

TOWN OF LUDLOW, VERMONT
AUDIT REPORT AND FINANCIAL STATEMENTS
JUNE 30, 2013

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FOTHERGILL SEGALE & VALLEY

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INDEPENDENT AUDITOR'S REPORT

To the Selectboard
Town of Ludlow, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ludlow, Vermont as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Ludlow, Vermont'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 the 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 *Governmental 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ludlow, Vermont as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows and the budget comparison for the General Fund for the year then ended in accordance 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 management's discussion and analysis on pages 4 through 11 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2014, on our consideration of the Town's internal control over financial reporting and 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 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 Town's internal control over financial reporting and compliance.

Respectfully submitted,

Fothergill Segale & Valley, CPAs

FOTHERGILL SEGALE & VALLEY, CPAs
Montpelier, Vermont
Vermont Public Accountancy License #110

January 21, 2014

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013

As management of the Town of Ludlow, Vermont (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2013. This document has been prepared in accordance with Statement No. 34 of Governmental Accounting Standards Board (GASB 34).

Financial Highlights – Primary Government

Government-Wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at the close of the fiscal year by \$7,786,089. Of this amount, \$1,404,675 was reported as *unrestricted net position* and may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in Net Position – The Town's net position increased by \$104,086 in fiscal year 2013. Net position of governmental activities decreased by \$160, while net position of the business-type activities increased by \$104,246.

Fund Highlights:

Government Funds – Governmental funds include general, special revenue, debt service, capital projects, and permanent funds (expendable and nonexpendable). As of June 30, 2013, the Town's governmental funds reported a combined fund balance of \$1,485,969, a decrease of \$247,439.

General Fund – Total fund balance of the General Fund on June 30, 2013 was \$68,695, a decrease of \$87,950 from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. They are comprised of the *statement of net position* and the *statement of activities*.

The *statement of net position* presents information of all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. This statement, unlike previous financial statements prior to implementing GASB 34, combines and consolidates the governmental funds' current financial resources with capital assets and long-term obligations.

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013
(Continued)

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick or vacation leave).

Both of the above government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through fees and charges (business-type activities). The governmental activities of the Town include general government, municipal transit, public safety, highways and streets, sanitation and recycling, culture and recreation, special articles, intergovernmental, and cemetery. The business-type activity of the Town is the Ludlow Ambulance Service.

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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The fund financial statements provide detailed information about each of the Town's most significant funds, called *major funds*. The concept of major funds, and the determination of which are major funds, was established by GASB 34 and replaces the concept of combining alike funds and presenting them in total. Instead, each *major fund* is presented individually, with all *non-major funds* summarized and presented in a single column.

Governmental funds - *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 statements focus on short-term inflows and outflows of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town has three major governmental funds. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Town.

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013
(Continued)

Proprietary Funds - The Town maintains one proprietary fund that is an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for the Town's ambulance service.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the government-wide and fund financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information to provide additional financial information not included in the basic financial statements*.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required financial statements and notes.

The following condensed and reformatted financial information is a condensed version of the government-wide financial statements presented as Exhibit A and Exhibit B compared to prior year.

**Government-Wide Financial Analysis
Town of Ludlow, Vermont Net Position
June 30, 2013**

	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 1,980,457	\$ 3,977,737	\$ 694,469	\$ 555,910	\$ 2,674,926	\$ 4,533,647
Capital assets, net	7,510,783	7,262,491	160,464	189,641	7,671,247	7,452,132
Total assets	<u>9,491,240</u>	<u>11,240,228</u>	<u>854,933</u>	<u>745,551</u>	<u>10,346,173</u>	<u>11,985,779</u>
Current liabilities	172,014	1,690,859	5,136	0	177,150	1,690,859
Long-term liabilities	2,382,934	2,612,917	0	0	2,382,934	2,612,917
Total liabilities	<u>2,554,948</u>	<u>4,303,776</u>	<u>5,136</u>	<u>0</u>	<u>2,560,084</u>	<u>4,303,776</u>
Net position:						
Invested in capital assets, net of debt	5,271,949	4,776,506	160,464	189,641	5,432,413	4,966,147
Restricted	949,001	1,091,228	0	0	949,001	1,091,228
Unrestricted	715,342	1,068,718	689,333	555,910	1,404,675	1,624,628
Total net position	<u>\$ 6,936,292</u>	<u>\$ 6,936,452</u>	<u>\$ 849,797</u>	<u>\$ 745,551</u>	<u>\$ 7,786,089</u>	<u>\$ 7,682,003</u>

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013
(Continued)

The Town's total net position increased by \$104,086 in fiscal year 2013. Net position of governmental activities decreased by \$160, while net position of the business-type activities increased by \$104,246.

**Town of Ludlow Changes in Net Position
Fiscal Year Ended June 30, 2013**

	Governmental Activities <u>2013</u>	Business-type Activities <u>2013</u>	Total Government <u>2013</u>	Governmental Activities <u>2012</u>	Business-type Activities <u>2012</u>	Total Government <u>2012</u>
REVENUES						
General revenues:						
Property taxes, interest and pen.	\$ 3,428,612	\$ 0	\$ 3,428,612	\$ 3,320,425	\$ 0	\$ 3,320,425
Other general revenues	153,742	661	154,403	166,469	269	166,738
Gain on disposal of assets	45,974	0	45,974	1,000	3,366	4,366
Earnings on investments	60,227	2,349	62,576	28,411	2,465	30,876
Transfer	(1,407)	1,407	0	0	0	0
Program revenues:						
Operating grants and contributions	125,360	0	125,360	129,374	0	129,374
Capital grants and contributions	19,717	0	19,717	122,626	0	122,626
Charges for services	529,355	359,650	889,005	467,659	287,336	754,995
Total revenues	<u>4,361,580</u>	<u>364,067</u>	<u>4,725,647</u>	<u>4,235,964</u>	<u>293,436</u>	<u>4,529,400</u>
PROGRAM EXPENSES						
General government	1,069,013	0	1,069,013	1,052,890	0	1,052,890
Municipal transit	268,812	0	268,812	280,867	0	280,867
Public safety	1,013,341	0	1,013,341	1,020,076	0	1,020,076
Highways and streets	904,646	0	904,646	891,661	0	891,661
Sanitation and recycling	276,955	0	276,955	287,736	0	287,736
Culture and recreation	412,304	0	412,304	397,231	0	397,231
Special articles	203,159	0	203,159	218,259	0	218,259
Intergovernmental	78,653	0	78,653	70,105	0	70,105
Cemetery	76,226	0	76,226	93,337	0	93,337
Interest on long-term debt	91,012	0	91,012	78,338	0	78,338
Ambulance	0	259,821	259,821	0	262,773	262,773
Total program expenses	<u>4,394,121</u>	<u>259,821</u>	<u>4,653,942</u>	<u>4,390,500</u>	<u>262,773</u>	<u>4,653,273</u>
Increase (decrease) in net position before special item and extraordinary item	(32,541)	104,246	71,705	(154,536)	30,663	(123,873)
Special item	(166,702)	0	(166,702)	0	0	0
Extraordinary items, net	199,083	0	199,083	(6,814)	13,038	6,224
Increase (decrease) in net position	<u>\$ (160)</u>	<u>\$ 104,246</u>	<u>\$ 104,086</u>	<u>\$ (161,350)</u>	<u>\$ 43,701</u>	<u>\$ (117,649)</u>

Governmental Activities

Program Revenues – In accordance with GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues.

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013
(Continued)

Total program revenues from governmental activities were \$674,432 in fiscal year 2013. Governmental program revenues come from *charges for services*, which include licenses and permits, planning fees, developer fees, forfeitures, and several other revenues and *operating grants and contributions* which include operating-specific and discretionary (either operating or capital) grants.

General Revenues – Are all other revenue not categorized as program revenues, and include all taxes, as well as unrestricted grants, contributions, and investment earnings. Total general revenues from governmental activities were \$3,687,148 in fiscal year 2013. Taxes and related revenues of \$3,428,612 comprised approximately 93% of the Town's general revenues for fiscal year 2013.

Governmental Expenses - Total governmental activity expenses were \$4,394,121 in fiscal year 2013 compared to \$4,390,500 in fiscal year 2012, an increase of approximately .1%. The largest expenses were incurred for general government, public safety, and highways and streets.

Business-Type Activities

Net position for business-type activities (Ambulance) was \$849,797, an increase of \$104,246 over the prior fiscal year. Total revenues for business-type activities were \$362,660, an increase of 23.6% compared to the prior year. Total operating expenses for the business-type activities were \$259,821 during fiscal year 2013, a decrease of 1.1% compared to the prior year.

Financial Analysis of Individual Funds

As noted earlier, the Town used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Town's governmental funds is to provide information on short-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,485,969.

General Fund - The fund balance of the General Fund on June 30, 2013 was \$68,695, a decrease of \$87,950 from the prior year.

Proprietary Funds - The Town's proprietary fund (Ambulance) provides the same type of information found in the government-wide financial statements, but in more detail. As discussed in the business-type activities previously, the Town's net position increased by \$104,246, as a result of operations in the proprietary fund.

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013
(Continued)

General Fund Budgetary Highlights

The General Fund fund balance decreased by \$87,950 during fiscal year 2013 which was \$72,950 worse than budget.

Exhibit G compares actual results for fiscal year 2013 to the approved budget for the General Fund. Differences between budgeted amounts and actual amounts are briefly summarized below.

The most significant variances were as follows:

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES AND OTHER SOURCES:			
Property taxes	\$ 3,511,482	\$ 3,341,273	\$ (170,209)
Highway revenues	135,500	185,959	50,459
Extraordinary item - ret reimbursement	0	199,083	199,083
Transfer from Fire Equipment Fund	0	260,000	260,000
EXPENDITURES AND OTHER USES:			
General government	879,714	957,600	(77,886)
Sanitation and recycling	316,495	273,484	43,011
Capital outlays, net of trade-in allowances	231,000	691,988	460,988

Property taxes were under budget due to using the prior fund balance when setting the tax rate. Highway revenue was higher than budget due to the reimbursement for paving costs from VELCO for the use of Bixby Road during the Coolidge Substation expansion. The reimbursement for flood damages ended up higher than expected. The transfer from the Fire Equipment Fund was used for a deposit on a new fire truck that will be built during fiscal year 2014. General government expenses includes tax abatements of approximately \$36,000 due to tax appeals that were settled in fiscal year 2013, additional cost for reappraisal that cost approximately \$11,000 that was reimbursed by additional transfers from the Reappraisal Fund, higher than expected insurance costs of about \$20,000, as well as higher costs than expected for zoning/planning. Sanitation and recycling expenditures were less than budget due to lower than expected disposal costs. The Capital outlays in addition to budget includes the \$260,000 for the deposit on the fire truck, \$86,000 that was assigned from the June 30, 2012 fund balance, and the \$50,000 of paving costs that was paid by VELCO. Most of remainder of the additional capital outlay costs were covered by additional revenue.

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013
(Continued)

Capital Assets and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$7,510,783, net of accumulated depreciation of \$4,064,311. Investment in capital assets includes land, land improvements, buildings, infrastructure, machinery and equipment. Infrastructure assets are items that are normally immovable and of value only to the Town such as roads, bridges, streets, drainage systems, lighting systems and similar items. The additions, net of disposals, to the Town's investment in capital assets for the current fiscal year totaled \$718,925. Depreciation for the year totaled \$470,633. The net increase in capital assets was \$248,292.

Major capital asset additions during the current fiscal included the following:

- Computer servers for administration and lister's office
- Trash compactor
- John Deere lawn tractor
- Mowers
- Land improvements at cemetery, fire department and bike path
- Paving
- 2012 Ford F550 highway truck
- 2013 Ford explorer
- Deposit on a fire truck
- Bridge work

The Town's investment in capital assets for its business-type activities totaled \$160,464 as of June 30, 2013. During the year, the Ludlow Ambulance Service purchased a new auto pulse resuscitation system for \$8,497. Depreciation for the year totaled \$37,674. The net decrease in business-type capital assets was \$29,177.

Debt Administration

Long-Term Debt – At the end of the current fiscal year, the Town had \$2,238,834 in bonds and notes payable outstanding compared to \$2,485,985 last year. Loan repayments totaled \$247,151.

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013
(Continued)

Economic Climate

Economic recovery has happened slowly in our community. Real estate sales in general are improving in numbers of transaction with prices still variable. Employment throughout the region seems flat at best as new construction continues to be limited.

The 2012/2013 ski season rebounded to more normal levels creating more winter business and seasonal employment opportunities in the area.

The inequities of the education funding system (taxation) imposed by the State on our Town continues to compound the task of providing educational opportunities to the children of our community. Almost 90% of our Grand List is taxed to support other communities in the State.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in the report or requests for additional information should be addressed to:

**Town of Ludlow
P.O. Box 359
Ludlow, VT 05149**

TOWN OF LUDLOW, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2013

EXHIBIT A

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,267,809	\$ 0	\$ 1,267,809
Internal balances	(526,246)	526,246	0
Investments	502,784	0	502,784
Accounts receivable:			
Delinquent taxes, interest and penalties	490,472	0	490,472
Ambulance	0	147,218	147,218
Other	31,581	0	31,581
Due from Village of Ludlow	36,786	0	36,786
Grants receivable - State of Vermont	3,072	0	3,072
Prepaid expenses	174,199	21,005	195,204
Capital assets:			
Not depreciable	329,043	0	329,043
Depreciable	11,246,051	373,037	11,619,088
Accumulated depreciation	(4,064,311)	(212,573)	(4,276,884)
Total assets	9,491,240	854,933	10,346,173
 LIABILITIES			
Accounts payable	31,700	0	31,700
Prepaid property taxes	124,553	0	124,553
Accrued expenses	15,761	5,136	20,897
Bonds and notes payable due within one year	244,203	0	244,203
Accrued compensated absences due after one year	144,100	0	144,100
Bonds and notes payable due after one year	1,994,631	0	1,994,631
Total liabilities	2,554,948	5,136	2,560,084
 NET POSITION			
Unrestricted	715,342	689,333	1,404,675
Restricted:			
Capital project funds	25,156	0	25,156
Special revenue funds	206,146	0	206,146
Debt service fund	117,879	0	117,879
Endowment - expendable	246,723	0	246,723
Endowment - nonexpendable	353,097	0	353,097
Invested in capital assets, net of related debt	5,271,949	160,464	5,432,413
Total net position	\$ 6,936,292	\$ 849,797	\$ 7,786,089

TOWN OF LUDLOW, VERMONT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

EXHIBIT B

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position		
					Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 1,069,013	\$ 159,215	\$ 33,961	\$ 0	\$ (875,837)	\$ 0	\$ (875,837)
Municipal transit	268,812	15,488	0	0	(253,324)	0	(253,324)
Public safety	1,013,341	73,537	0	0	(939,804)	0	(939,804)
Highways and streets	904,646	94,560	91,399	19,717	(698,970)	0	(698,970)
Sanitation and recycling	276,955	115,384	0	0	(161,571)	0	(161,571)
Culture and recreation	412,304	52,526	0	0	(359,778)	0	(359,778)
Special articles	203,159	0	0	0	(203,159)	0	(203,159)
Intergovernmental	78,653	0	0	0	(78,653)	0	(78,653)
Cemetery	76,226	18,645	0	0	(57,581)	0	(57,581)
Interest on long-term debt	91,012	0	0	0	(91,012)	0	(91,012)
Total governmental activities	<u>4,394,121</u>	<u>529,355</u>	<u>125,360</u>	<u>19,717</u>	<u>(3,719,689)</u>	<u>0</u>	<u>(3,719,689)</u>
Business-type activities							
Ambulance	259,821	359,650	0	0	0	99,829	99,829
Total business-type activities	<u>259,821</u>	<u>359,650</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>99,829</u>	<u>99,829</u>
Total government	<u>\$ 4,653,942</u>	<u>\$ 889,005</u>	<u>\$ 125,360</u>	<u>\$ 19,717</u>	<u>(3,719,689)</u>	<u>99,829</u>	<u>(3,619,860)</u>
General Revenues:							
Property taxes, interest and penalties					3,428,612	0	3,428,612
Earnings on investments					60,227	2,349	62,576
Donations					8,516	0	8,516
Miscellaneous					92,093	661	92,754
Okemo Enterprise Fund					53,133	0	53,133
Gain from disposal of capital assets					45,974	0	45,974
Transfers					(1,407)	1,407	0
Total general revenues					<u>3,687,148</u>	<u>4,417</u>	<u>3,691,565</u>
Change in net position before special item and extraordinary items					<u>(32,541)</u>	<u>104,246</u>	<u>71,705</u>
Special item:							
Cancellation of debt					<u>(166,702)</u>	<u>0</u>	<u>(166,702)</u>
Extraordinary Items:							
Tropical Storm Irene							
Federal, state and insurance recoveries					428,645	0	428,645
Flood expenditures					(229,562)	0	(229,562)
Total extraordinary items					<u>199,083</u>	<u>0</u>	<u>199,083</u>
Change in net position					(160)	104,246	104,086
Net position - July 1, 2012					<u>6,936,452</u>	<u>745,551</u>	<u>7,682,003</u>
Net position - June 30, 2013					<u>\$ 6,936,292</u>	<u>\$ 849,797</u>	<u>\$ 7,786,089</u>

TOWN OF LUDLOW, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

EXHIBIT C

	Permanent Trust Funds				Total Governmental Funds
	General Fund	Trustees of Public Funds	Agan Fund	Nonmajor Funds	
ASSETS					
Cash and cash equivalents	\$ 1,152,073	\$ 92,015	\$ 5,021	\$ 18,700	\$ 1,267,809
Investments	0	231,365	271,419	0	502,784
Accounts receivable:					
Delinquent taxes, interest and penalties	490,472	0	0	0	490,472
State of Vermont - FEMA reimbursement	3,072	0	0	0	3,072
Other	31,581	0	0	0	31,581
Due from Village of Ludlow	36,786	0	0	0	36,786
Prepaid expenses	174,199	0	0	0	174,199
Due from other funds	0	0	0	798,754	798,754
Total assets	\$ 1,888,183	\$ 323,380	\$ 276,440	\$ 817,454	\$ 3,305,457
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 31,700	\$ 0	\$ 0	\$ 0	\$ 31,700
Prepaid property taxes	124,553	0	0	0	124,553
Accrued expenses	15,761	0	0	0	15,761
Deferred revenue - taxes	322,474	0	0	0	322,474
Due to Ambulance Fund	526,246	0	0	0	526,246
Due to other funds	798,754	0	0	0	798,754
Total liabilities	1,819,488	0	0	0	1,819,488
FUND BALANCES					
Nonspendable:					
Prepaid expenses	174,199	0	0	0	174,199
Endowment - nonexpendable	0	278,097	75,000	0	353,097
Restricted for:					
Capital projects	0	0	0	25,156	25,156
Special revenue funds	0	0	0	206,146	206,146
Debt service	0	0	0	117,879	117,879
Endowment - expendable	0	45,283	201,440	0	246,723
Assigned for:					
Future compensated absences	40,862	0	0	0	40,862
Capital projects	0	0	0	495,108	495,108
Unassigned	(146,366)	0	0	(26,835)	(173,201)
Total fund balances	68,695	323,380	276,440	817,454	1,485,969
Total liabilities and fund balances	\$ 1,888,183	\$ 323,380	\$ 276,440	\$ 817,454	\$ 3,305,457

TOWN OF LUDLOW, VERMONT
 RECONCILIATION OF THE BALANCE SHEET OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
 JUNE 30, 2013

EXHIBIT D

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 1,485,969
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$11,575,094, and the accumulated depreciation is \$4,064,311.	7,510,783
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Property taxes and deferred tax revenue are adjusted to show full accrual. The total adjusted deferred tax revenue is \$322,474.	322,474
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds and notes payable	2,238,834	
Accrued compensated absences	144,100	(2,382,934)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$ 6,936,292
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TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

EXHIBIT E

	Permanent Trust Funds			Nonmajor Funds	Total Governmental Funds
	General Fund	Trustees of Public Funds	Agan Fund		
REVENUES					
Taxes, interest and penalties	\$ 3,492,906	\$ 0	\$ 0	\$ 0	\$ 3,492,906
Investment income (loss)	6,413	14,288	34,528	4,998	60,227
Town Clerk fees	85,205	0	0	554	85,759
Highway grants and other income	185,959	0	0	0	185,959
Departmental income	281,154	0	0	0	281,154
Donations	0	2,000	0	6,516	8,516
Miscellaneous	202,778	0	0	83,045	285,823
Total revenues	<u>4,254,415</u>	<u>16,288</u>	<u>34,528</u>	<u>95,113</u>	<u>4,400,344</u>
EXPENDITURES					
Current					
General government	957,600	2,152	3,970	5,692	969,414
Municipal transit	268,812	0	0	0	268,812
Public safety	923,747	0	0	0	923,747
Highways and streets	673,526	0	0	0	673,526
Sanitation and recycling	273,484	0	0	0	273,484
Cemetery	76,226	0	0	0	76,226
Culture and recreation	348,287	0	0	0	348,287
Intergovernmental	78,653	0	0	0	78,653
Special articles	203,159	0	0	0	203,159
Total current expenditures	<u>3,803,494</u>	<u>2,152</u>	<u>3,970</u>	<u>5,692</u>	<u>3,815,308</u>
Capital outlays, net of trade-in-allowance	<u>691,988</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>691,988</u>
Debt service					
Principal	247,151	0	0	0	247,151
Interest	91,012	0	0	0	91,012
Total debt service	<u>338,163</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>338,163</u>
Total expenditures	<u>4,833,645</u>	<u>2,152</u>	<u>3,970</u>	<u>5,692</u>	<u>4,845,459</u>
EXCESS REVENUES (EXPENDITURES)	(579,230)	14,136	30,558	89,421	(445,115)
OTHER FINANCING SOURCES (USES)					
Transfers, net	<u>292,197</u>	<u>0</u>	<u>(5,586)</u>	<u>(288,018)</u>	<u>(1,407)</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM					
	<u>(287,033)</u>	<u>14,136</u>	<u>24,972</u>	<u>(198,597)</u>	<u>(446,522)</u>
EXTRAORDINARY ITEM					
Tropical Storm Irene					
Federal, state and insurance recoveries	428,645	0	0	0	428,645
Flood expenditures	(229,562)	0	0	0	(229,562)
Net extraordinary item	<u>199,083</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>199,083</u>
NET CHANGE IN FUND BALANCES	(87,950)	14,136	24,972	(198,597)	(247,439)
FUND BALANCES - JULY 1, 2012	<u>156,645</u>	<u>309,244</u>	<u>251,468</u>	<u>1,016,051</u>	<u>1,733,408</u>
FUND BALANCES - JUNE 30, 2013	<u>\$ 68,695</u>	<u>\$ 323,380</u>	<u>\$ 276,440</u>	<u>\$ 817,454</u>	<u>\$ 1,485,969</u>

RECONCILIATION OF THE STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (247,439)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays net of trade-in allowances of \$691,988 exceeds depreciation expense of \$470,633.	221,355
The net gain from the disposal of capital assets of \$45,974 recorded on the statement of activities exceeds the proceeds received of \$19,037 recorded on the statement of revenues, expenditures and changes in fund balances.	26,937
Cancellation of long term Community Development note receivables are recognized as expenses in the statement of activities, not in the governmental funds.	(166,702)
Repayment of bonds and notes principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	247,151
Property taxes are on an accrual basis in the statement of net position, not the modified accrual basis. The deferred property taxes decreased by \$64,294.	(64,294)
In the statement of activities, accrued compensated absences payable are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences incurred were more than the amounts paid by \$17,168.	(17,168)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>(160)</u>

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2013

EXHIBIT G

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes			
Property taxes - general	\$ 3,511,482	\$ 3,291,523	\$ (219,959)
PILOT program	0	35,300	35,300
State of Vermont Hold Harmless	0	14,450	14,450
Total property taxes	<u>3,511,482</u>	<u>3,341,273</u>	<u>(170,209)</u>
Property tax interest and penalties			
Current interest	70,000	37,661	(32,339)
Delinquent interest	45,000	50,956	5,956
Delinquent penalties	65,000	63,016	(1,984)
Total property tax interest and penalties	<u>180,000</u>	<u>151,633</u>	<u>(28,367)</u>
Interest and dividends			
	<u>16,344</u>	<u>6,413</u>	<u>(9,931)</u>
Town Clerk			
Licenses and permits	7,590	7,341	(249)
Clerk copier fees	6,000	6,503	503
Certified copy fees	2,400	5,156	2,756
Recording fees	50,000	58,171	8,171
Vault preservation	5,000	6,882	1,882
Zoning recording fees	1,200	1,152	(48)
Total charges for services - Town Clerk	<u>72,190</u>	<u>85,205</u>	<u>13,015</u>
Highway			
State aid	90,000	91,399	1,399
Permits	1,500	2,150	650
Other	44,000	92,410	48,410
Total highway	<u>135,500</u>	<u>185,959</u>	<u>50,459</u>
Departmental income			
Planning and zoning	31,900	25,985	(5,915)
Listers	3,650	4,049	399
Cemetery fees	5,900	18,645	12,745
Solid waste fees	123,500	115,384	(8,116)
Police department	64,210	66,738	2,528
Fire department	3,000	6,799	3,799
Recreation department	43,900	43,554	(346)
Total departmental income	<u>276,060</u>	<u>281,154</u>	<u>5,094</u>
Miscellaneous			
State education collection fees	48,000	42,825	(5,175)
Stearns pit	62,314	64,990	2,676
Senior center lease	6,289	5,525	(764)
Community center	10,000	2,893	(7,107)
Insurance refunds and reimbursements	20,000	19,064	(936)
Municipal transit	20,000	15,488	(4,512)
Village fees	5,200	5,200	0
State grants	0	19,717	19,717
Tenant payments	4,810	4,440	(370)
Miscellaneous	1,300	3,599	2,299
Total miscellaneous	<u>177,913</u>	<u>183,741</u>	<u>5,828</u>
Total revenues	<u>4,369,489</u>	<u>4,235,378</u>	<u>(134,111)</u>

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2013

EXHIBIT G

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES			
Current Expenditures			
General government			
Administration			
Salaries			
Manager	54,644	54,644	0
Clerks	66,836	69,004	(2,168)
Officers	8,100	7,804	296
Recording secretary	1,700	1,200	500
Benefits			
FICA	10,310	10,354	(44)
Insurance	35,166	34,303	863
Pension	6,190	6,266	(76)
Town reports	7,000	6,398	602
Equipment/supplies	6,500	5,687	813
Computer	500	2,426	(1,926)
Copier	1,250	1,906	(656)
Audit	12,500	12,720	(220)
Expense/mileage	3,180	2,930	250
Training/conferences	1,500	875	625
Legal	5,000	1,510	3,490
League of Cities and Towns (VLCT)	3,081	3,081	0
Membership	350	0	350
Advertising	800	1,753	(953)
Web page maintenance	1,000	249	751
Dog warrants	1,200	1,200	0
Safety program	1,700	485	1,215
Telephone	1,700	1,514	186
Tax abatements	0	35,846	(35,846)
LEF Distribution	0	3,296	(3,296)
Miscellaneous	0	646	(646)
Total administration	<u>230,207</u>	<u>266,097</u>	<u>(35,890)</u>
Building and grounds			
Salaries			
Janitor	44,125	42,989	1,136
Maintenance	4,500	3,907	593
Benefits			
FICA	3,710	3,587	123
Insurance	21,879	19,962	1,917
Pension	2,206	2,153	53
Fuel oil	20,000	19,481	519
Equipment	1,000	807	193
Parks/bandstands	300	71	229
Utilities	10,200	9,777	423
Supplies	4,500	4,931	(431)
Uniforms	665	810	(145)
Telephone	150	465	(315)
Buildings/grounds	4,000	4,661	(661)
Repairs and maintenance	2,000	1,761	239
Renovations	5,000	8,260	(3,260)
Total building and grounds	<u>124,235</u>	<u>123,622</u>	<u>613</u>
Zoning and planning			
Salaries			
Administrative officer	42,530	42,532	(2)
Planning Board	2,100	1,075	1,025
Dev. Rev. Board	6,000	6,000	0
Secretary	16,283	19,380	(3,097)
Clerk	1,800	2,100	(300)
Benefits			
FICA	5,673	5,438	235

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2013

EXHIBIT G

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Insurance	30,308	31,026	(718)
Pension	3,181	3,157	24
Mapping services	465	465	0
Computer	500	57	443
SWCRPC	2,454	2,257	197
Equipment/supplies	3,200	2,030	1,170
Legal	5,000	10,652	(5,652)
Advertising	2,800	3,237	(437)
Training/conferences	300	39	261
Telephone	800	577	223
GIS	650	650	0
E-911	200	446	(246)
Mileage	300	0	300
Grants	8,250	4,682	3,568
Total zoning and planning	<u>132,794</u>	<u>135,800</u>	<u>(3,006)</u>
Town Clerk / Treasurer			
Salaries			
Town clerk/treasurer	64,275	64,407	(132)
Assistant clerk	37,377	37,377	0
BCA/Town meetings	2,500	4,188	(1,688)
Trustees of public funds	900	900	0
Benefits			
FICA	8,036	8,176	(140)
Insurance	36,210	36,882	(672)
Pension	5,368	5,389	(21)
Computer	500	625	(125)
Vault preservation	4,500	5,155	(655)
Licenses	2,300	2,555	(255)
Equipment/supplies	14,000	17,599	(3,599)
Training/conferences	500	334	166
Telephone	1,200	1,124	76
Total town clerk / treasurer	<u>177,666</u>	<u>184,711</u>	<u>(7,045)</u>
Listers			
Salaries	50,000	56,010	(6,010)
FICA	4,194	4,285	(91)
Computer	1,000	1,694	(694)
Licenses	3,500	3,500	0
Postage	1,800	435	1,365
Equipment/supplies	2,700	2,532	168
Training/conferences	500	350	150
Telephone	2,000	1,168	832
Property map update	3,845	4,693	(848)
Mileage	350	170	180
Reappraisal	0	10,800	(10,800)
Professional services	2,000	3,000	(1,000)
Legal	3,500	140	3,360
Total listers	<u>75,389</u>	<u>88,777</u>	<u>(13,388)</u>
Insurance and fidelity bond			
Unemployment	17,500	19,444	(1,944)
Workers' compensation	36,826	39,953	(3,127)
Municipal officers	3,300	2,839	461
Vehicle/fire/liability	76,331	90,063	(13,732)
Deductibles	750	264	486
Employment practices	4,716	6,030	(1,314)
Total insurance and fidelity bond	<u>139,423</u>	<u>158,593</u>	<u>(19,170)</u>
Total general government	<u>879,714</u>	<u>957,600</u>	<u>(77,886)</u>

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2013

EXHIBIT G

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Municipal Transit System			
Transportation supervisor	14,872	12,412	2,460
Driver salaries	108,000	94,982	13,018
Overtime	20,000	18,968	1,032
Part time drivers	20,000	23,447	(3,447)
Pension	7,473	5,747	1,726
Insurance	45,838	40,633	5,205
FICA	13,062	11,460	1,602
Dues and fees	75	0	75
Equipment/supplies	2,500	2,657	(157)
Training/conferences	200	66	134
Telephone/postage	2,200	2,043	157
Repairs and maintenance	28,000	21,077	6,923
Diesel fuel	36,000	35,320	680
Advertising	250	0	250
Total municipal transit system	<u>298,470</u>	<u>268,812</u>	<u>29,658</u>
Public Safety			
Police Department			
Salaries			
Police duty	275,400	266,241	9,159
Special officers	6,000	5,581	419
Traffic control	13,000	9,130	3,870
Overtime	32,000	32,255	(255)
Dispatchers	191,500	177,642	13,858
Part time dispatchers	10,000	22,279	(12,279)
Dispatch overtime	20,000	13,922	6,078
Vehicle maintenance labor	150	520	(370)
FICA	41,925	40,418	1,507
Insurance	128,405	129,716	(1,311)
Pension	31,878	34,274	(2,396)
Cleaning allowance	3,200	2,800	400
Building utilities	6,500	4,675	1,825
Services/advertising	0	35	(35)
Computer	12,000	8,067	3,933
Equipment/supplies	9,100	7,402	1,698
Uniforms	4,000	3,908	92
Training	3,000	2,511	489
Telephone	9,000	9,502	(502)
Repairs and maintenance	9,500	7,987	1,513
Gas/oil	15,000	16,475	(1,475)
Safety	0	8,495	(8,495)
Total police department	<u>821,558</u>	<u>803,835</u>	<u>17,723</u>
Fire Department			
Salaries			
Chief	13,140	13,140	0
Payroll	40,000	36,962	3,038
FICA	4,000	3,774	226
Insurance	10,118	8,144	1,974
Hepatitis shots	250	0	250
Fuel oil	7,000	7,306	(306)
Utilities	5,500	5,560	(60)
Equipment/supplies	25,500	16,481	9,019
Training	1,500	2,271	(771)
Telephone	1,200	862	338
Repairs and maintenance	7,000	13,812	(6,812)
Diesel fuel/gas	3,200	3,046	154
Protective gear	12,000	5,447	6,553
Air pack maintenance	2,500	3,107	(607)
Total fire department	<u>132,908</u>	<u>119,912</u>	<u>12,996</u>
Total public safety	<u>954,466</u>	<u>923,747</u>	<u>30,719</u>

See Notes to Financial Statements.

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2013

EXHIBIT G

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Highways and streets			
Highway			
Salaries			
Highway salaries	204,960	198,841	6,119
Overtime	20,000	16,143	3,857
Benefits			
FICA	16,109	16,540	(431)
Insurance	53,025	54,261	(1,236)
Pension	10,248	10,218	30
Street lights	57,000	59,845	(2,845)
Supplies	5,000	6,280	(1,280)
Winter sand	32,000	28,300	3,700
Winter salt	62,500	72,668	(10,168)
Winter supplies	7,000	8,084	(1,084)
Crushing	6,800	6,268	532
Rentals	2,000	1,497	503
Surpac	13,500	13,079	421
Plant mix	3,500	0	3,500
Uniforms	2,500	2,476	24
Asphalt	1,300	1,087	213
Cold patch	800	499	301
Culverts	8,500	6,346	2,154
Bridges	5,000	0	5,000
Training	800	1,415	(615)
Telephone, cell phones, pagers	1,600	1,622	(22)
Computer	300	55	245
Repairs and maintenance	33,000	39,352	(6,352)
Road signs	7,600	9,529	(1,929)
Road cut bond returns	1,500	1,000	500
Chloride	11,000	8,325	2,675
Tree/brush	5,000	2,770	2,230
Summer construction	34,500	48,121	(13,621)
Fuel	26,000	47,103	(21,103)
Miscellaneous	0	250	(250)
Total highway	<u>633,042</u>	<u>661,974</u>	<u>(28,932)</u>
Garage			
Maintenance	4,500	3,831	669
Fuel	2,500	4,011	(1,511)
Utilities	4,300	3,710	590
Total garage	<u>11,300</u>	<u>11,552</u>	<u>(252)</u>
Total highway and streets	<u>644,342</u>	<u>673,526</u>	<u>(29,184)</u>
Sanitation and Recycling			
Solid Waste			
Salaries			
Attendant	35,733	35,945	(212)
Part time attendant	31,251	31,564	(313)
Labor	3,500	7,565	(4,065)
Benefits			
FICA	5,392	5,743	(351)
Insurance	23,820	25,380	(1,560)
Pension	3,349	4,073	(724)
Testing	2,500	0	2,500
Uniforms	300	102	198
Work offender program	1,250	1,560	(310)
Heating fuel	800	813	(13)
Equipment/supplies	5,800	3,360	2,440
Utilities	6,000	5,758	242
Repairs and maintenance	7,800	4,782	3,018
Telephone	500	723	(223)
Total solid waste	<u>127,995</u>	<u>127,368</u>	<u>627</u>

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2013

EXHIBIT G

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Disposal			
Tires	2,500	1,990	510
Trucking fees	56,000	113,767	(57,767)
Construction and disposal	130,000	30,359	99,641
Total disposal	<u>188,500</u>	<u>146,116</u>	<u>42,384</u>
Total sanitation and recycling	<u>316,495</u>	<u>273,484</u>	<u>43,011</u>
Cemetery			
Labor	50,312	42,691	7,621
Commission	4,000	4,000	0
Insurances	4,486	5,977	(1,491)
FICA	4,160	3,667	493
Gas/oil	3,000	2,983	17
Equipment/supplies	7,700	6,092	1,608
Uniforms	500	0	500
Tree work/stump/brush	3,000	2,400	600
Utilities	800	1,507	(707)
Flowers	300	344	(44)
Training	400	0	400
Corner stones	800	578	222
Sand/top soil	2,500	530	1,970
Legal	5,000	0	5,000
South Hill cemetery	2,000	0	2,000
Truck maintenance	700	350	350
Water line replacement	5,000	141	4,859
Land site work	5,000	4,656	344
Retreatment	5,000	71	4,929
Monument restoration	2,000	239	1,761
Total cemetery	<u>106,658</u>	<u>76,226</u>	<u>30,432</u>
Culture and Recreation			
Recreation department			
Salaries			
Director	44,960	45,149	(189)
Assistant	17,500	14,520	2,980
Secretary	6,460	0	6,460
Camp staff	22,016	12,756	9,260
Summer labor	0	5,484	(5,484)
Winter labor	15,000	3,187	11,813
Referees/Coaches	10,500	14,272	(3,772)
After school program	0	2,068	(2,068)
Benefits			
FICA	8,410	7,454	956
Insurance	20,499	19,042	1,457
Pension	2,250	2,419	(169)
Fuel oil	2,800	3,219	(419)
Utilities	16,500	14,936	1,564
Equipment/supplies	5,500	2,508	2,992
Advertising	1,000	880	120
Training	1,000	375	625
Telephone	2,700	2,646	54
Fields	12,000	18,549	(6,549)
Repairs and maintenance	0	232	(232)
Skate park maintenance	1,000	1,564	(564)
Concerts	4,000	4,927	(927)
Improvements	7,000	12,135	(5,135)
Youth activities	15,400	11,805	3,595
Adult activities	3,500	2,911	589
Senior citizens activities	1,000	500	500
Little league	5,000	4,416	584
Babe Ruth	1,200	424	776
Recreation to school	19,000	18,000	1,000

See Notes to Financial Statements.

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2013

EXHIBIT G

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Youth athletic equipment	15,000	7,809	7,191
Team sports	8,500	12,537	(4,037)
Miscellaneous	500	50	450
Transportation	4,000	4,000	0
Total recreation department	<u>274,195</u>	<u>250,774</u>	<u>23,421</u>
Community center			
Salaries			
Staff	36,004	37,534	(1,530)
Benefits			
FICA	2,754	2,871	(117)
Insurance	9,125	8,932	193
Pension	1,800	1,900	(100)
Telephone	400	435	(35)
Buildings/grounds	0	0	0
Uniforms	665	650	15
Utilities	23,000	30,496	(7,496)
Supplies	12,000	13,915	(1,915)
Miscellaneous	0	780	(780)
Total community center	<u>85,748</u>	<u>97,513</u>	<u>(11,765)</u>
Total culture and recreation	<u>359,943</u>	<u>348,287</u>	<u>11,656</u>
Intergovernmental			
County tax	42,153	42,153	0
3/5 Highway tax	36,500	36,500	0
Total intergovernmental	<u>78,653</u>	<u>78,653</u>	<u>0</u>
Special articles			
Nurse Service	14,760	14,760	0
Library electric and fuel	16,000	16,699	(699)
Library operations	25,000	0	25,000
Library/school books	9,500	6,264	3,236
Welfare	250	0	250
Aiken, R.C.D.	100	0	100
Vermont Green Up Day	550	50	500
Black River Academy Museum	17,000	20,421	(3,421)
SRVCA	2,440	2,440	0
Mental Health Services	2,537	2,537	0
Associated Retarded Citizens	800	800	0
New Beginnings	1,500	0	1,500
BRV Senior Center	9,000	9,000	0
Senior Center operations	19,000	19,050	(50)
RSVP Program	600	600	0
Youth Services	400	0	400
Windsor County Partners	500	500	0
Black River Good Neighbor Service	3,000	0	3,000
Springfield Area Hospice	500	500	0
Vermont Coalition	250	0	250
Vermont Center for Independent Living	360	360	0
Windsor County Adult Basic Education	400	400	0
Education Operations	25,000	20,196	4,804
BR Academy Museum	25,000	25,040	(40)
LPCTV	1,500	1,500	0
Friends of Ludlow	1,500	1,500	0
Ludlow Library	20,000	20,000	0
CT River Transit	7,250	7,250	0
BRACC	15,000	15,000	0
After School Program	18,292	18,292	0
Total special articles	<u>237,989</u>	<u>203,159</u>	<u>34,830</u>

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2013

EXHIBIT G

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Capital Outlays, net of trade-in allowances	<u>231,000</u>	<u>691,988</u>	<u>(460,988)</u>
Debt service			
Principal	241,871	247,151	(5,280)
Interest	<u>83,119</u>	<u>91,012</u>	<u>(7,893)</u>
Total debt service	<u>324,990</u>	<u>338,163</u>	<u>(13,173)</u>
Total expenditures	<u>4,432,720</u>	<u>4,833,645</u>	<u>(400,925)</u>
EXCESS REVENUES (EXPENDITURES)	<u>(63,231)</u>	<u>(598,267)</u>	<u>(535,036)</u>
OTHER FINANCING SOURCES (USES)			
Transfer from Agan Fund	5,000	5,586	586
Transfer from Reappraisal Fund	10,000	27,845	17,845
Transfer from(to) Police Equipment Fund	5,000	(2,415)	(7,415)
Transfer from Public Safety Fund	29,731	29,731	0
Transfer from Ludlow Enterprise Fund	0	12,296	12,296
Transfer from Landfill Fund	20,000	12,250	(7,750)
Transfer from Vault Preservation Fund	0	28,500	28,500
Transfer from Bike Walk Fund	0	1,178	1,178
Transfer from(to) Recreation Facilities Fund	(8,000)	(4,989)	3,011
Transfer from(to) Town Hall Renovations Fund	(5,000)	(2,785)	2,215
Transfer from(to) Highway Equipment Fund	(20,000)	(20,000)	0
Transfer to Special Fire Equipment Fund	(20,000)	(20,000)	0
Transfer from Special Fire Equipment Fund	0	260,000	260,000
Transfer to Municipal Transit Fund	(30,000)	(30,000)	0
Transfer to Ludlow Community Center Fund	(5,000)	(5,000)	0
Proceeds from disposal of capital assets	12,500	19,037	6,537
Loan proceeds	<u>54,000</u>	<u>0</u>	<u>(54,000)</u>
Total other financing sources (uses)	<u>48,231</u>	<u>311,234</u>	<u>263,003</u>
NET CHANGE IN FUND BALANCE BEFORE EXTRAORDINARY ITEMS	<u>(15,000)</u>	<u>(287,033)</u>	<u>(272,033)</u>
EXTRAORDINARY ITEMS			
Tropical Storm Irene			
Federal, state and insurance recoveries	0	428,645	428,645
Flood expenditures	<u>0</u>	<u>(229,562)</u>	<u>(229,562)</u>
Net Extraordinary Items	<u>0</u>	<u>199,083</u>	<u>199,083</u>
NET CHANGE IN FUND BALANCE	<u>\$ (15,000)</u>	<u>(87,950)</u>	<u>\$ (72,950)</u>
FUND BALANCE - JULY 1, 2012		<u>156,645</u>	
FUND BALANCE - JUNE 30, 2013		<u>\$ 68,695</u>	

TOWN OF LUDLOW, VERMONT
 STATEMENT OF NET POSITION
 PROPRIETARY FUND
 JUNE 30, 2013

EXHIBIT H

	Ambulance Fund
ASSETS	
Due from General Fund	\$ 526,246
Accounts receivable, net of allowance for doubtful accounts of \$44,000	147,218
Prepaid expenses	21,005
Capital assets:	
Vehicles	282,519
Equipment	90,518
Accumulated depreciation	(212,573)
 Total assets	 854,933
LIABILITIES	
 Accrued expenses	 5,136
NET POSITION	
Unrestricted	689,333
Invested in capital assets, net of related debt	160,464
 Total net position	 \$ 849,797

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

EXHIBIT I

	Ambulance Fund
OPERATING REVENUES:	
Charges for services	\$ 359,650
Miscellaneous	661
Total operating revenues	360,311
 OPERATING EXPENSES:	
Operations and maintenance	222,144
Depreciation expense	37,677
Total operating expenses	259,821
INCOME FROM OPERATIONS	100,490
 NON-OPERATING REVENUES	
Investment income	2,349
 OTHER FINANCING SOURCES (USES)	
Transfer from (to) other funds	1,407
NET CHANGE IN NET POSITION	104,246
NET POSITION - July 1, 2012	745,551
NET POSITION - June 30, 2013	\$ 849,797

TOWN OF LUDLOW, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

EXHIBIT J

	Ambulance Fund
CASH FLOWS FROM (TO) OPERATING ACTIVITIES	
Cash received from customers	\$ 263,055
Payments to suppliers for goods and services	(122,175)
Payments to employees	(115,838)
Net cash from operating activities	25,042
CASH FLOWS FROM (TO) NON-CAPITAL FINANCING ACTIVITIES	
Transfer	1,407
Increase in interfund loans receivable	(20,301)
Net cash to non-capital financing activities	(18,894)
CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of equipment	(8,497)
Net cash to capital and financing activities	(8,497)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	2,349
NET CHANGE IN CASH AND CASH EQUIVALENTS	0
CASH AND CASH EQUIVALENTS - JULY 1, 2012	0
CASH AND CASH EQUIVALENTS - JUNE 30, 2013	\$ 0
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES	
Income from operations	\$ 100,490
Adjustments to reconcile income (loss) from operations to net cash flow from (to) operating activities	
Depreciation	37,677
Change in assets and liabilities:	
Increase in accounts receivable	(97,256)
Increase in prepaid expenses	(21,005)
Increase in accrued expenses	5,136
Net cash from operating activities	\$ 25,042

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

The Town of Ludlow, Vermont (the Town) operates under a Selectboard-Manager form of government.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is primarily responsible for establishing GAAP for state and local governments through its pronouncements (including Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. Based on the criteria for including organizations as component units within the Town's reporting entity, as set forth in GASB 14 as amended by GASB 39, and Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the Town has no component units.

Basic Financial Statements – Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (focusing on the Town's major funds). The government-wide financial statements categorize activities as either governmental or business-type.

The Town's general government, public safety, highway, sanitation, municipal transit, cemetery and health, culture and recreation, special articles, intergovernmental, and health services are classified as governmental activities. The Town's ambulance service is classified as a business-type activity.

The government-wide Statement of Net Position presents all of the Town's activities on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – invested in capital assets net of related debt; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities for which both restricted and unrestricted resources are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental functions and business-type activities (police, fire, public works, etc.). The functions are also supported by general government revenue (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, including operating and capital grants. Program revenue must be directly associated with the governmental function (police, public works, community and youth services, etc.) or a business-type activity. Operating

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by governmental function or business-type activity) are normally covered by general revenue (property, intergovernmental revenue, interest income, etc.).

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, revenue and expenditures. The various funds are reported by major fund within the financial statements.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. GASB No. 34 and No. 37 set forth minimum criteria for the determination of major funds. The General Fund, Trustees of Public Funds Fund, and the Agan Fund are shown as major governmental funds. The Town electively added the Trustees of Public Funds Fund and Agan Fund as major funds. All other governmental funds are nonmajor and are combined in a single column in each of the respective fund financial statements.

The following categories are used by the Town:

Governmental Funds

The Town reports on the following major governmental funds:

General Fund is the main operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Trustees of Public Funds Fund is used to account for resources held in trust by the Town for the benefit of its citizenry.

Agan Fund is used to account for resources held in trust by the Town for the benefit of its citizenry.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Proprietary Funds**

The focus of proprietary funds measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expense. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the enterprise funds of the Town:

Ambulance Fund is used to account for the operations of the Ambulance Department.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenue is recognized when transactions occur and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end for property taxes and six months for other revenue. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, compensated absences, and claims and adjustments are recognized when due, and certain prepaids which are recognized when earned.

Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent. Additionally, each fund's equity in the Town's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Investments*

Investments are stated at fair value (quoted market price or the best available estimate).

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair 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 expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	50 - 100 years
Machinery and equipment	3 - 15 years
Infrastructure assets	20 -50 years

Accrued Compensated Absences

Employees may carry forward ten days of vacation from one calendar year to the next. Upon termination, employees will be paid for these carryforward days plus days earned up to the date of termination. Sick time cannot be carried forward and will not be paid upon termination. Certain employees with ten years of service, at the time that the policy was changed, were allowed to carry forward sick time credits. These employees will be compensated for these credits upon retirement.

Fund Financial Statements - Vested or accumulated vacation leave that has matured is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements and no expenditure is reported for these amounts.

Government-Wide Financial Statements – All vested or accumulated vacation leave is reported as a liability and an expense on the government-wide financial statements.

Net Position

In June 2011, the GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. In July of 2012, the Town adopted GASB Statement No. 63. GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The Statement of Net Assets is renamed the Statement of Net Position and includes four components: assets, deferred outflows of resources, liabilities,

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and deferred inflows of resources. Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the Statement of Net Position. Net resources invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on its use by legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

Fund Equity

GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balances - Indicates the portion of fund equity that cannot be spent due to their form (e.g. inventories and prepaid expenses) or funds that legally or contractually must be maintained intact.

Restricted fund balances - Indicates the portion of fund equity that is mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation (e.g. federal and state grants, bondholders, trust and trustee accounts).

Committed fund balances - Indicates the portion of fund equity that is set aside for a specific purpose by the Selectboard. Formal action must be taken prior to the end of the fiscal year (e.g. capital projects, compensated absences). The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned fund balances - Indicates the portion of fund equity that is set aside with the intent to be used for a specific purpose by the Selectboard or body or official that has been given the authority to assign funds (e.g. encumbrances, subsequent budgets). Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned fund balances - Indicates the portion of fund equity that has not been classified in the previous four categories. All funds in this category are considered spendable resources. This category provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

Assigned fund balances are established by the Town's Selectboard through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service or other purposes).

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it will be applied in the following order:

1. Committed
2. Assigned
3. Unassigned

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund activities are treated as transfers. Transfers between funds are netted in the preparation of the government-wide financial statements.

Use of Estimates

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

Budget Adoption

The Department Heads and Town Manager submit an annual budget to the Town's Selectboard for review. The Town approves the budget at the annual Town Meeting and the tax rate is determined by the Selectboard based on the budget and Grand List. Formal budgetary accounting is employed as a management control device in the General Fund.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS*Deposits*

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The table below shows the custodial credit risk of the Town's deposits.

Insured by FDIC or SPIC	\$	187,540
Uninsured - collateralized		1,444,819
Total bank balance	\$	<u>1,632,359</u>

Investment Securities

The fair value of investments at June 30, 2013 are as follows:

<u>Investment Securities Type:</u>	<u>Carrying and Fair Value</u>
Fixed income - corporate bonds	\$ 62,236
Fixed income - government bonds	10,241
Fixed income - mutual funds	91,988
Equities - mutual funds	169,190
Equities - preferred stock	33,718
Mixed - mutual funds	119,678
Exchange-traded products	15,733
	<u>\$ 502,784</u>

Interest Rate Risk – The Town has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law with regard to cemeteries limits investments in domestic common or preferred stocks to no more than 35% of the portfolio. The rest may be invested in bonds of the United States or the State of Vermont, in bonds or notes issued in anticipation of taxes, loaned upon the first mortgage of real estate (limited to 60% of the value of the real estate), or in the stock of a bank. The Town has no other investment policy that would limit its investment choices.

Generally, credit risk is the risk that 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 rating organization. Presented below are the ratings of the corporate bonds as of June 30, 2013, as provided by Standard & Poor's and Moody's Investor Services.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Issuer	Fair Value	Credit Rating
Alabama Power Co.	\$ 10,496	A/A2
Goodyear Tire & Rubber Co.	25,438	B+/B1
Bank of America	26,302	A-/BAA2
	<u>\$ 62,236</u>	

NOTE 3 - ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS

Accounts receivable in the Ambulance Fund are shown net of an allowance for uncollectible accounts of \$44,000. The estimate for the allowance is based on an aging report and past history.

NOTE 4 - NOTES RECEIVABLE - CANCELLATION OF DEBT

On November 5, 2012, the Selectboard unanimously approved forgiving three community development loans totaling \$166,702. The decision of the Board was based on a request from the Housing Trust of Rutland County in order to allow upgrades to the related property that will be funded with a new State grant. This write-off did not impact the fund financial statements but is presented as a special item of expense on the Statement of Activities.

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2013 are as follows:

	General Fund	Agan Fund	Nonmajor Governmental Funds	Ambulance Fund
From General Fund	\$ (110,000)	\$ 0	\$ 110,000	\$ 0
From Other Governmental Funds	402,197	(5,586)	(396,611)	0
From Ambulance Fund	0	0	(1,407)	1,407
Totals	<u>\$ 292,197</u>	<u>\$ (5,586)</u>	<u>\$ (288,018)</u>	<u>\$ 1,407</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them in to the fund that statute or budget requires to expend them in and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The General Fund made transfers of \$110,000 to Other Governmental Funds according to budgetary authorizations. Other Governmental Funds made transfers of \$396,611 to the General Fund according to budgetary authorizations. The Agan Fund made transfers of \$5,586 to the General Fund according to the trust agreements. Other Governmental Funds transferred \$1,407 to the Ambulance Fund for operations.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013
(Continued)

NOTE 6 - DUE TO/FROM OTHER FUNDS

The Town has combined some of the cash resources of its governmental and proprietary funds for accounting and reporting purposes. That portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2013 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds		
General Fund	\$ 0	\$ 1,325,000
Nonmajor Funds	798,754	0
Proprietary Fund		
Ambulance Fund	526,246	0
Total	<u>\$ 1,325,000</u>	<u>\$ 1,325,000</u>

NOTE 7 - CAPITAL ASSETS*Governmental Activities*

The summary of capital assets as of June 30, 2013 is as follows:

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Reclass and Disposals</u>	<u>Depreciation</u>	<u>June 30, 2013</u>
Capital assets not depreciated					
Land	\$ 25,600	\$ 0	\$ 0	\$ 0	\$ 25,600
Deposit on fire truck	0	260,000	0	0	260,000
Construction in progress	0	43,443	0	0	43,443
Total capital assets not being depreciated	<u>25,600</u>	<u>303,443</u>	<u>0</u>	<u>0</u>	<u>329,043</u>
Capital assets being depreciated					
Land improvements	40,000	25,200	0	0	65,200
Buildings and improvements	4,807,271	0	0	0	4,807,271
Roads and bridges	2,570,937	215,041	0	0	2,785,978
Vehicles and equipment	3,540,499	201,886	(154,783)	0	3,587,602
Total capital assets being depreciated	<u>10,958,707</u>	<u>442,127</u>	<u>(154,783)</u>	<u>0</u>	<u>11,246,051</u>
Accumulated depreciation					
Land improvements	(10,111)	0	0	(3,076)	(13,187)
Buildings and improvements	(1,317,235)	0	0	(103,772)	(1,421,007)
Roads and bridges	(631,384)	0	0	(114,509)	(745,893)
Vehicles and equipment	(1,763,086)	0	128,138	(249,276)	(1,884,224)
Total accumulated depreciation	<u>(3,721,816)</u>	<u>0</u>	<u>128,138</u>	<u>(470,633)</u>	<u>(4,064,311)</u>
Total capital assets, net	<u>\$ 7,262,491</u>	<u>\$ 745,570</u>	<u>\$ (26,645)</u>	<u>\$ (470,633)</u>	<u>\$ 7,510,783</u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Continued)

NOTE 7 - CAPITAL ASSETS (Continued)

Depreciation was charged to current expenses in the following categories:

General government	\$ 82,431
Highways and streets	231,120
Public safety	89,594
Sanitation and recycling	3,471
Culture and recreation	64,017
Total	<u>\$ 470,633</u>

Proprietary Funds

The following is a summary of the changes in capital assets of the Ambulance Fund for the year:

	<u>June 30, 2012</u>	<u>Additions</u>	<u>(Depreciation)</u>	<u>June 30, 2013</u>
Capital assets depreciated				
Vehicles	\$ 282,519	\$ 0	\$ 0	\$ 282,519
Equipment	82,021	8,497	0	90,518
Total capital assets depreciated	<u>364,540</u>	<u>8,497</u>	<u>0</u>	<u>373,037</u>
Accumulated depreciation				
Vehicles	(150,020)	0	(28,252)	(178,272)
Equipment	(24,879)	0	(9,422)	(34,301)
Total accumulated depreciation	<u>(174,899)</u>	<u>0</u>	<u>(37,674)</u>	<u>(212,573)</u>
Total capital assets, net	<u>\$ 189,641</u>	<u>\$ 8,497</u>	<u>\$ (37,674)</u>	<u>\$ 160,464</u>

NOTE 8 – SHORT-TERM DEBT

During fiscal year 2012, the Town obtained a one-year loan from Mascoma Savings Bank at 1.0% to repair damage caused by Tropical Storm Irene, which was repaid in fiscal year 2013. The following is a summary of the changes in short term debt:

Balance June 30, 2012	\$ 1,500,000
Payments	<u>(1,500,000)</u>
Balance June 30, 2013	<u>\$ 0</u>

Interest paid on short-term debt during the year was \$9,726.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013
(Continued)

NOTE 9 - LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2013 consisted of the following:

	Total	Due Within One Year
Bond payable, Vermont Municipal Bond Bank, for public safety building, annual payments of \$20,000, with semi-annual interest payments. Interest rate varies from 1.19% to 4.69%. Bond matures December 1, 2023.	\$ 220,000	\$ 20,000
Bond payable, Vermont Municipal Bond Bank, for Senior Center renovations, annual payments of \$15,000 through December 1, 2012, and annual payments of \$10,000 through December 1, 2014, with semi annual interest payments. Interest rate varies from 2.8% to 4.81%. Bond matures December 1, 2014.	20,000	10,000
Capital equipment refunding note, People's United Bank. Annual principal payments of \$5,300 plus interest at 2.2%. Note matures June 10, 2015.	10,600	5,300
Bond payable, Vermont Municipal Bond Bank, for purchase of a fire truck, annual payments of \$15,000 plus interest between 1.0% to 2.6%. Bond matures December 1, 2020.	120,000	15,000
Bond payable, Vermont Municipal Bond Bank for town hall renovations, annual payments of \$40,000 beginning 2007 through 2016, then annual payments of \$35,000 through 2026, with semi-annual interest payments. Interest rate from 3.835% to 4.665%. Bond matures December 1, 2026.	510,000	40,000
Bond payable, Vermont Municipal Bond Bank for grader, annual payments of \$14,667 plus semi-annual interest payments. Interest rate varies from 1.098% to 3.308%. Bond matures December 1, 2024	176,000	14,669
Capital equipment note, People's United Bank. Annual principal payments of \$18,000 plus interest at 1.7%. Note matures June 7, 2017.	72,000	18,000
Capital improvement refunding note, People's United Bank. Annual principal payments of \$22,000 plus interest at 2.3%. Note matures June 3, 2012 but will be refinanced.	66,000	22,000
Capital equipment note, People's United Bank. Annual principal payments of \$9,200 plus interest at 2.3%. Note matures June 3, 2014.	9,200	9,200

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013
(Continued)

NOTE 9 - LONG-TERM LIABILITIES (Continued)

	Total	Due Within One Year
Capital equipment note, People's United Bank. Annual principal payments of \$17,000 plus interest at 2.3%. Note matures June 3, 2014.	17,400	17,400
Capital equipment note, Catepillar Financial Services. Annual payments of \$18,762. Interest rate of 6.20%. Note matures October 14, 2013.	17,634	17,634
Bond payable, Vermont Municipal Bond Bank, for community center renovations, annual payments of \$55,000 beginning 2012 through 2030, then annual payment of \$10,000 in 2031, plus semi-annual interest payments. Interest rate from .9% to 4.7%. Bond matures December 1, 2031.	1,000,000	55,000
Total governmental activities long-term liabilities	2,238,834	\$ 244,203
Accrued compensated absences	144,100	
Total long-term liabilities	\$ 2,382,934	

During the fiscal year, the following changes occurred in long-term liabilities.

	June 30, 2012	Additions	Reductions	June 30, 2013	Due Within One Year
Bonds and notes payable	\$ 2,485,985	\$ 0	\$(247,151)	\$ 2,238,834	\$ 244,203
Accrued compensated absences	126,932	19,951	(2,783)	144,100	0
Total long-term liabilities	\$ 2,612,917	\$ 19,951	\$(249,934)	\$ 2,382,934	\$ 244,203

Interest paid on long-term liabilities for the year ended June 30, 2013 was \$91,012.

Long-term notes and bonds will mature as follows:

	Principal	Interest	Total
2014	\$ 244,203	\$ 75,287	\$ 319,490
2015	199,967	68,566	268,533
2016	184,667	63,591	248,258
2017	162,667	58,703	221,370
2018	104,667	39,001	143,668
2019-2023	668,333	207,289	875,622
2024-2029	499,330	89,935	589,265
2029-2033	175,000	12,831	187,831
	\$2,238,834	\$ 615,203	\$2,854,037

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Continued)

NOTE 10 - PENSION PLAN*Defined Benefit Plan*

All eligible, full-time, non-contracted employees of the Town of Ludlow, Vermont are eligible for coverage by the Vermont Municipal Employees' Retirement System (VMERS). VMERS is a cost sharing multiple-employer public employees' retirement system. Vermont State statutes provide the authority under which benefit provisions and the obligation to contribute are established. The Town and the employees make required contributions to the System based upon a valuation report prepared by the System's actuary.

All municipal employees who work 24 hours per week or 1,040 hours per year are required to enroll in the System after completing one year of continuous service.

There are four levels of contributions and benefits in the System called Group A, Group B, Group C and Group D. Employee contributions are 2.5%, 4.5%, 9% and 11% of gross pay and employer contributions are 4%, 5%, 6% and 9.5% of gross pay for Group A, Group B, Group C and Group D plan members, respectively. Most employees of the Town are covered under Group B and some are covered under Group D. Benefits are fully vested after five years of service. Vested employees may retire and receive reduced retirement benefits. The System also provides death and disability benefits.

Covered wages paid under Group B of the plan were \$1,135,008 out of total wages of \$1,745,079. Contributions by the Town were \$56,900 for fiscal year 2013, \$57,990 for fiscal year 2012 and \$57,547 for fiscal year 2011. Covered wages paid under Group D of the plan were \$214,624 out of total wages of \$1,745,079. Contributions by the Town were \$19,865 for fiscal year 2013 and \$20,496 for fiscal year 2012.

The law requires the retirement fund to remain in actuarial balance. This guarantees to the members the availability of funds to pay their benefits when they retire.

The State of Vermont issues an audited Financial Report that includes financial statements and required disclosures. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

NOTE 11 - DEFERRED REVENUE

Deferred revenue in the General Fund consists of \$322,474 of delinquent taxes, penalties and interest on taxes that were not collected within sixty (60) days after year end.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013
(Continued)

NOTE 12 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of July 1. Town taxes levied in July are payable in installments on August 15, November 15, February 15, and May 15, and become delinquent on May 16. Property taxes are recognized as revenue in the period for which levied, which is the fiscal year during which tax payments are due, provided the taxes are received within sixty days after year-end. The remaining receivables are reported as deferred revenues.

The tax rates for fiscal year 2013 were:

	<u>Residential</u>	<u>Non-Residential</u>
State Education Tax	\$ 1.6303	\$ 1.4880
Municipal Tax	0.2496	0.2496
Total	<u>\$ 1.8799</u>	<u>\$ 1.7376</u>

NOTE 13 – DESIGNATED NET POSITION – AMBULANCE FUND

The unrestricted net position balance in the Ambulance Fund includes \$43,440 that has been designated by the Selectboard for ambulance equipment.

NOTE 14 – DEFICIT FUND BALANCE

A fund deficit of \$26,835 exists in the Armory Building Fund resulting from the purchase and the renovations of the Armory building. The deficit is expected to be covered from revenue expected to be received in fiscal year 2014.

NOTE 15 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2013, expenditures exceeded appropriations in the General Fund by \$400,925. The excess expenditures were funded by additional revenues, other sources and prior year fund balance.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Continued)

NOTE 16 – RESTRICTED AND ASSIGNED FUND BALANCES – NONMAJOR FUNDS

The individual nonmajor restricted and assigned fund balances as of June 30, 2013 consisted of the following:

	<u>Restricted</u>	<u>Assigned</u>
Bike/Walk Path Fund	\$ 430	\$ 0
Camp Quest Fund	1,378	0
Zoning Fees Fund	3,272	0
Reappraisal Fund	123,662	0
Vault Preservation Fund	56,194	0
Ludlow Enterprise Fund	6,806	0
Drug Enforcement Fund	2,890	0
Anthony C. Marro Memorial for Ambulances	11,514	0
Debt Service Fund	117,879	0
Stearns Pit Fund	0	21,621
Recreation Facilities Fund	0	42,045
Highway Equipment Fund	0	130,279
Landfill Fund	0	23,496
Black River Senior Center Capital Fund	25,156	0
Police Equipment Fund	0	19,357
Town Hall Renovations	0	32,770
Cemetery Capital Reserve	0	30,259
Cemetery Equipment Fund	0	25,473
Cemetery Building Fund	0	25,457
Community Center Fund	0	5,009
Special Fire Equipment Fund	0	21,977
Municipal Transit Fund	0	117,365
Total nonmajor fund balances	<u>\$ 349,181</u>	<u>\$ 495,108</u>

NOTE 17 – RELATED PARTIES

The Town of Ludlow, Vermont shares common personnel, office facilities and equipment with the Village of Ludlow, Vermont. Management represents that the costs shared with the Village are reasonable. Shared costs are billed and paid within normal payment cycles.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013
(Continued)

NOTE 18 - RISK MANAGEMENT

The Town of Ludlow, Vermont 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 Town of Ludlow, Vermont maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town of Ludlow, Vermont. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and rate setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

NOTE 19 – EXTRAORDINARY ITEM - FLOOD

On August 28, 2011, Tropical Storm Irene caused extensive damage to Town roads, bridges, and other infrastructure. Expenditures covered both fiscal year 2012 and 2013. Damages were approximately \$2,056,000. The amount recorded as an extraordinary expenditure does not include labor, equipment charges, and stockpiled materials that total approximately \$254,800. Cost and reimbursements were as follows:

	<u>FY2013</u>	<u>FY2012</u>	<u>Cumulative</u>
Flood expenditures	\$ (229,562)	\$(1,826,488)	\$ (2,056,050)
Federal and State reimbursement	428,645	1,832,245	2,260,890
Net extraordinary item	<u>\$ 199,083</u>	<u>\$ 5,757</u>	<u>\$ 204,840</u>

NOTE 20 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 21, 2014, the date of the audit report.

On July 3, 2013, the Town of Ludlow obtained a capital equipment note from the People's United Bank for \$54,000, interest rate of 2.5%, five annual principal payments of \$10,800 due payable each July 3rd, beginning on July 3, 2014. This loan was used to finance equipment purchased during fiscal year 2013.

On July 30, 2013, the Town of Ludlow obtained \$482,000 from the Vermont Municipal Bond Bank, \$180,000 for the purchase of a fire pumper truck and \$302,000 for infrastructure. The principal payments are due annually on November 15th, with interest rates ranging from .444% to 4.954%. Bond matures on November 15, 2028.

TOWN OF LUDLOW, VERMONT
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

SCHEDULE 1

	Special Revenue Funds								Capital Project Funds				
	Bike/Walk Path Fund	Camp Quest	Zoning Fees Fund	Reappraisal Fund	Vault Preservation	Ludlow Enterprise Fund	Drug Enforcement Fund	Anthony C. Marro Memorial for Ambulances	Debt Service Fund	Stearns Pit Fund	Recreation Facilities Fund	Highway Equipment Fund	Landfill Fund
ASSETS													
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,514	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Due from General Fund	430	1,378	3,272	123,662	56,194	6,806	2,890	0	117,879	21,621	42,045	130,279	23,496
Total assets	<u>\$ 430</u>	<u>\$ 1,378</u>	<u>\$ 3,272</u>	<u>\$ 123,662</u>	<u>\$ 56,194</u>	<u>\$ 6,806</u>	<u>\$ 2,890</u>	<u>\$ 11,514</u>	<u>\$ 117,879</u>	<u>\$ 21,621</u>	<u>\$ 42,045</u>	<u>\$ 130,279</u>	<u>\$ 23,496</u>
LIABILITIES AND FUND BALANCES													
Due to other funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances													
Restricted	430	1,378	3,272	123,662	56,194	6,806	2,890	11,514	117,879	0	0	0	0
Assigned	0	0	0	0	0	0	0	0	0	21,621	42,045	130,279	23,496
Unassigned	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Balances	<u>430</u>	<u>1,378</u>	<u>3,272</u>	<u>123,662</u>	<u>56,194</u>	<u>6,806</u>	<u>2,890</u>	<u>11,514</u>	<u>117,879</u>	<u>21,621</u>	<u>42,045</u>	<u>130,279</u>	<u>23,496</u>
Total liabilities and fund balances	<u>\$ 430</u>	<u>\$ 1,378</u>	<u>\$ 3,272</u>	<u>\$ 123,662</u>	<u>\$ 56,194</u>	<u>\$ 6,806</u>	<u>\$ 2,890</u>	<u>\$ 11,514</u>	<u>\$ 117,879</u>	<u>\$ 21,621</u>	<u>\$ 42,045</u>	<u>\$ 130,279</u>	<u>\$ 23,496</u>

TOWN OF LUDLOW, VERMONT
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

SCHEDULE 1

Capital Project Funds											
	Black River Senior Center Capital Fund	Police Equipment Fund	Town Hall Renovations	Cemetery Capital Reserve	Cemetery Equipment Fund	Cemetery Building Fund	Community Center Fund	Special Fire Equipment Fund	Municipal Transit Fund	Armory Building Fund	Totals
ASSETS											
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,186	\$ 18,700
Due from General Fund	25,156	19,357	32,770	30,259	25,473	25,457	5,009	21,977	117,365	0	832,775
Total assets	<u>\$ 25,156</u>	<u>\$ 19,357</u>	<u>\$ 32,770</u>	<u>\$ 30,259</u>	<u>\$ 25,473</u>	<u>\$ 25,457</u>	<u>\$ 5,009</u>	<u>\$ 21,977</u>	<u>\$ 117,365</u>	<u>\$ 7,186</u>	<u>\$ 851,475</u>
LIABILITIES AND FUND BALANCES											
Due to other funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,021	\$ 34,021
Fund Balances											
Restricted	25,156	0	0	0	0	0	0	0	0	0	349,181
Assigned	0	19,357	32,770	30,259	25,473	25,457	5,009	21,977	117,365	0	495,108
Unassigned	0	0	0	0	0	0	0	0	0	(26,835)	(26,835)
Total Fund Balances	<u>25,156</u>	<u>19,357</u>	<u>32,770</u>	<u>30,259</u>	<u>25,473</u>	<u>25,457</u>	<u>5,009</u>	<u>21,977</u>	<u>117,365</u>	<u>(26,835)</u>	<u>817,454</u>
Total liabilities and fund balances	<u>\$ 25,156</u>	<u>\$ 19,357</u>	<u>\$ 32,770</u>	<u>\$ 30,259</u>	<u>\$ 25,473</u>	<u>\$ 25,457</u>	<u>\$ 5,009</u>	<u>\$ 21,977</u>	<u>\$ 117,365</u>	<u>\$ 7,186</u>	<u>\$ 851,475</u>

TOWN OF LUDLOW, VERMONT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2013

SCHEDULE 2

	Special Revenue Funds								Capital Project Funds				
	Bike/Walk Path Fund	Camp Quest	Zoning Fees Fund	Reappraisal Fund	Vault Preservation	Ludlow Enterprise Fund	Drug Enforcement Fund	Anthony C. Marro Memorial for Ambulances	Debt Service Fund	Stearns Pit Fund	Recreation Facilities Fund	Highway Equipment Fund	Landfill Fund
REVENUES													
Investment income	\$ 3	\$ 0	\$ 16	\$ 606	\$ 375	\$ 213	\$ 14	\$ 22	\$ 525	\$ 109	\$ 195	\$ 590	\$ 158
Grand List parcel payment	0	0	0	29,912	0	0	0	0	0	0	0	0	0
Fees	0	554	0	0	0	0	0	0	0	0	0	0	0
Donation	0	6,516	0	0	0	0	0	0	0	0	0	0	0
Okemo payments	0	0	0	0	0	53,133	0	0	0	0	0	0	0
Total revenues	<u>3</u>	<u>7,070</u>	<u>16</u>	<u>30,518</u>	<u>375</u>	<u>53,346</u>	<u>14</u>	<u>22</u>	<u>525</u>	<u>109</u>	<u>195</u>	<u>590</u>	<u>158</u>
EXPENDITURES													
General government	0	5,692	0	0	0	0	0	0	0	0	0	0	0
Total expenditures	<u>0</u>	<u>5,692</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)													
Transfer from (to) other funds	(1,178)	0	0	(27,845)	(28,500)	(55,546)	0	(1,407)	13,519	0	4,989	20,000	(12,250)
NET CHANGE IN FUND BALANCES	<u>(1,175)</u>	<u>1,378</u>	<u>16</u>	<u>2,673</u>	<u>(28,125)</u>	<u>(2,200)</u>	<u>14</u>	<u>(1,385)</u>	<u>14,044</u>	<u>109</u>	<u>5,184</u>	<u>20,590</u>	<u>(12,092)</u>
FUND BALANCES - July 1, 2012	<u>1,605</u>	<u>0</u>	<u>3,256</u>	<u>120,989</u>	<u>84,319</u>	<u>9,006</u>	<u>2,876</u>	<u>12,899</u>	<u>103,835</u>	<u>21,512</u>	<u>36,861</u>	<u>109,689</u>	<u>35,588</u>
FUND BALANCES - June 30, 2013	<u>\$ 430</u>	<u>\$ 1,378</u>	<u>\$ 3,272</u>	<u>\$ 123,662</u>	<u>\$ 56,194</u>	<u>\$ 6,806</u>	<u>\$ 2,890</u>	<u>\$ 11,514</u>	<u>\$ 117,879</u>	<u>\$ 21,621</u>	<u>\$ 42,045</u>	<u>\$ 130,279</u>	<u>\$ 23,496</u>

TOWN OF LUDLOW, VERMONT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

SCHEDULE 2

Capital Project Funds											
	Black River Senior Center Capital Fund	Police Equipment Fund	Town Hall Renovations	Cemetery Capital Reserve	Cemetery Equipment Fund	Cemetery Building Fund	Community Center Fund	Special Fire Equipment Fund	Municipal Transit Fund	Armory Building Fund	Totals
REVENUES											
Investment income	\$ 127	\$ 87	\$ 156	\$ 152	\$ 128	\$ 128	\$ 9	\$ 892	\$ 493	\$ 0	\$ 4,998
Grand List parcel payment	0	0	0	0	0	0	0	0	0	0	29,912
Fees	0	0	0	0	0	0	0	0	0	0	554
Donation	0	0	0	0	0	0	0	0	0	0	6,516
Okemo payments	0	0	0	0	0	0	0	0	0	0	53,133
Total revenues	<u>127</u>	<u>87</u>	<u>156</u>	<u>152</u>	<u>128</u>	<u>128</u>	<u>9</u>	<u>892</u>	<u>493</u>	<u>0</u>	<u>95,113</u>
EXPENDITURES											
General government	0	0	0	0	0	0	0	0	0	0	5,692
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,692</u>
OTHER FINANCING SOURCES (USES)											
Transfer from (to) other funds	0	2,415	2,785	0	0	0	5,000	(240,000)	30,000	0	(288,018)
NET CHANGE IN FUND BALANCES	127	2,502	2,941	152	128	128	5,009	(239,108)	30,493	0	(198,597)
FUND BALANCES - July 1, 2012	25,029	16,855	29,829	30,107	25,345	25,329	0	261,085	86,872	(26,835)	1,016,051
FUND BALANCES - June 30, 2013	<u>\$ 25,156</u>	<u>\$ 19,357</u>	<u>\$ 32,770</u>	<u>\$ 30,259</u>	<u>\$ 25,473</u>	<u>\$ 25,457</u>	<u>\$ 5,009</u>	<u>\$ 21,977</u>	<u>\$ 117,365</u>	<u>\$ (26,835)</u>	<u>\$ 817,454</u>

FOTHERGILL SEGALE & VALLEY

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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*

To the Selectboard
Town of Ludlow, Vermont

We have audited, 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, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ludlow, Vermont, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. 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.

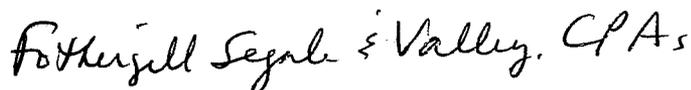
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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*.

Purpose of this Report

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

Respectfully submitted,



FOTHERGILL SEGALE & VALLEY, CPAs
Montpelier, Vermont
Vermont Public Accountancy License #110

January 21, 2014