

RUTLAND REDEVELOPMENT AUTHORITY  
RUTLAND, VERMONT

AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

## TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1 – 3
Management's Discussion and Analysis	4 – 6
Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements	
Balance Sheet – Governmental Fund	9
Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Fund	10
Notes to Financial Statements	11 – 20
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual – General Fund	21

# CORRETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

---

P. O. Box 4039 • St. Johnsbury, VT 05819

Telephone (802) 748 - 4858

FAX (802) 748 - 2497

## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Rutland Redevelopment Authority  
Rutland, Vermont

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Rutland Redevelopment Authority, a component unit of the City of Rutland, Vermont, as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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 performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. 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 do not express any 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 respective financial position of the governmental activities, and the fund information of the Rutland Redevelopment Authority as of and for the year ended June 30, 2016, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary information on pages 4 through 6 and page 21 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rutland Redevelopment Authority's basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 13, 2017 on our consideration of the Rutland Redevelopment 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 controls over financial reporting and compliance

and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Corrette & Associates, P.C.  
Saint Johnsbury, Vermont  
January 13, 2017  
Vermont License # 92-130

**Rutland Redevelopment Authority  
Management's Discussion and Analysis  
Fiscal year ended June 30, 2016**

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, 2016. 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 position presents information on all of the Authority's assets and deferred inflows of resources versus liabilities and deferred outflows of resources with the difference reported as net position. Over time, increases and decreases in net position 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 position 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 governmental funds, 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 include reconciling differences.

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: As all assets and liabilities of the Authority are current, the government-wide financial statements and the fund financial statements present no reconciling differences.

Statement of Net Position - there are no differences between the governmental fund Balance Sheet of the Authority and the government-wide Statement of Net Position

Statement of Activities - there are no differences between the governmental fund Statement of Revenues, Expenditures and Changes to Fund Balance of the Authority and the government-wide Statement of Activities

### **Comparative Analysis**

The Authority has experienced an increase in its net position from 2015 to 2016. This is due to continued operational funding from the City of Rutland and appropriate budgetary control with management's plan to increase fund balances and net position in FY 2016 and to the receipt of administrative charges related to loan management and repayment.

<i>Net Position as of June 30, 2016 are as follows:</i>				
	2016 Total Primary Government		2015 Total Primary Government	
Current and other assets:	\$	295,829	\$	145,127
Total Assets:		<u>295,829</u>		<u>145,127</u>
Current and other liabilities:		22,180		18,665
Total liabilities:		<u>22,180</u>		<u>18,665</u>
Net Position:				
Invested in capital assets net of related debt		-		-
Unassigned net position		273,649		126,462
Total net position	\$	<u>273,649</u>	\$	<u>126,462</u>
<i>Statement of Activities, for the year ended June 30, 2016</i>				
	2016 Total Primary Government		2015 Total Primary Government	
General revenues:				
Special benefits district tax	\$	280,000	\$	263,889
Grant administration and development fees		-		4,650
Investment earnings		82		58
Donations/Other revenue		146,036		10,133
Other revenue		180,000		180,000
Total Revenues		<u>606,118</u>		<u>458,730</u>
General Expenses:				
General operations		458,931		447,686
Total governmental activities		<u>458,931</u>		<u>447,686</u>
Change in net position:		147,187		11,044
Net position-beginning of year	\$	<u>126,462</u>	\$	<u>115,418</u>
Net position-end of year	\$	<u>273,649</u>	\$	<u>126,462</u>

### **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](http://www.rutlandvtbusiness.com)



## FINANCIAL STATEMENTS

RUTLAND REDEVELOPMENT AUTHORITY  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 294,833
Accounts receivable	996
Total assets	295,829
 <b>LIABILITIES</b>	
Accounts payable	3,230
Accrued payroll expenditures	7,000
Due to City of Rutland	11,950
Total liabilities	22,180
 <b>NET POSITION</b>	
Unrestricted net position	223,644
Restricted for business development loans	50,005
Total net position	\$ 273,649

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, 2016

<b>Functions/Programs</b>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Total governmental activities</u>
Governmental activities:					
General operations	\$ 458,931	\$ -	\$ -	\$ -	\$ 458,931
Total governmental activities	<u>\$ 458,931</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>458,931</u>
			General revenues:		
			Special benefits district tax		280,000
			Investment earnings		82
			Other revenue		<u>326,036</u>
			Total general revenues		<u>606,118</u>
			Change in net position		<u>147,187</u>
			Net position - beginning		<u>126,462</u>
			Net position - ending	\$	<u><u>273,649</u></u>

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

RUTLAND REDEVELOPMENT AUTHORITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	Business Incentive Assistance Pgm Revolving Loan Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash	\$ 244,828	\$ 50,005	\$ 294,833
Accounts receivable	996	-	996
Total assets	<u>245,824</u>	<u>50,005</u>	<u>295,829</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	3,230	-	3,230
Accrued payroll expenditures	7,000	-	7,000
Due to City of Rutland	11,950	-	11,950
Total liabilities	<u>22,180</u>	<u>-</u>	<u>22,180</u>
Fund balance			
Unassigned fund balance	47,588	-	47,588
Assigned fund balance			-
Capital projects	61,978	-	61,978
VCDP/NWN	50,000	-	50,000
Business development	32,100	-	32,100
Unanticipated future administration	31,978	-	31,978
Restricted fund balance			
Business Incentive loans	-	50,005	50,005
Total fund balance	<u>223,644</u>	<u>50,005</u>	<u>273,649</u>
Total liabilities and fund balance	<u>\$ 245,824</u>	<u>\$ 50,005</u>	<u>\$ 295,829</u>

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

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 FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Business Incentive Assistance Pgm Revolving Loan Fund	Total Governmental Funds
<b>Revenues</b>			
Special benefits district tax	\$ 280,000	\$ -	\$ 280,000
Loan revenue	95,935	-	95,935
City Contract	180,000	-	180,000
Other Revenue	101	50,000	50,101
Investment earnings	77	5	82
Total revenues	<u>556,113</u>	<u>50,005</u>	<u>606,118</u>
<b>Expenditures</b>			
Partnership contract	252,000	-	252,000
General operations	16,261	-	16,261
Payroll	189,226	-	189,226
Grants	1,444	-	1,444
Total expenditures	<u>458,931</u>	<u>-</u>	<u>458,931</u>
Excess (deficiency) of revenues over expenditures	<u>97,182</u>	<u>-</u>	<u>97,182</u>
Other financing sources (uses)			
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>97,182</u>	<u>50,005</u>	<u>147,187</u>
Fund balance, June 30, 2015	<u>126,462</u>	<u>-</u>	<u>126,462</u>
Fund balance, June 30, 2016	<u>\$ 223,644</u>	<u>\$ 50,005</u>	<u>\$ 273,649</u>

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

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

RUTLAND REDEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**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 United States generally accepted accounting principles, as applicable to governmental units.

The Authority prepares its basic financial statements in conformity with United States 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, 2016

**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.

RUTLAND REDEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**I. Summary of significant accounting policies (continued)**

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both 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, generally 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 one component – unrestricted net assets. In the fund financial statements, equity is reported in two components: unassigned fund balance and assigned fund balances. At June 30, 2016, amounts are reported as unrestricted and unassigned fund balances.

Governmental Funds:

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.

Special Revenue Fund – Special revenue funds are used to account for revenue sources that are restricted to expenditures for specified purposes. The Authority has one special revenue fund, The Business Incentive Assistance Program Revolving Loan Fund. Funded by an advance from the City of Rutland and transferred to the Authority to provide low-interest business loans to local businesses.

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position 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.



RUTLAND REDEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**I. Summary of significant accounting policies (continued)**

**E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)**

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.

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:

Restricted -	Amounts constrained by external parties, constitution provision, or enabling legislation
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.

RUTLAND REDEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**I. Summary of significant accounting policies (continued)**

**E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)**

3. Fund Equity – Governmental Funds (continued)

The Authority does not have policies regarding the use of classifications of fund balance or net position when amounts are available to be used in more than one category. The Authority has established a policy regarding a minimum unreserved/undesignated fund balance of 7% of annual revenues amount to be maintained.

4. Net Position

In the government-wide Statement of Net Position, net position is classified in to two categories:

Restricted Net Position – 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 Position – This category represents the net position of the Authority 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 funds.

2. Use of estimates

The preparation of financial statements in conformity with United States 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.

RUTLAND REDEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**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 position**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide Statement of Net Position. At June 30, 2016, there was no difference in fund balance and net position balance.

**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 position of governmental activities as reported in the government-wide Statement of Activities. At June 30, 2016 there was no difference in the net change in fund balance and the net change in net position.

**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, 2016 was developed with an anticipated surplus of \$119. For this year, the Authority's General Fund received \$95,913 more in revenues than budgeted and expended \$694 less than budgeted. There was a net fund balance increase for the Authority of \$97,182 for year ended June 30, 2016.

RUTLAND REDEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**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.

Cash balances at June 30, 2016 are as follows:

	<u>Book</u> <u>Amount</u>	<u>Bank</u> <u>Balance</u>
Insured (FDIC)	\$ <u>294,833</u>	\$ <u>294,833</u>

Custodial credit risk: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments.

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, 2016, the Authority has no investments.

RUTLAND REDEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**IV. Detailed notes on all funds (continued)**

**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>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

As of June 30, 2016, the Authority's capital assets were fully depreciated.

**C. Intergovernmental receivables/payables**

At June 30, 2016, the Authority has an intergovernmental payable balance of \$11,950 due to the City of Rutland, representing the yearend balance of taxes collected by the City on behalf of the Authority and expenditures made by the City on behalf of the Authority.

**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 30<sup>th</sup> 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, 2016 was .4978 per \$100 assessed value.

**E. Payroll and health care**

The Authority relies upon the City of Rutland Treasurer's office to provide tax collection, accounting and financial services support. The Authority engages established an independent service provider for payroll processing services. The Authority offers a health care policy through VACE for its two employees.

RUTLAND REDEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**IV. Detailed notes on all funds (continued)**

**F. Retirement plan**

The Authority established an employer-funded retirement plan where the Authority contributes \$2,000 per year per employee, on a quarterly basis. The Authority does not offer or recognize any other post-employment benefits.

**G. 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.

**H. 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. City personnel make management decisions regarding the recording and presentation of all financial activity of the Authority. The Board of Commissioners of the Authority actively oversees the financial functions of the City to ensure adequate oversight.

The City of Rutland, Vermont maintains a community development service contract with the Authority, in the annual amount of \$180,000, to provide some management functions.

The Authority maintains a contract with the Downtown Development Corporation to provide marketing and project management to the downtown Rutland area. The amount of this contract for the year ended June 30, 2016 was \$252,000 in monthly payments of \$21,000.

**I. 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, 2016.

RUTLAND REDEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**IV. Detailed notes on all funds (continued)**

**I. Commitments and contingencies (continued)**

During August 2015, the City of Rutland entered into an agreement with the Heritage Family Federal Credit Union to establish the Rutland City Business Incentive and Assistance Revolving Loan Fund. Under this agreement the City, which is intended as a resource for businesses seeking to start or grow in Rutland City, the fund was initially capitalized by a contribution from the City of Rutland in the amount of \$50,000 and by a contribution from the Heritage Family Federal Credit Union in the amount of \$150,000.

The Authority is responsible to the City of Rutland for the management and monitoring of this revolving loan fund. The initial term of this agreement is through June 30, 2020.

**J. Subsequent events**

On July 01 2016, the Authority entered into a contract with the Downtown Development Corporation to provide marketing and project management services to the Authority in the annual amount of \$252,000, to be paid in monthly installments of \$21,000.

Events occurring after June 30, 2016, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements or disclosures through January 13, 2017, the date the financial statements were available to be issued.

RUTLAND REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Special benefits district tax	\$ 280,000	\$ 280,000	\$ -
Grant revenue	150	95,935	95,785
City Contract	180,000	180,000	-
Investment earnings	50	77	27
Other Revenue	-	101	101
Total revenues	460,200	556,113	95,913
<b>Expenditures</b>			
Partnership contract	252,000	252,000	-
General operations	25,080	16,261	8,819
Payroll	181,101	189,226	(8,125)
Grants	1,900	1,444	456
Total expenditures	460,081	458,931	694
Excess (deficiency) of revenues over expenditures	119	97,182	96,607
Other financing sources (uses)			
Total other financing sources and uses	-	-	-
Net change in fund balance	\$ 119	\$ 97,182	\$ 96,607
Fund balance, June 30, 2015		126,462	
Fund balance, June 30, 2016		\$ 223,644	

See accompanying notes to the required supplementary information