

RUTLAND REDEVELOPMENT AUTHORITY

AUDIT REPORT

JUNE 30, 2019

RUTLAND REDEVELOPMENT AUTHORITY
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2019

	<u>Page #</u>
Independent Auditor's Report	1-2
Basic Financial Statements:	
Statement of Net Position	Exhibit A 3
Statement of Activities	Exhibit B 4
Governmental Funds:	
Balance Sheet	Exhibit C 5
Statement of Revenues, Expenditures and Changes in Fund Balances	Exhibit D 6
Notes to the Financial Statements	7-15
Other Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	Schedule 1 16
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"	17-18

Sullivan, Powers & Co., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Fred Duplessis, CPA
Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Wendy C. Gilwee, CPA
VT Lic. #92-000180

Independent Auditor's Report

Board of Commissioners
Rutland Redevelopment Authority
1 Strongs Avenue
Rutland, Vermont 05701

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Rutland Redevelopment Authority, a component unit of the City of Rutland, Vermont, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Rutland Redevelopment Authority's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to previously 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, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

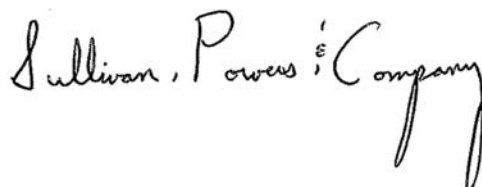
Other Information

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. The budgetary comparison information on Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated March 27, 2020 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 control 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" in considering the Rutland Redevelopment Authority's internal control over financial reporting and compliance.

March 27, 2020
Montpelier, Vermont
VT Lic. #92-000180



RUTLAND REDEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 168,218
Receivables	152
Loan Receivable	8,534
Total Assets	176,904
<u>LIABILITIES</u>	
Accounts Payable	428
Due to City of Rutland	72,791
Total Liabilities	73,219
<u>NET POSITION</u>	
Unrestricted	103,685
Total Net Position	\$ 103,685

The accompanying notes are an integral part of this financial statement.

RUTLAND REDEVELOPMENT AUTHORITY
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Functions/Programs:				
Governmental Activities:				
Community Development	\$ 474,365	\$ 180,467	\$ 5,500	\$ (288,398)
Total Primary Government	<u>\$ 474,365</u>	<u>\$ 180,467</u>	<u>\$ 5,500</u>	<u>(288,398)</u>
General Revenues:				
Property Taxes				279,971
Unrestricted Investment Earnings				<u>468</u>
Total General Revenues				<u>280,439</u>
Change in Net Position				(7,959)
Net Position - July 1, 2018				<u>111,644</u>
Net Position - June 30, 2019				<u>\$ 103,685</u>

The accompanying notes are an integral part of this financial statement.

RUTLAND REDEVELOPMENT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General Fund</u>	<u>Business Incentive and Assistance Program Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 125,016	\$ 43,202	\$ 168,218
Receivables	152	0	152
Loan Receivable	<u>0</u>	<u>8,534</u>	<u>8,534</u>
Total Assets	\$ <u>125,168</u>	\$ <u>51,736</u>	\$ <u>176,904</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 428	\$ 0	\$ 428
Due to City of Rutland	<u>22,791</u>	<u>50,000</u>	<u>72,791</u>
Total Liabilities	<u>23,219</u>	<u>50,000</u>	<u>73,219</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Loan Receivable	<u>0</u>	<u>8,534</u>	<u>8,534</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>8,534</u>	<u>8,534</u>
<u>FUND BALANCES</u>			
Assigned	92,615	0	92,615
Unassigned/(Deficit)	<u>9,334</u>	<u>(6,798)</u>	<u>2,536</u>
Total Fund Balances/(Deficit)	<u>101,949</u>	<u>(6,798)</u>	95,151
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>125,168</u>	\$ <u>51,736</u>	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:			
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.			<u>8,534</u>
Net Position of Governmental Activities			\$ <u>103,685</u>

The accompanying notes are an integral part of this financial statement.

RUTLAND REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Business Incentive and Assistance Program Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Property Taxes	\$ 279,971	\$ 0	\$ 279,971
Charges for Services	180,500	0	180,500
Loan Repayments	0	1,466	1,466
Loan Interest Income	0	467	467
Investment Income	53	415	468
Donations	<u>5,000</u>	<u>0</u>	<u>5,000</u>
 Total Revenues	 <u>465,524</u>	 <u>2,348</u>	 <u>467,872</u>
Expenditures:			
Community Development	<u>474,365</u>	<u>0</u>	<u>474,365</u>
 Total Expenditures	 <u>474,365</u>	 <u>0</u>	 <u>474,365</u>
 Net Change in Fund Balances	 (8,841)	 2,348	 (6,493)
 Fund Balances/(Deficit) - July 1, 2018	 <u>110,790</u>	 <u>(9,146)</u>	 <u>101,644</u>
 Fund Balances/(Deficit) - June 30, 2019	 <u>\$ 101,949</u>	 <u>\$ (6,798)</u>	 <u>\$ 95,151</u>

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances	\$ (6,493)
The Repayment of the Principal of the Loan Receivable Provides Current Financial Resources to Governmental Funds.	<u>(1,466)</u>
Change in Net Position of Governmental Activities	<u>\$ (7,959)</u>

The accompanying notes are an integral part of this financial statement.

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

The Rutland Redevelopment Authority, (herein the "Authority") is a special-purpose municipal corporation formed in 1989 to promote economic opportunity and planning within the City of Rutland, Vermont.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Rutland Redevelopment Authority (the "Authority") conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

This report includes all of the activity of the Rutland Redevelopment Authority. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the Authority.

The Authority is a separate legal entity governed by a Board of Commissioners appointed by the City Mayor and Board of Aldermen. 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.

B. Basis of Presentation

The accounts of the Authority are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

The basic financial statements of the Authority include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Authority as a whole and present a long-term view of the Authority's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Authority and present a shorter-term view of how operations were financed and what remains available for future spending.

The Authority's government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental activities of the Authority. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The fund financial statements provide information about the Authority's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Authority reports on the following major governmental funds:

General Fund – This is the Authority's main operating fund. It accounts for all financial resources of the Authority except those accounted for in another fund.

Business Incentive and Assistance Program Fund – This fund accounts for the Authority's revolving loans to businesses seeking to start or grow in the City of Rutland, Vermont.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide financial statements are reported using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., total net position) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Authority considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

Under the terms of grant agreements, the Authority funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Authority’s policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Recognition of revenues on funds received in connection with loan programs are recognized when loans are awarded and expenses incurred in excess of current grants and program income. An offsetting deferred inflows of resources is recognized for all loans receivable. Loan repayment revenue is recognized as the loans are repaid.

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

E. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

1. Cash

Cash balances of the Authority's funds are deposited with and invested by the City Treasurer. The Authority considers all short-term investments of ninety (90) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess withdrawals are shown as due to other funds.

2. Receivables

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

3. Due from/to Other Funds

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "advances from/to other funds". All other outstanding balances between funds are reported as "due from/to other funds."

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

5. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the government-wide financial statement represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract or other binding agreement. Fund balances of governmental fund financial statements are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Board of Commissioner’s intended use of the resources); and unassigned.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Authority develops an annual budget, approved by the Board of Commissioners, which is used to set the special benefit assessment tax rate. The tax is levied on applicable properties within the special assessment district. The assessment can be no more than twenty percent (20%) of the City property tax levied.

B. Budgeted Deficit

The Authority budgeted a current year’s deficiency of revenues over expenditures in the General Fund in the amount of \$5,583. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

C. Excess of Expenditures over Appropriations

For the year ended June 30, 2019, expenditures in the General Fund exceeded appropriations by \$5,182. These over-expenditures were funded by excess revenues and available fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Cash

The Authority’s cash as of June 30, 2019 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$ <u>168,218</u>

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Authority does not have any policy to limit the exposure to custodial credit risk. The following table shows the custodial credit risk of the Authority's cash.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC	<u>\$168,218</u>	<u>\$168,218</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority does not have any policy to limit its exposure to interest rate risk. The Authority has no investments subject to interest rate risk.

Credit Risk

Generally, credit risk that is the risk an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The Authority does not have any policy to limit the exposure to credit risk. The Authority has no investments subject to credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Authority's investments are held within one security. The Authority does not have any limitations on the amount that can be invested in any one issuer. The Authority has no investments subject to concentration of credit risk.

B. Receivables

The Authority had \$152 of miscellaneous receivables as of June 30, 2019.

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

C. Loan Receivable

The Authority had the following loan receivable as of June 30, 2019:

Loan Receivable, Business Incentive Loan through the Heritage Family Federal Credit Union, Due in Seventy-Two (72) Payments of \$644 Including Interest at Five Percent (5%), Secured by Business Assets of the Company. This Amount Represents Twenty-five (25%) of the Loan Receivable Allocated to the Authority from the City of Rutland, Vermont \$8,534

D. Deferred Inflows of Resources

Deferred inflows of resources in the Business Incentive and Assistance Program Fund consists of \$8,534 of a loan receivable as this would not be available to liquidate current liabilities.

E. Fund Balances/Net Position

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Board of Commissioner's intended use of the resources); and unassigned.

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The Authority does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Authority does not have any minimum fund balance polices.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Authority's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

The purpose for each major special revenue fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

The fund balance in the following fund is assigned as follows:

Major Funds

General Fund:

Assigned for Capital Projects	\$ 7,930
Assigned for Business Development	20,481
Assigned for Administration	38,704
Assigned for West Street Gateway	10,000
Assigned for Downtown Strategic Plan	2,500
Assigned for Better Connect Project	3,000
Assigned for DTF Wayfinding Project	<u>10,000</u>
 Total Assigned Fund Balances	 <u>\$92,615</u>

The unassigned deficit of \$6,798 in the Business Incentive and Assistance Program Fund will be funded with the collection of the loan receivable.

IV. OTHER INFORMATION

A. BENEFIT PLAN

The Authority established an employer-funded retirement plan where the Authority contributes \$2,000 per year, per employee, on a quarterly basis to the employees' Individual Retirement Account (IRA). Total retirement expense for the year ended June 30, 2019 was \$4,000.

B. PROPERTY TAXES

Property taxes are collected four (4) times per year. During the year ended June 30, 2019, taxes became due and payable on August 31, 2018, November 15, 2018, February 15, 2019 and May 15, 2019. The City of Rutland, Vermont bills and collects its own property taxes and also for the Rutland Redevelopment Authority. The City remits the billings for the Authority's tax assessment at the beginning of the fiscal year. Tax revenues are recognized in the fiscal year for which the taxes are levied. For the fiscal year ended June 30, 2019, the tax rate for the Authority was \$0.5127 per \$100 of assessed valuation.

C. 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. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this coverage in any of the past three fiscal years.

RUTLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

D. COMMITMENTS AND CONTINGENCIES

The Authority has 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, 2019 was \$252,000 in monthly payments of \$21,000.

The Authority participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

RUTLAND REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 280,000	\$ 279,971	\$ (29)
Grant Administration Fees	3,500	500	(3,000)
Services Contract with the City of Rutland	180,000	180,000	0
Interest	100	53	(47)
Donations	0	5,000	5,000
	<u>463,600</u>	<u>465,524</u>	<u>1,924</u>
Total Revenues	463,600	465,524	1,924
Expenditures:			
Salaries	149,887	149,887	0
Health Insurance	32,064	30,500	1,564
FICA/MEDI	12,000	11,772	228
Retirement Contribution	4,000	4,000	0
FUTA/SUI	50	0	50
Worker's Compensation	727	839	(112)
Bank Service Fees	30	30	0
Payroll Service Fees	1,200	1,267	(67)
Partnership Contract	252,000	252,000	0
Computer Repairs & Maintenance	200	0	200
Liability Insurance	600	617	(17)
Directors and Officers Liability Insurance	1,291	1,309	(18)
Telephone Service	2,500	2,772	(272)
Internet & Website Service	500	262	238
Postage	250	131	119
Training/Professional Development	1,000	880	120
Advertising	500	365	135
Advertising - Grants	400	141	259
Printing Services	300	0	300
Dues & Subscriptions	700	547	153
Travel	1,000	314	686
Office Supplies	500	360	140
Books & Periodicals	0	83	(83)
Computer & Hardware	500	0	500
Furniture & Fixtures	200	0	200
Miscellaneous Expenses	500	5	495
Professional Services	1,134	11,134	(10,000)
Audit	5,150	5,150	0
	<u>469,183</u>	<u>474,365</u>	<u>(5,182)</u>
Total Expenditures	469,183	474,365	(5,182)
Excess/(Deficiency) of Revenues Over Expenditures:	<u>\$ (5,583)</u>	(8,841)	<u>\$ (3,258)</u>
Fund Balance - July 1, 2018		<u>110,790</u>	
Fund Balance - June 30, 2019		<u>\$ 101,949</u>	

See Disclaimer in Accompanying Independent Auditor's Report.

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Fred Duplessis, CPA
Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Wendy C. Gilwee, CPA
VT Lic. #92-000180

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"

Board of Commissioners
Rutland Redevelopment Authority
1 Strongs Avenue
Rutland, Vermont 05701

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Rutland Redevelopment Authority, a component unit of the City of Rutland, Vermont, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Rutland Redevelopment Authority's basic financial statements, and have issued our report thereon dated March 27, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Rutland Redevelopment Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

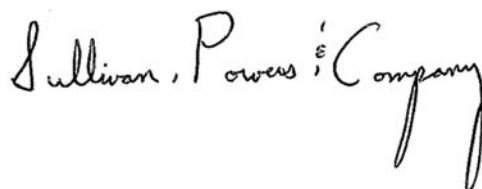
As part of obtaining reasonable assurance about whether the Rutland Redevelopment Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

However, we noted certain other matters that we reported to the management of the Rutland Redevelopment Authority in a separate letter dated March 27, 2020.

Purpose of this Report

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

March 27, 2020
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in cursive script that reads "Sullivan, Powers & Company". The signature is written in dark ink and is positioned to the right of the typed text.