Rutland attaches as an enforceable lien on property as of July 1. Assessments are levied effective June 30th and payable in installments due August 31, November 15, February 15, and May 15 each year. Assessment revenues are recognized when levied to the extent that they result in current receivables.

The special assessment tax rate for fiscal year ended June 30, 2012 was .4765 per \$100 assessed value.

E. Operating lease

On December 4, 2008, the Authority entered into a lease agreement with SymQuest for the lease of a copier. The total amount due is \$21,667, to be paid in monthly installments of \$361.11 over five years.

The following is a schedule of future minimum lease payments under this lease.

During the year ended June 30, 2013	\$ 4,333
2014	<u>2,168</u>
Total	\$ 6,501

Total lease payments made under all leases during fiscal year 2012 was \$4,333.

F. Payroll and health care

As of fiscal year 2012, employees of the Authority are no longer included in payroll of the City of Rutland. The Authority has established its own payroll service. As a part of this transition the Authority established a health care policy through VACE for FY 2012 and 2013.

G. Pension plan

The Authority established an employer-funded retirement plan where the Authority contributes \$2,000 per year per employee, on a quarterly basis. Based on this change, the Authority no longer recognizes other post-employment benefits.

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

IV. Detailed notes on all funds (continued)

H. 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; injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage for each of these risks of loss. Management believes such coverage is sufficient to avoid any significant uninsured loss to the Authority.

I. Related party transactions

The Authority is a component unit of the City of Rutland, Vermont. City personnel record the financial activity of the Authority in the general ledger of the City and process payroll activity of the Authority. City personnel make management decisions regarding the recording and presentation of all financial activity of the Authority.

On December 13, 2010 the Board of Aldermen of the City of Rutland approved an increase to the City's community development service contract with the RRA, from \$60,000 to \$180,000, for fiscal year ending June 30, 2012.

J. Commitments and contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. The amount of expenditures, if any, which may be disallowed by the grantor cannot be determined at this time. In the opinion of the Authority, any disallowed claims will not have a material effect on any of the financial statements of the Authority at June 30, 2012.

K. New Governmental Accounting Standards Board (GASB) standards

In fiscal year 2011 the Authority implemented the following GASB statement:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The implementation of this statement resulted in changes to the classification of fund balance in the Authority's governmental fund.

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

IV. Detailed notes on all funds (continued)

L. Subsequent events

On June 28, 2012, the Authority entered into an agreement with the Downtown Rutland Partnership for the Partnership to provide marketing, management, and maintenance services to the City's Special Benefit District. The amount of this contract, for the period July 01, 2012 through June 30, 2013, is \$237,000, with monthly payments of \$19,750.

RUTLAND REDEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Special benefits district tax	\$ 265,000	\$ 265,003	\$ 3
Grant revenue	-	7,500	7,500
City Contract	180,000	180,000	-
Investment earnings	100	46	(54)
Total revenues	<u>445,100</u>	<u>452,549</u>	<u>7,449</u>
Expenditures			
Partnership contract	237,000	237,000	-
General operations	60,212	21,877	38,335
Payroll	144,919	138,528	6,391
Grant	500	5,597	(5,097)
Total expenditures	<u>442,631</u>	<u>403,002</u>	<u>39,629</u>
Excess (deficiency) of revenues over expenditures	<u>2,469</u>	<u>49,547</u>	<u>47,078</u>
Other financing sources (uses)			
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 2,469</u>	<u>49,547</u>	<u>\$ 47,078</u>
Fund balance, June 30, 2011		<u>16,311</u>	
Fund balance, June 30, 2012		<u>\$ 65,858</u>	

See accompanying notes to the required supplementary information