

TOWN OF LUDLOW, VERMONT

FINANCIAL STATEMENTS

JUNE 30, 2015

**TOWN OF LUDLOW, VERMONT  
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## INDEPENDENT AUDITORS' REPORT

To the Selectboard  
Town of Ludlow  
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 (the "Town"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town'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 "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 Town'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 Town'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 account 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 as of June 30, 2015, and the respective changes in financial position, and, where applicable cash flows, thereof 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 the management's discussion and analysis on pages 3 to 9 be presented to supplement the basic financial statements. Such information, although not 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 Reporting Required by Government Auditing Standards**

In accordance with "Government Auditing Standards," we have also issued our report dated October 15, 2015, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Graham & Graham, P.C.

*Graham & Graham, PC*

Springfield, Vermont

October 15, 2015

VT Registration #92-0000282

NH Registration #659

ME Registration #FMF 1000112

TOWN OF LUDLOW, VERMONT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2015

Within this section of the Town of Ludlow, Vermont's (the "Town") annual financial report, the Town's management provides narrative discussion and analysis of the financial activities of the Town for the year ended June 30, 2015. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Additional information is available in the auditor's opinion letter, which precedes the management's discussion and analysis.

### ***Financial Highlights***

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources on June 30, 2015 by \$7,870,153 (net position). Of this amount, \$1,453,912 (unrestricted net position) may be used by the various funds of the Town to meet the Town's ongoing obligations.
- The Town's total net position increased by \$15,424. Of this amount, net position attributable to governmental activities decreased by \$129,460. Net position attributable to business-type activities increased by \$61,953.
- Fund balances of governmental funds decreased by \$67,508 during the year ended June 30, 2015. The General Fund had \$58,347 of unassigned fund balance at June 30, 2015 which is equal to 3% of the approved FYE15 General Fund Budget.

### ***Overview of the Town's Financial Statements***

Management's discussion and analysis introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

**Government-Wide Financial Statements.** The Town's annual report includes two government-wide financial statements which provide both long- term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is a government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the overall financial position of the Town is improving or deteriorating. In addition to the financial information provided in this report, evaluation of the overall health of the Town would extend to other non-financial factors such as diversification of the taxpayer base, the continued financial support of the state and federal governments, and the condition of the Town's infrastructure.

The second government-wide statement is the Statement of Activities. This statement reports how the Town's net position changed during the current fiscal year. All current revenues and expenditures are included regardless of when cash is received or paid. An important purpose for the design of the Statement of Activities is to show the financial reliance of the Town's activities or functions on revenues provided by the Town's taxpayers.

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.

TOWN OF LUDLOW, VERMONT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2015

The business-type activity of the Town is the Ludlow Ambulance Service.

The government-wide financial statements are presented on pages 10 through 11 of this report.

**Fund Financial Statements.** A fund is an accountability unit used to maintain control over resources 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, propriety 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** are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the governmental fund statements focus on the near-term inflows and outflows of resources available for spending. These statements illustrate short-term fiscal accountability in the use of such resources and the balances of such resources at the end of the fiscal year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of such resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both of the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance have been reconciled in the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position to assist in understanding the differences between these two perspectives.

A Budgetary Comparison Schedule is included in the financial statements for the General Fund. This schedule demonstrates regulatory compliance with the Town's adopted and final revised budget.

The basic governmental fund financial statements are presented on pages 12 through 14 of this report.

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.

**Proprietary Funds** are used by the Town to report functions of business-type activities in the government-wide statements. The Town maintains one propriety 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.

TOWN OF LUDLOW, VERMONT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2015

In addition to the statements above, the report also contains the following fund financial statements.

The Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds shows the operating revenue and operating expenses for the fiscal year along with any non-operating revenue and expenses. The results of operations are the change in net position. This added to the prior year net position and is the new net position shown on both this statement and the Statement of Net Position.

The Statement of Cash Flows - Proprietary Funds outlines the cash flow resulting from operations, investments, and the financing activities of the enterprise funds of the Town.

**Notes to Financial Statements.** The notes provide additional information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 30 of this report.

The following condensed and reformatted financial information is a condensed version of the government-wide financial statements presented in this report.

***Government-wide Financial Analysis***

The Government's net position at fiscal year end is \$7,870,153. This represents a \$67,508 decrease from last year's net position of \$7,937,661 (as restated). The following table provides a summary of the Town's net position:

**Summary of Net Position**

	Governmental Activities	Business-Type Activities	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Current and other assets	\$ 1,747,512	\$ 752,046	\$ 2,499,558
Non-current assets	8,025,053	237,456	8,262,509
Total assets	<u>9,772,565</u>	<u>989,502</u>	<u>10,762,067</u>
Deferred outflows of resources	<u>80,922</u>	<u>5,323</u>	<u>86,245</u>
Current liabilities	337,264	8,738	346,002
Long-term liabilities	2,457,102	-	2,457,102
Total liabilities	<u>2,794,366</u>	<u>8,738</u>	<u>2,803,104</u>
Deferred inflows of resources	<u>168,322</u>	<u>6,733</u>	<u>175,055</u>
Net position			
Net investment in capital assets	5,227,893	232,133	5,460,026
Restricted	956,215	-	956,215
Unrestricted	706,691	747,221	2,433,266
Total net position	<u>\$ 6,890,799</u>	<u>\$ 979,354</u>	<u>\$ 7,870,153</u>

The largest portion of the Town's net position, \$5,227,893, reflects its investment in capital assets (e.g. land, buildings and improvements, infrastructure, and furniture and equipment), less any related debt (general obligation bonds payable) used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to the Town; consequently, these assets are not available for future

TOWN OF LUDLOW, VERMONT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2015

these capital assets to provide services to the Town; consequently, these assets are not available for future spending.

Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of the general fund is not restricted by state law and is available for spending at the Town's discretion.

In summary, (as indicated in the balance sheet on page 12) the net position committed in the general fund for prepaid expenses total \$160,603. The net position restricted for capital projects amounted to \$181,179.

The following table provides a summary of government-wide revenues, expenses, and net position for the year ended June 30, 2015:

**Summary of Changes in Net Position**

	Governmental Activities	Business-Type Activities	Total
<b>Revenues</b>			
<b>Program revenues</b>			
Charges for services	\$ 423,107	\$ 422,516	\$ 845,623
Operating grants and contributions	101,951	-	101,951
Capital grants	730,895	-	730,895
Property taxes	3,851,093	-	3,851,093
Investment income	13,116	1,363	14,479
Other revenue	100,389	3,241	103,630
Total revenues	5,220,551	427,120	5,647,671
<b>Expenses</b>			
<b>Governmental Activities:</b>			
General government	1,801,377	-	1,801,377
Municipal transit	263,877	-	263,877
Public safety	1,074,778	-	1,074,778
Highway and streets	905,817	-	905,817
Sanitation and recycling	306,399	-	306,399
Culture and recreation	398,205	-	398,205
Special articles	235,253	-	235,253
Intergovernmental	155,035	-	155,035
Cemetery	134,188	-	134,188
Interest on long-term debt	75,083	-	75,083
<b>Business-Type Activities:</b>			
Ambulance	-	365,167	365,167
Total expenses	5,350,012	365,167	5,715,179
Change in net position	(129,461)	61,953	15,424
Net position, beginning of year	7,020,260	917,401	7,937,661
Net position, end of year	\$ 6,890,800	\$ 979,354	\$ 7,721,482

TOWN OF LUDLOW, VERMONT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2015

**Financial Analysis of the Town's Funds**

As discussed, the Town's governmental funds are reported in the fund statements with a modified accrual basis that focuses on the short-term inflow and outflow of resources available for spending. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements.

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.

Total program revenues from governmental activities were \$1,255,953 in fiscal year 2015 compared to \$675,032 in the prior year. The increase is primarily the result of the Town of Ludlow, Vermont (Grantee) receiving Federal and State of Vermont grant funds to provide a pass-through grant to the Housing Trust of Rutland County (Sub-grantee) for the purpose of acquiring and redeveloping the Tuckerville Mobile Home Park located in Ludlow, Vermont. 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.** All other revenues 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 \$3,964,598 in fiscal year 2015 compared to \$4,120,935 in the prior year. Taxes and related revenue of \$3,851,093 comprised approximately 97% of the Town's general revenues for fiscal year 2015.

**Governmental Expenses.** Total government activity expenses were \$5,350,012 in fiscal year 2015 compared to \$4,569,837 in fiscal year 2014, an increase of approximately 17%. The increase is primarily the result of the Town of Ludlow, Vermont (Grantee) expending Federal and State of Vermont grant funds to provide a pass-through grant to the Housing Trust of Rutland County (Subgrantee) for the purpose of acquiring and redeveloping the Tuckerville Mobile Home Park located in Ludlow, Vermont. 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 \$979,354 as of June 30, 2015, an increase of \$61,953 from the prior year. Total Ambulance revenues for the 2015 fiscal year were \$427,120, an increase of 7.9% compared to the prior fiscal year. Total revenues for the fiscal year exceeded amounts budgeted for by 22.9%. Total Ambulance operating expenses for the 2015 fiscal year were \$365,167, an increase of 13.9% compared to the prior year. Total expenses for the fiscal year exceeded amounts budgeted for by 9.1%. The largest increases were for part time EMTS wages, ambulance drivers, and medical supplies.

**Financial Analysis of Individual Funds**

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

TOWN OF LUDLOW, VERMONT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2015

As of the end of the current fiscal year, the Town’s governmental funds reported combined ending fund balances of \$1,808,229.

The fund balance of the General Fund as of June 30, 2015 was \$400,129, a decrease of \$13,968 from the prior year.

General Fund Budgetary Highlights

The Budgetary Comparison Schedule – General Fund beginning on page 16 compares the actual results for fiscal year 2015 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)
Revenue and Other Sources			
Tuckerville Grant	\$ -	\$ 730,895	\$ (730,895)
Expenses and Other Uses			
General government	950,871	1,699,828	(748,957)
Police department	865,669	859,350	6,319
Capital outlays, net	176,100	292,177	(116,077)

The revenues and other sources were over budget due to the receipt of \$730,895 in Tuckerville project grant funds received during the current fiscal year.

General government expenses also increased by the same amount due to the disbursement of the Tuckerville grant funds to the Sub-grantee during fiscal year 2015. General fund expenses were over budget due to increased costs of workers compensation, unemployment and other insurances, law enforcement, and cemetery retreatment costs. Other expenses were under budget, including the fire department for decreased wages and less than expected repairs and maintenance costs.

**Capital Assets and Debt Administration**

Capital Assets

The Town's government activities investment in capital assets, net of accumulated depreciation and related short and long-term debt as of June 30, 2015, was \$5,227,893, which represents a decrease of \$78,773 as compared to the prior year. Investment in capital assets includes land, land improvements, machinery and equipment, buildings, and infrastructure. Infrastructure assets are items that are normally immovable and of value to the Town such as roads, bridges, streets, drainage systems, lighting systems and similar items. The additions, net of any trade-in allowances and disposals, amounted to \$292,177. Depreciation expense for the 2015 fiscal year totaled \$546,179. The net decrease in capital assets was \$254,002.

TOWN OF LUDLOW, VERMONT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2015

Capital asset additions during the current fiscal year included the following:

- West Hill Culvert Project
- Paving
- Reservoir Pond Dam Project
- 2014 Thomas Mini Tour Bus
- Police cruiser and office computers
- Highway radios and related equipment
- 2 cemetery mowers
- Fitness center treadmill

The Town's investment in capital assets for its Ambulance service totaled \$232,133 as of June 30, 2015. The Ambulance did not purchase any capital assets during the current fiscal year. Depreciation expense on equipment in service amounted to \$52,581 for the 2015 fiscal year.

#### Long-Term Debt

At the end of the year, the Town had total debt outstanding of \$2,403,732. These amounts owed are backed by the full faith and credit of the Town with voter approved property taxes and user fees used to pay the obligations. These proceeds are being used to fund the addition and alterations of the capital assets.

#### **Economic Climate**

The general economic climate in the Town of Ludlow mirrors the rest of Southern Vermont. Affordable housing and full time employment opportunities continue to stress the region. The 2014/2015 ski season was strong, despite colder than normal temperatures, contributing to strong employment during the season. A major new housing and ski project started construction on the mountain this spring with optimistic objectives for the next ski season.

The inequities of the education funding system in Vermont continue to compound the task of providing educational opportunities to the children of our community. Almost 90% of our Town Grand List is taxed to support other school districts 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**  
**PO Box 359**  
**Ludlow, VT 05149**

**TOWN OF LUDLOW, VERMONT**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,377,245	\$ -	\$ 1,377,245
Cash - restricted	207,167	-	207,167
Internal balances	(596,942)	596,942	-
Investments - restricted	661,957	-	661,957
Accounts Receivable:			
Delinquent taxes, interest and penalties	487,955	-	487,955
Ambulance	-	159,302	159,302
Other	17,903	-	17,903
Prepaid expenses	160,603	1,125	161,728
Due from Village	6,181	-	6,181
Capital assets:			
Not depreciable	25,600	-	25,600
Depreciable	11,996,987	553,897	12,550,884
Accumulated depreciation	(4,572,091)	(321,764)	(4,893,855)
<b>TOTAL ASSETS</b>	<b>9,772,565</b>	<b>989,502</b>	<b>10,762,067</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan in current fiscal year	80,922	5,323	86,245
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>80,922</b>	<b>5,323</b>	<b>86,245</b>
<b>LIABILITIES</b>			
Accounts payable	113,869	-	113,869
Prepaid property taxes	52,131	-	52,131
Accrued salary and benefits	88,720	8,738	97,458
Unearned revenue - bike path	4,319	-	4,319
Bonds and notes payable due within one year	250,600	-	250,600
Accrued compensated absences due after one year	116,411	-	116,411
Accrued expenses	15,184	-	15,184
Bonds and notes payable due after one year	2,153,132	-	2,153,132
<b>TOTAL LIABILITIES</b>	<b>2,794,366</b>	<b>8,738</b>	<b>2,803,104</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	168,322	6,733	175,055
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>168,322</b>	<b>6,733</b>	<b>175,055</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	5,227,893	232,133	5,460,026
Restricted:			
Capital project funds	16,438	-	16,438
Special revenue funds	185,651	-	185,651
Debt service fund	66,181	-	66,181
Endowment - expendable	433,856	-	433,856
Endowment - nonexpendable	254,089	-	254,089
Unrestricted	706,691	747,221	1,453,912
<b>TOTAL NET POSITION</b>	<b>\$ 6,890,799</b>	<b>\$ 979,354</b>	<b>\$ 7,870,153</b>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements

**TOWN OF LUDLOW, VERMONT**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2015**

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Functions/Programs:</b>							
Governmental Activities:							
General government	\$ 1,801,377	\$ 160,798	\$ 36,750	\$ 730,895	\$ (872,934)	\$ -	\$ (872,934)
Municipal transit	263,877	10,960	-	-	(252,917)	-	(252,917)
Public safety	1,074,778	68,007	-	-	(1,006,771)	-	(1,006,771)
Highways and streets	905,817	31,124	60,201	-	(814,492)	-	(814,492)
Sanitation and recycling	306,399	104,282	-	-	(202,117)	-	(202,117)
Culture and recreation	398,205	31,436	5,000	-	(361,769)	-	(361,769)
Special articles	235,253	-	-	-	(235,253)	-	(235,253)
Intergovernmental	155,035	-	-	-	(155,035)	-	(155,035)
Cemetery	134,188	16,500	-	-	(117,688)	-	(117,688)
Interest on long-term debt	75,083	-	-	-	(75,083)	-	(75,083)
Total governmental activities	<u>5,350,012</u>	<u>423,107</u>	<u>101,951</u>	<u>730,895</u>	<u>(4,094,059)</u>	<u>-</u>	<u>(4,094,059)</u>
Business-Type Activities:							
Ambulance	365,167	422,516	-	-	-	57,349	57,349
Total business-type activities	<u>365,167</u>	<u>422,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,349</u>	<u>57,349</u>
Total government	<u>\$ 5,715,179</u>	<u>\$ 845,623</u>	<u>\$ 101,951</u>	<u>\$ 730,895</u>	<u>\$ (4,094,059)</u>	<u>\$ 57,349</u>	<u>\$ (4,036,710)</u>
General Revenues:							
Property taxes					\$ 3,851,093	\$ -	\$ 3,851,093
Earnings on investments					13,116	1,363	14,479
Donations					35,105	-	35,105
Miscellaneous					65,284	3,241	68,525
Total general revenues					<u>3,964,598</u>	<u>4,604</u>	<u>3,969,202</u>
Change in net position					(129,461)	61,953	(67,508)
Net position - beginning of year, as restated					<u>7,020,260</u>	<u>917,401</u>	<u>7,937,661</u>
Net position - end of year					<u>\$ 6,890,799</u>	<u>\$ 979,354</u>	<u>\$ 7,870,153</u>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2015**

	Permanent Trust				Total Government Funds
	Funds				
	General Fund	Trustees of Public Funds	Agan Fund	Nonmajor Funds	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,358,491	\$ -	\$ -	\$ 18,754	\$ 1,377,245
Cash - restricted	181,179	22,270	3,718	-	207,167
Investments - restricted	-	374,797	287,160	-	661,957
Accounts Receivable:					
Delinquent taxes, interest and penalties	487,955	-	-	-	487,955
Other	17,903	-	-	-	17,903
Prepaid expenses	160,603	-	-	-	160,603
Due from Village	6,181	-	-	-	6,181
Due from other funds	-	-	-	701,939	701,939
<b>TOTAL ASSETS</b>	<b>2,212,312</b>	<b>397,067</b>	<b>290,878</b>	<b>720,693</b>	<b>3,620,950</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	113,869	-	-	-	113,869
Prepaid property taxes	52,131	-	-	-	52,131
Accrued salary and benefits	34,812	-	-	538	35,350
Accrued expenses	15,184	-	-	-	15,184
Unearned revenue - bike path	4,319	-	-	-	4,319
Due to Ambulance Fund	596,942	-	-	-	596,942
Due to other funds	701,939	-	-	-	701,939
<b>TOTAL LIABILITIES</b>	<b>1,519,196</b>	<b>-</b>	<b>-</b>	<b>538</b>	<b>1,519,734</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - taxes	292,987	-	-	-	292,987
Total deferred inflows of resources	292,987	-	-	-	292,987
<b>FUND BALANCES</b>					
Committed:					
Prepaid expenses	160,603	-	-	-	160,603
Endowment	-	358,856	75,000	-	433,856
Restricted for:					
Capital projects	181,179	-	-	16,438	197,617
Special revenue funds	-	-	-	185,651	185,651
Debt service	-	-	-	66,181	66,181
Endowment	-	38,211	215,878	-	254,089
Assigned for:					
Capital projects	-	-	-	502,266	502,266
Unassigned	58,347	-	-	(50,381)	7,966
<b>TOTAL FUND BALANCES</b>	<b>400,129</b>	<b>397,067</b>	<b>290,878</b>	<b>720,155</b>	<b>1,808,229</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 2,212,312</b>	<b>\$ 397,067</b>	<b>\$ 290,878</b>	<b>\$ 720,693</b>	<b>\$ 3,620,950</b>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT**  
**RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE**  
**STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**  
**June 30, 2015**

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 1,808,229</b>		
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not considered financial resources for fund perspective reporting and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$12,022,587 and the accumulated depreciation is \$4,572,091	7,450,496		
Delinquent property tax revenues are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds	292,987		
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the statement of net position (refer to Note 8)	80,922		
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:			
Bonds and notes payable	2,403,732		
Accrued compensated absences	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">116,411</td> <td style="text-align: right; padding-left: 10px;">(2,520,143)</td> </tr> </table>	116,411	(2,520,143)
116,411	(2,520,143)		
Pension related deferrals (Refer to Note 8)	(168,322)		
Net pension liability (refer to Note 8)	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">(53,370)</td> </tr> </table>	(53,370)	
(53,370)			
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u><u>6,890,799</u></u></b>		

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2015**

	Permanent Trust Funds				Total Government Funds
	General Fund	Trustees of Public Funds	Agan Fund	Nonmajor Funds	
<b>REVENUES</b>					
Taxes, interest and penalties	\$ 3,893,317	\$ -	\$ -	\$ -	\$ 3,893,317
Investment income	4,945	(2,628)	8,905	1,894	13,116
Town clerk fees	80,917	-	-	500	81,417
Highway grants and other income	126,430	-	-	-	126,430
Departmental income	245,131	-	-	-	245,131
Donations	731,633	1,625	-	5,000	738,258
Miscellaneous	179,803	-	-	29,593	209,396
<b>Total revenues</b>	<b>5,262,176</b>	<b>(1,003)</b>	<b>8,905</b>	<b>36,987</b>	<b>5,307,065</b>
<b>EXPENDITURES</b>					
General government	1,699,829	1,000	12,273	-	1,713,102
Municipal transit	224,730	-	-	-	224,730
Public safety	974,029	-	-	-	974,029
Highways and streets	667,175	-	-	-	667,175
Sanitation and recycling	295,975	-	-	-	295,975
Cemetery	119,147	-	-	-	119,147
Culture and recreation	347,382	-	-	22,555	369,937
Intergovernmental	155,035	-	-	-	155,035
Special articles	235,253	-	-	-	235,253
Capital outlay, net	292,177	-	-	-	292,177
Debt service:					
Bond and note principal	261,100	-	-	-	261,100
Interest and other charges	75,083	-	-	-	75,083
<b>Total expenditures</b>	<b>5,346,915</b>	<b>1,000</b>	<b>12,273</b>	<b>22,555</b>	<b>5,382,743</b>
Excess/(deficiency) of revenue over/(under) expenditures	(84,739)	(2,003)	(3,368)	14,432	(75,678)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers, net	70,771	(10,000)	-	(60,771)	-
<b>Total other financing sources (uses)</b>	<b>70,771</b>	<b>(10,000)</b>	<b>-</b>	<b>(60,771)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(13,968)</b>	<b>(12,003)</b>	<b>(3,368)</b>	<b>(46,339)</b>	<b>(75,678)</b>
<b>FUND BALANCES - JULY 1, 2014</b>	<b>414,097</b>	<b>409,070</b>	<b>294,246</b>	<b>766,494</b>	<b>1,883,907</b>
<b>FUND BALANCES - JUNE 30, 2015</b>	<b>\$ 400,129</b>	<b>397,067</b>	<b>290,878</b>	<b>720,155</b>	<b>1,808,229</b>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2015**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ (75,678)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$546,179 exceeded capital outlays of \$292,177. (254,002)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 1,392

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 261,100

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount reflects the increase of unearned and unavailable revenue over last year. (86,513)

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 less than the amounts paid by \$24,240. 24,240

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ (129,461)

**TOWN OF LUDLOW, VERMONT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2015**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Property taxes			
Property taxes - general	\$ 3,799,409	\$ 3,693,782	\$ (105,627)
PILOT program	-	49,500	49,500
Railroad tax	1,000	312	(688)
State of Vermont Hold Harmless	-	15,322	15,322
Total property taxes	<u>3,800,409</u>	<u>3,758,916</u>	<u>(41,493)</u>
Property tax interest and penalties			
Current interest	45,000	43,472	(1,528)
Delinquent interest	46,000	41,124	(4,876)
Delinquent penalties	65,000	49,806	(15,194)
Total property tax interest and penalties	<u>156,000</u>	<u>134,402</u>	<u>(21,598)</u>
Interest and dividends	<u>2,000</u>	<u>4,945</u>	<u>2,945</u>
Town Clerk			
Licenses and permits	4,815	23,450	18,635
Clerk copier fees	6,500	5,585	(915)
Certified copy fees	3,000	2,264	(736)
Recording fees	56,250	42,359	(13,891)
Vault preservation	5,040	5,423	383
Zoning Recording fees	1,000	1,836	836
Total charges for services - Town Clerk	<u>76,605</u>	<u>80,917</u>	<u>4,312</u>
Highway			
State aid	90,000	95,306	5,306
Permits	1,500	4,450	2,950
Other	40,000	26,674	(13,326)
Total highway	<u>131,500</u>	<u>126,430</u>	<u>(5,070)</u>
Departmental income			
Planning and zoning	25,000	21,744	(3,256)
Listers	4,005	3,544	(461)
Cemetery fees	15,900	16,500	600
Solid waste fees	127,000	103,464	(23,536)
Municipal transit	16,650	10,362	(6,288)
Police department	66,996	64,522	(2,474)
Fire department	1,000	3,103	2,103
Recreation department	32,500	21,892	(10,608)
Total departmental income	<u>289,051</u>	<u>245,131</u>	<u>(43,920)</u>
Miscellaneous			
State education collection fees	43,000	44,271	1,271

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2015**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Stearns pit	65,035	66,940	1,905
Senior center bond reimbursement/rent	3,953	17,079	13,126
Armory bond reimbursement	2,572	-	(2,572)
Insurance refunds and reimbursements	21,445	23,552	2,107
Village bond reimbursement	5,200	-	(5,200)
Community center	3,500	738	(2,762)
Tenant payments	4,600	8,562	3,962
Tuckerville grant	730,895	730,895	-
Miscellaneous	14,650	19,398	4,748
	<u>894,850</u>	<u>911,435</u>	<u>16,585</u>
 Total revenues	 <u>5,350,415</u>	 <u>5,262,176</u>	 <u>(88,239)</u>
 <b>EXPENDITURES</b>			
Current Expenditures			
General government			
Administration			
Salaries			
Manager	57,114	58,135	(1,021)
Clerks	70,882	71,081	(199)
Selectmen and officers	7,900	7,808	92
Recording secretary	1,200	1,200	-
Benefits			
FICA	10,503	10,792	(289)
Insurance	39,230	35,816	3,414
Pension	6,611	7,319	(708)
Town reports	4,900	4,342	558
Equipment/supplies	6,000	5,112	888
Computer	500	-	500
Copier	1,800	2,581	(781)
Audit	12,750	13,598	(848)
Expense/mileage	3,002	3,007	(5)
Training/conferences	1,000	659	341
Legal	2,500	6,335	(3,835)
League of Cities and Towns (VLCT)	2,992	2,992	-
Membership	100	85	15
Advertising	800	931	(131)
Web page maintenance	800	799	1
Dog warrants	1,200	1,200	-
Safety program	1,000	1,197	(197)
Telephone	1,500	1,426	74
Tax, interest and penalty abatements	-	231	(231)

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2015**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
LEF disbursement	-	-	-
Tuckerville Grant	-	730,895	(730,895)
Miscellaneous	-	1,011	(1,011)
Total administration	<u>234,284</u>	<u>968,552</u>	<u>(734,268)</u>
<b>Building and grounds</b>			
Salaries			
Janitor	46,000	48,363	(2,363)
Maintenance	4,000	3,134	866
Benefits			
FICA	3,825	3,939	(114)
Insurance	25,060	23,503	1,557
Pension	2,600	2,771	(171)
Fuel oil	19,500	23,693	(4,193)
Equipment	800	295	505
Parks/bandstands	300	41	259
Utilities	10,000	28,488	(18,488)
Supplies	5,000	5,278	(278)
Uniforms	900	1,048	(148)
Telephone	150	370	(220)
Gas	4,000	3,617	383
Repairs and maintenance - equipment	1,500	3,247	(1,747)
Repairs and maintenance - grounds	3,000	2,780	220
Total building and grounds	<u>126,635</u>	<u>150,567</u>	<u>(23,932)</u>
<b>Zoning and planning</b>			
Salaries			
Administrative officer	44,685	44,041	644
Planning Board	1,500	1,875	(375)
Dev. Rev. Board	6,000	6,000	-
Secretary	2,400	2,000	400
Clerk	14,076	20,614	(6,538)
Benefits			
FICA	5,252	5,742	(490)
Insurance	34,606	33,415	1,191
Pension	3,310	3,451	(141)
Mapping services	465	-	465
Computer	500	761	(261)
SWCRPC	2,454	2,454	-
Equipment/supplies	2,914	1,545	1,369
Legal	7,500	1,678	5,822
Advertising	3,300	3,401	(101)
Training/conferences	200	180	20

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2015**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Telephone	600	589	11
GIS	650	1,385	(735)
E-911	500	455	45
Mileage	-	360	(360)
Grants	-	5,303	(5,303)
Total zoning and planning	<u>130,912</u>	<u>135,249</u>	<u>(4,337)</u>
Town Clerk/Treasurer			
Salaries			
Town clerk/treasurer	67,837	69,198	(1,361)
Assistant clerk	38,887	39,978	(1,091)
BCA/Town meetings	2,500	2,250	250
Trustees of public funds	900	900	-
Benefits			
FICA	8,424	8,598	(174)
Insurance	41,179	40,104	1,075
Pension	5,803	6,089	(286)
Computer	500	110	390
Vault preservation	3,500	1,353	2,147
Licenses	1,800	2,226	(426)
Equipment/supplies	12,000	16,367	(4,367)
Training/conferences	300	175	125
Telephone	1,200	1,111	89
Total Town Clerk/Treasurer	<u>184,830</u>	<u>188,459</u>	<u>(3,629)</u>
Listers			
Salaries	57,682	59,556	(1,874)
FICA	4,410	4,556	(146)
Computer	635	147	488
Licenses	4,500	4,500	-
Postage	800	666	134
Equipment/supplies	3,000	2,405	595
Training/conferences	410	235	175
Telephone	1,200	1,594	(394)
Property map update	3,345	5,000	(1,655)
Mileage	200	30	170
Professional services	14,500	9,000	5,500
Total listers	<u>90,682</u>	<u>87,689</u>	<u>2,993</u>
Insurance and fidelity bond			
Unemployment	22,000	18,626	3,374
Workers' compensation	49,632	44,871	4,761
Municipal officers	2,899	3,014	(115)

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2015**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Vehicle/fire/liability	101,466	95,892	5,574
Deductibles	1,000	67	933
Employment practices	6,531	6,842	(311)
Total insurance and fidelity bond	<u>183,528</u>	<u>169,312</u>	<u>14,216</u>
Total general government	<u>950,871</u>	<u>1,699,828</u>	<u>(748,957)</u>
<b>Municipal Transit System</b>			
Transportation supervisors	13,000	10,482	2,518
Driver salaries	96,000	69,788	26,212
Overtime	20,000	18,904	1,096
Part time drivers	24,000	32,696	(8,696)
Pension	6,750	6,094	656
Insurance	44,702	35,834	8,868
FICA	11,750	10,088	1,662
Dues and fees	50	-	50
Equipment/supplies	2,400	2,635	(235)
Training/conferences	75	176	(101)
Telephone/postage	2,100	3,761	(1,661)
Repairs and maintenance	23,000	9,681	13,319
Diesel fuel	36,000	24,591	11,409
Advertising	50	-	50
Total municipal transit system	<u>279,877</u>	<u>224,730</u>	<u>55,147</u>
<b>Public Safety</b>			
<b>Police Department</b>			
Salaries			
Police duty	291,000	290,156	844
Special officers	6,000	7,847	(1,847)
Traffic control	12,000	12,184	(184)
Overtime	32,000	24,690	7,310
Dispatchers	202,335	181,514	20,821
Part time dispatchers	10,000	31,157	(21,157)
Dispatch overtime	20,000	13,245	6,755
Vehicle maintenance labor	150	746	(596)
Benefits			
FICA	43,700	42,964	736
Insurance	138,384	136,292	2,092
Pension	35,300	36,511	(1,211)
Cleaning allowance	3,200	2,733	467
Building utilities	6,500	5,847	653
Services/advertising	-	298	(298)
Computer services	13,500	9,151	4,349

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2015**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Equipment/supplies	9,100	5,170	3,930
Uniforms	4,000	2,984	1,016
Training	3,000	3,337	(337)
Telephone	9,500	12,419	(2,919)
Repairs and maintenance	10,000	11,149	(1,149)
Gas/oil	16,000	11,533	4,467
Safety	-	17,423	(17,423)
Total police department	<u>865,669</u>	<u>859,350</u>	<u>6,319</u>
Fire Department			
Salaries			
Chief	13,140	13,140	-
Payroll	40,000	46,238	(6,238)
FICA	4,000	4,567	(567)
Insurance	7,617	12,802	(5,185)
Hepatitis shots	250	-	250
Fuel oil	7,400	7,017	383
Utilities	5,600	7,497	(1,897)
Equipment/supplies	500	2,593	(2,093)
Training	1,500	-	1,500
Telephone	900	729	171
Repairs and maintenance	29,500	3,390	26,110
Diesel fuel/gas	3,200	2,251	949
Protective gear	12,000	12,308	(308)
Air pack maintenance	3,000	2,147	853
Total fire department	<u>128,607</u>	<u>114,679</u>	<u>13,928</u>
Total public safety	<u>994,276</u>	<u>974,029</u>	<u>20,247</u>
Highways and streets			
Highway			
Salaries			
Highway salaries	215,310	211,674	3,636
Overtime	19,000	20,637	(1,637)
Benefits			
FICA	18,031	18,045	(14)
Insurance	58,855	54,859	3,996
Pension	12,175	11,301	874
Street lights	59,000	62,198	(3,198)
Supplies	5,000	4,979	21
Winter sand	30,000	39,275	(9,275)
Winter salt	63,500	66,750	(3,250)
Winter supplies	7,200	9,907	(2,707)

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2015**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Crushing gravel	6,000	-	6,000
Rentals	1,500	2,615	(1,115)
Surpac	13,000	10,547	2,453
Plant mix	3,000	4,748	(1,748)
Uniforms	2,500	3,128	(628)
Asphalt	1,000	3,108	(2,108)
Cold patch	500	520	(20)
Culverts	7,000	-	7,000
Bridges	5,000	9,410	(4,410)
Training	800	97	703
Telephone, cell phones, pagers	1,600	1,528	72
Computer	100	-	100
Repairs and maintenance	35,000	40,530	(5,530)
Road signs	7,200	3,108	4,092
Road cut bond returns	1,500	-	1,500
Chloride	10,000	4,301	5,699
Tree/brush	3,000	9,107	(6,107)
Summer construction	37,000	33,870	3,130
Fuel-diesel	40,000	29,024	10,976
Miscellaneous	-	127	(127)
Total highway	<u>663,771</u>	<u>655,393</u>	<u>8,378</u>
Garage			
Maintenance	4,000	1,638	2,362
Fuel	3,000	5,478	(2,478)
Utilities	3,800	4,666	(866)
Total garage	<u>10,800</u>	<u>11,782</u>	<u>(982)</u>
Total highway and streets	<u>674,571</u>	<u>667,175</u>	<u>7,396</u>
Sanitation and Recycling			
Solid Waste			
Salaries			
Attendant	37,740	34,836	2,904
Part time attendant	32,705	22,848	9,857
Labor	3,500	21,883	(18,383)
Benefits			
FICA	5,780	6,268	(488)
Insurance	26,621	23,980	2,641
Pension	3,815	2,612	1,203
Testing	2,500	-	2,500
Uniforms	200	621	(421)
Work offender program	1,500	317	1,183

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2015**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Heating fuel	800	847	(47)
Equipment/supplies	5,900	2,551	3,349
Utilities	6,000	7,631	(1,631)
Repairs and maintenance	4,300	7,851	(3,551)
Telephone	700	790	(90)
Total solid waste	<u>132,061</u>	<u>133,035</u>	<u>(974)</u>
Disposal			
Tires	2,500	2,214	286
Trucking fees	44,200	42,546	1,654
Construction and disposal	120,000	118,180	1,820
Total disposal	<u>166,700</u>	<u>162,940</u>	<u>3,760</u>
Total sanitation and recycling	<u>298,761</u>	<u>295,975</u>	<u>2,786</u>
Cemetery			
Labor	49,000	54,127	(5,127)
Commission	4,000	4,000	-
Insurances	3,861	6,132	(2,271)
FICA	4,060	4,447	(387)
Pension	-	16	(16)
Gas/oil	4,000	2,047	1,953
Equipment/supplies	6,700	6,782	(82)
Uniforms	300	267	33
Tree work/stump/brush	3,000	2,200	800
Utilities	1,800	2,372	(572)
Flowers	450	746	(296)
Training	200	34	166
Corner stones	700	1,148	(448)
Sand/top soil	1,500	1,248	252
Legal	2,000	140	1,860
South Hill cemetery	800	-	800
Truck maintenance	500	102	398
Retreatment	14,000	33,076	(19,076)
Monument Restoration	1,000	264	736
Total cemetery	<u>97,871</u>	<u>119,148</u>	<u>(21,277)</u>
Culture and Recreation			
Recreation department			
Salaries			
Director	47,234	48,067	(833)
Assistant	17,500	20,617	(3,117)
Camp staff	16,520	18,586	(2,066)

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2015**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Summer labor	10,000	99	9,901
Winter labor	5,000	25	4,975
Referees/coaches	8,020	10,375	(2,355)
Benefits			
FICA	7,990	7,487	503
Insurance	18,052	17,672	380
Pension	2,490	2,570	(80)
Fuel oil	3,300	3,690	(390)
Utilities	17,000	16,710	290
Equipment/supplies	3,300	3,738	(438)
Advertising	1,000	-	1,000
Training	1,000	-	1,000
Telephone	2,700	2,192	508
Fields	13,500	18,240	(4,740)
Repairs and maintenance	500	395	105
Skate park maintenance	1,000	2,175	(1,175)
Concerts	3,500	4,185	(685)
Improvements	10,000	3,497	6,503
Youth activities	12,000	9,922	2,078
Adult activities	2,000	1,385	615
Senior citizens activities	1,000	-	1,000
Little league	5,000	5,274	(274)
Babe Ruth	1,000	-	1,000
Recreation to school	19,000	18,000	1,000
Youth athletic equipment	8,500	7,708	792
Team sports	15,000	13,265	1,735
Miscellaneous	500	151	349
Transportation	4,000	4,000	-
Total recreation department	<u>257,606</u>	<u>240,025</u>	<u>17,581</u>
Community Center			
Salaries			
Staff	39,342	41,286	(1,944)
Benefits			
FICA	2,890	3,158	(268)
Insurance	9,726	8,528	1,198
Pension	1,960	2,189	(229)
Telephone	400	469	(69)
Uniforms	800	961	(161)
Utilities	26,000	35,202	(9,202)
Supplies	12,000	15,564	(3,564)
Total community center	<u>93,118</u>	<u>107,357</u>	<u>(14,239)</u>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2015**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Total culture and recreation	350,724	347,382	3,342
Intergovernmental			
County tax	81,205	81,205	-
County capital cost	-	37,330	(37,330)
3/5 Highway tax	36,500	36,500	-
Total intergovernmental	117,705	155,035	(37,330)
Special articles			
Nurse service	15,260	15,260	-
Library electric and fuel	16,000	17,870	(1,870)
Library operations	25,000	25,000	-
Library/school books	9,500	4,496	5,004
Library entrance project	-	20,000	(20,000)
Welfare	250	-	250
Vermont green up day	100	543	(443)
Black River Academy Museum fuel	19,000	23,747	(4,747)
BR Academy Musuem	25,000	25,000	-
SEVCA	2,440	2,440	-
Mental health services	2,537	2,537	-
Advocacy, resources and community	800	800	-
BRV Senior Center meals	9,000	9,000	-
BRV Senior Center operations	20,000	19,000	1,000
Senior Center renovations	-	-	-
RSVP Program	600	600	-
Youth Services	600	600	-
Windsor County Partners	500	500	-
Black River good neighbor services	3,000	3,000	-
American Red Cross	500	-	500
Vermont Center for Independent Living	360	360	-
Education operations	25,000	20,250	4,750
LPCTV	1,500	1,500	-
Friends of Ludlow	1,500	1,500	-
CT River Transit	7,250	7,250	-
BRACC	15,000	15,000	-
After School Program	19,000	19,000	-
Total special articles	219,697	235,253	(15,556)
Capital outlays	176,100	292,177	(116,077)
Debt service			
Principal	247,905	75,083	172,822
Interest	95,883	261,100	(165,217)
Total debt service	343,788	336,183	7,605

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2015**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Total expenditures	4,504,241	5,346,915	(842,674)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES</b>	<u>846,174</u>	<u>(84,739)</u>	<u>754,435</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from Trustees of Public Funds	10,000	10,000	-
Transfer from Reappraisal fund	25,000	18,857	(6,143)
Transfer from Police Equipment fund	5,000	12,423	7,423
Transfer from Public Safety fund	-	23,973	23,973
Transfer from Black River Senior Center Capital fund	-	2,880	2,880
Transfer from Vault Preservation fund	26,000	21,930	(4,070)
Transfer from capital fund	-	10,000	10,000
Transfer from Municipal Transit fund	30,000	10,139	(19,861)
Transfer from cemetery capital reserve	-	15,183	15,183
Transfer from Community Center Special Revenue Fund	-	3,489	3,489
Transfer to Recreation Facilities fund	(15,000)	(15,000)	-
Transfer to Town Hall Renovations fund	(5,000)	(1,603)	3,397
Transfer to Highway Equipment fund	30,000	(16,500)	(46,500)
Transfer to Special Fire Equipment fund	(20,000)	(20,000)	-
Transfer to Ludlow Community Center Fund	(5,000)	(5,000)	-
Total other financing sources (uses)	<u>81,000</u>	<u>70,771</u>	<u>(10,229)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>(13,968)</u>	<u>(13,968)</u>
<b>FUND BALANCE - JULY 1, 2014</b>		<u>414,097</u>	
<b>FUND BALANCE - JUNE 30, 2015</b>		<u>\$ 400,129</u>	

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
June 30, 2015**

	<u><b>Ambulance Fund</b></u>
<b>ASSETS</b>	
Due from general fund	\$ 596,942
Accounts receivable, net of allowance for doubtful accounts of \$44,000	159,302
Prepaid expenses	1,125
Capital assets:	
Vehicles	463,379
Equipment	90,518
Accumulated depreciation	<u>(321,764)</u>
<b>TOTAL ASSETS</b>	<b>\$ <u><u>989,502</u></u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Contributions to pension plan in current fiscal year	<u>\$ 5,323</u>
<b>LIABILITIES</b>	
Accrued expenses	<u>8,738</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	<u>6,733</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	232,133
Unrestricted	<u>747,221</u>
<b>TOTAL NET POSITION</b>	<b>\$ <u><u>979,354</u></u></b>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - PROPRIETARY FUND  
For The Year Ended June 30, 2015**

	<u>Ambulance Fund</u>
<b>OPERATING REVENUE</b>	
Charges for services	\$ 422,516
Miscellaneous	3,241
Total operating revenue	<u>425,757</u>
 <b>OPERATING EXPENSES</b>	
Operating and maintenance	312,586
Depreciation expense	52,581
Total operating expenses	<u>365,167</u>
 INCOME FROM OPERATIONS	 <u>60,590</u>
 <b>NON-OPERATING REVENUE</b>	
Investment income	<u>1,363</u>
 CHANGE IN NET POSITION	 61,953
 NET POSITION - July 1, 2014	 <u>917,401</u>
 NET POSITION - June 30, 2015	 \$ <u><u>979,354</u></u>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

**TOWN OF LUDLOW, VERMONT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For The Year Ended June 30, 2015**

	<u>Ambulance Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash receipts from customers	\$ 384,122
Cash payments to suppliers for goods and services	(133,090)
Cash payments to employees for services and benefits	(206,476)
Net cash provided (used) by operating activities	<u>44,556</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Increase in interfund loans receivable	(45,919)
Net cash provided by (used in) non-capital financing activities	<u>(45,919)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends received	1,363
Net cash provided by (used in) investing activities	<u>1,363</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	-
<b>CASH AND CASH EQUIVALENTS - July 1, 2014</b>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - June 30, 2015</b>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES</b>	
Operating Income (Loss)	\$ 60,590
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities	
Depreciation expense	52,581
(Increase) decrease in accounts receivable	(72,554)
(Increase) decrease in prepaid expenses	875
Increase (decrease) in accrued expenses and deferrals	3,064
Net cash provided by (used in) operating activities	<u>\$ 44,556</u>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**Note 1. Summary of Significant Accounting Policies**

Town of Ludlow, Vermont, (the "Town") has adopted the accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board ("GASB"), the accepted standard setting body for establishing accounting and financial reporting principals for government units.

The SelectBoard of the Town adopted the following policies which are consistently applied in the preparation of the financial statements. The following is a summary of the more significant policies.

Reporting Entity

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

Basis of Presentation

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

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

Government-Wide and Fund Financial Statements: The Statement of Net Position and the Statement of Activities display information about the primary government, the Town. These statements report financial information of the Town's non-fiduciary activities as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes, state aid, grants, and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**Note 1. Summary of Significant Accounting Policies (continued)**

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines, and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities, including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Net position (the amount by which assets and deferred outflows exceed liabilities and deferred inflows) are reported on the Statement of Net Position in three components:

- (1) Net investment in capital assets— total amount of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds and other debt that are related to the acquisition or construction of those assets, including related deferred outflows of resources and deferred inflows of resources;
- (2) Restricted – for amounts when constraints placed on the net position are either externally imposed, or are imposed by constitutional provisions or enabling legislation.
- (3) Unrestricted – the total net position which do not fit the two preceding categories. When both restricted and unrestricted resources are available for use, generally it is the Town's policy to use restricted assets first with unrestricted resources utilized as needed.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Town reports on the following major governmental funds:

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

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

*Agan Fund* – This fund is used to account for resources held in trust by the Town for the benefit of the citizenry.

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**Note 1. Summary of Significant Accounting Policies (continued)**

Non-major governmental funds column includes the balances and activities of the following:

*Bike/Walk Path Fund, Camp Quest, Zoning Fees Fund, Reappraisal Fund, Vault Preservation Fund, Ludlow Enterprise Fund, Drug Enforcement Fund, Anthony C. Marro Memorial for Ambulances Fund* – These funds are non-major special revenue funds. The funds' revenue is committed by statute and can only be utilized for their specified purposes. Principal sources of revenue include license fees, grants, and donations.

*Capital Projects Funds* – These funds, consisting of the Stearns Pit Fund, Recreation Facilities Fund, and highway equipment fund, are non-major governmental funds, and account for and report financial resources that are restricted, committed, or assigned to be used for expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

*Debt Service Funds*—This fund, is a non-major governmental fund, and used to account for and report financial resources that are restricted, committed, or assigned for payment of bond principal and interest.

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

*Ambulance Fund* – This fund is used to account for the operations of the Ambulance Department.

Measurement Focus

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

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

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**Note 1. Summary of Significant Accounting Policies (continued)**

Basis of Accounting

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

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

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

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Use of Estimates

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

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**Note 1. Summary of Significant Accounting Policies (continued)**

Investments

Investments are stated at fair value. Fair values of investments are based on quoted market prices. For additional information regarding types of investments and basis of valuation, see Note 2 - Investments.

Receivables

Receivables in the government-wide financial statements represent amounts due to the Town at June 30 that will be collected at some time in the future. They consist primarily of accrued taxes and related interest and penalties and are reported net of allowance for uncollectible accounts. Receivables reported in the governmental funds financial statements consist primarily of accrued taxes and related interest and penalties. Other receivables include primarily fees, fines, and expenditure reimbursements due to various Town programs and activities. Revenues accrued in the governmental funds' financial statements consist primarily of accrued taxes and related interest and penalties that will be collected by the Town within 60 days after year-end. Amounts estimated to be collected after the 60- day revenue recognition period are recorded as unavailable revenues.

Internal Balances

Activity between funds that is representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "Advances to/from Other Funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Cash balances deposited and invested by the Treasurer in a combined cash account are reported as "Due to/from Other Funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund reserve account (non-spendable fund balance) in the applicable funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Capital Assets

The Town's property, plant, equipment, vehicles, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Town maintains infrastructure asset records consistent with all other capital assets. The Town has elected under the requirements of GASB Statement No. 34 not to capitalize infrastructure costs prior to January 1, 2004. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated.

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**Note 1. Summary of Significant Accounting Policies (continued)**

The Town generally capitalizes assets with cost of \$1,000 or more for governmental funds, \$5,000 or more for proprietary funds, and \$50,000 or greater for infrastructure as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements	20 - 50
Equipment and Vehicles	5 - 12
Utility systems	8 - 50
Infrastructure	20 - 40

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are acquired.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town has no items which arise under the accrual basis of accounting that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one type of transaction which arises under the modified accrual basis of accounting and one type which arises under the accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, “unavailable revenue”, is reported in the statement of net position and governmental funds balance sheet. The statement of net position reports unavailable revenues from one source; prepaid property taxes. The governmental funds balance sheet reports unavailable revenues from one source; unavailable property taxes, which are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 last modified to its current state, were allowed to carry forward sick time credits. These employees will be compensated for these credits upon retirement. Accrued compensated absences are not reported in the governmental fund financial statements. Compensated absences in these funds are recorded as expenditures in the year they are paid.

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**Note 1. Summary of Significant Accounting Policies (continued)**

Long-Term Liabilities

Long-term liabilities include bonds, notes and capital leases payable and other obligations such as compensated absences. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current liabilities on their balance sheets.

Budgetary Accounting: General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary system in accordance with various legal requirements which govern the Town's operations. The budgets of the Town of Ludlow are formally acted upon at the annual Town meeting. All budget appropriations lapse at year end.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form -prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

The emphasis in fund financial statements is on the major funds. Non-major funds by category are summarized into a single column. GASB 34 and 37 set forth minimum criteria for the determination of major funds. The General Fund, Trustees of Public Funds, and the Agan Fund are shown as major governmental funds. All other governmental fund are non-major and are combined in a single column in each of the respective fund financial statements.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board, which is the Town's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes voter approved reservations and contractual obligations to the extent that the existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance: This classification reflects the amounts constrained by the Board's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

TOWN OF LUDLOW, VERMONT  
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JUNE 30, 2015

**Note 1. Summary of Significant Accounting Policies (continued)**

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances on other governmental funds.

When both restricted and unrestricted fund balances are available for use, it is the Town's policy to use restricted funds first, then unrestricted funds. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

**Note 2. Deposits and Investments**

Deposits

*Custodial Credit Risk – Deposits.* The Treasurer works with the Board to limit custodial credit risk. 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 reflects the custodial credit risk of the Town's Deposits.

Insured by FDIC	250,000
Insured by SPIC	14,571
Uninsured - collateralized	1,295,628
Total bank balances	\$ <u>1,560,199</u>

Investment Securities

The fair value of investments at June 30, 2015 are as follows:

<u>Investment Security Type</u>	<u>Carrying and Fair Value</u>
Fixed income	\$ 227,447
Equities – corporate stock	222,656
Mutual funds	174,884
Exchange-traded products	36,610
	\$ <u>661,597</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 underlying real estate), or in the stock of a bank. The Town has no other investment policy that would limit its investments beyond any donor-imposed restrictions on certain endowment donations.

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**Note 2. Deposits and Investments (continued)**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Presented below are the ratings of the corporate bonds held by the Town as of June 30, 2015, as provided by Standard & Poor's and Moody's Investor Services.

Issuer	Fair Value	Credit Rating
Barclays Bank PLC	\$ 52,006	A-
Berkshire Hathaway Inc.	25,184	AA
Goodyear Tire & Rubber	26,469	BB
	\$ 103,659	

Investment income – the components of governmental funds investment income for fiscal year 2015 were as follows:

	General Fund	Trustees of Public Funds	Agan Fund	Non-major Funds	Total
Interest and dividends	\$ 4,945	\$ (2,624)	\$ 6,287	\$ 1,894	\$ 10,502
Unrealized gains	-	(4)	(6,801)	-	(6,805)
Realized gains	-	-	9,419	-	9,419
	\$ 4,945	\$ (2,628)	\$ 8,905	\$ 1,894	\$ 13,116

**Note 3. Interfund Transfers**

Interfund transfers for the year ended June 30, 2015 were as follows:

	General Fund	Trustees of Public Funds	Agan Fund	Non-major Funds
From general fund	\$ (44,614)	\$ -	\$ -	\$ 44,614
From other Governmental funds	115,385	(10,000)	-	(105,385)
Totals	\$ 70,771	\$ (10,000)	\$ -	\$ (60,771)

Transfers are used to move revenues from the fund that statute or budget requires it to be collected in to the fund that statute or budget requires it to be expended from. Transfers are also used for 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 \$44,614 to other governmental funds according to budgetary authorizations. Other governmental funds made transfers of \$105,385 to the general fund according to budgetary authorizations. The Agan fund made no transfers to the general fund during fiscal year ended June 30, 2015. The trustee of public funds transferred \$10,000 to the General Fund per the trust agreements.

TOWN OF LUDLOW, VERMONT  
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**Note 4. 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 inter-fund balance. Inter-fund balances at June 30, 2015 were as follows:

		Due from Other Funds		Due to Other Funds
Governmental Funds	\$		\$	
General Fund		-		1,298,881
Non-major Funds		701,939		-
Proprietary Funds				
Ambulance Fund		596,942		-
Totals	\$	1,298,881	\$	1,298,881

**Note 5. Capital Assets Activity**

Governmental Activities capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reclass	Retirements	Ending Balance
Capital assets not being depreciated:					
Land	\$ 25,600	\$ -	-	\$ -	\$ 25,600
Construction in progress	31,668	-	(31,668)	-	-
Total capital assets not being depreciated	57,268	-	(31,668)	-	25,600
Capital Assets being depreciated:					
Land improvements	103,503	7,260	25,668	-	136,431
Buildings and improvements	4,818,671	179,508	-	-	4,998,179
Roads and bridges	2,920,080	-	6,000	-	2,926,080
Vehicles and equipment	3,956,646	105,409	-	(125,758)	3,936,297
Total capital assets being depreciated	11,798,900	292,177	31,668	(125,758)	11,996,987
Accumulated depreciation		-		-	
Land improvements	(18,908)	(7,896)	-	-	(26,804)
Buildings and improvements	(1,525,286)	(104,971)	-	-	(1,630,257)
Roads and bridges	(872,018)	(135,199)	-	-	(1,007,217)
Vehicles and equipment	(1,735,458)	(298,113)	-	125,758	(1,907,813)
Total accumulated depreciation	(4,151,670)	(546,179)	-	125,758	(4,572,091)
Governmental Activities Capital Assets, Net	\$ 7,704,498	\$ (254,002)	-	\$ -	\$ 7,450,496

Depreciation expense was charged to governmental functions as follows:

General government	\$ 80,349
Highways and streets	255,555
Public safety	119,179
Sanitation and recycling	9,601
Culture and recreation	28,408
Cemetery	15,057
Municipal transit	38,030
	\$ 546,179

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**Note 5. Capital Assets Activity (continued)**

Proprietary funds capital asset activity for the year ended June 30, 2015 was as follows

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets being depreciated				
Vehicles	463,379	-	-	463,379
Equipment	90,518	-	-	90,518
Totals	553,897	-	-	553,897
Accumulated depreciation:				
Vehicles	(226,807)	(42,309)	-	(269,116)
Equipment	(42,376)	(10,272)	-	(52,648)
Total accumulated depreciation	(269,183)	(52,581)	-	(321,764)
Business-Type Activities Capital Assets, Net	\$ 284,714	\$ (52,581)	\$ -	\$ 232,133

**Note 6. Long-Term Notes and Bonds Payable**

Long-term notes and bonds payable consist of the following at June 30, 2015:

Governmental Activities:

Bond payable, Vermont Municipal Bond Bank, for public safety building, annual payments of \$20,000, with semi-annual interest payments. Interest rate varies from 3.83% to 4.69%. Bond matures December 1, 2023.	\$ 180,000
Bond payable, Vermont Municipal Bond Bank, for the purchase of a fire truck, annual payments of \$15,000 plus interest. Interest rate varies from 1.0% to 2.6%. Bond matures December 1, 2020.	90,000
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 varies from 3.835% to 4.665%. Bond matures December 1, 2026.	430,000
Bond payable, Vermont Municipal Bond Bank, for grader, annual payments of \$14,667, with semi-annual interest payments. Interest rate varies from 1.098% to 3.308%. Bond matures December 1, 2024.	146,665
Capital equipment note, People's United Bank. Annual principal payments of \$18,000 plus interest at 1.75%. Note matures June 7, 2017.	36,000
Capital improvements refunding note, People's United Bank. Annual principal payments of \$22,000 plus interest at 1.9%. Note is renewed annual but will be completely mature in June 2016.	22,000
Capital equipment note, People's United Bank. Annual principal payments of \$10,800 plus interest at 1.75%. Note matures July 3, 2018.	43,200

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**Note 6. Long-Term Notes and Bonds Payable (continued)**

Capital equipment note, People’s United Bank. Annual principal payments of \$10,000 plus interest at 1.75%. Note matures June 5, 2019.	40,000
Bond payable, Vermont Municipal Bond Bank, for fire truck and various infrastructure renovations, annual payments of \$32,133 beginning November 2014 through November 2028, plus semi-annual interest payments. Interest rate varies from .8% to 4.3%. Bond matures November 1, 2028.	449,867
Capital equipment note, People’s United Bank. Annual principal payments of \$19,000 plus interest at 2.5%. Note matures June 5, 2019.	76,000
Bond payable, Vermont Municipal Bond Bank, for community center renovations, annual payments of \$55,000 beginning December 2012 through December 2030, then one payment of \$10,000 in 2031, plus semi-annual interest payments. Interest rate varies from 1.3% to 4.6%. Bond matures 2031.	<u>890,000</u>
Total Governmental Activities	<u>\$ 2,403,732</u>

Scheduled maturities of notes and bonds payable are as follows as of June 30, 2015:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2016	\$ 261,400	\$ 80,215
2017	228,600	72,376
2018	228,600	65,851
2019	205,800	60,624
2020-2024	814,000	217,713
2025-2029	555,332	79,101
2030-2034	110,000	6,110
	<u>\$ 2,403,732</u>	<u>\$ 581,990</u>

**Note 7. Unearned Revenue and Deferred Inflows of Resources**

Deferred inflows of resources in the General Fund consists of \$168,322 of delinquent property taxes, penalties and interest on those taxes that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

**Note 8. Pension Plan**

Summary of Significant Accounting Policies

*Pensions*

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Vermont Municipal Employees’ Retirement System (VMERS), and additions to/deductions from

TOWN OF LUDLOW, VERMONT  
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**Note 8. Pension Plan (continued)**

VMERSs' fiduciary net position have been determined on the same basis as they are reported by VMERS.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

*Plan Description*

The Vermont Municipal Employees' Retirement System is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2015, the retirement system consisted of 437 participating employers. The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

**Summary of System Provisions**

Membership	Full-time employees of participating municipalities. Municipality elects coverage under Groups A, B, C or D provisions.
Creditable service	Service as a member plus purchased service
Average Final Compensation (AFC)	Group A – average annual compensation during the highest 5 consecutive years. Group B and C – average annual compensation during highest 3 consecutive years.
Service Retirement Allowance Eligibility	Group D – average annual compensation during highest 2 consecutive years. Group A – the earlier of age 65 with 5 years of service or age 55 with 35 years of service. Group B – the earlier of age 62 with 5 years of service or age 55 with 30 years of service. Groups C and D – age 55 with 5 years of service.

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Amount	Group A – 1.4% of AFC x service
	Group B – 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC.
	Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC.
	Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B, or C member x AFC
	Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The above includes the portion of the allowance provided by member contributions.
Early Retirement Allowance	
Eligibility	Age 55 with 5 years of service for Groups A and B; age 50 with 20 years of service for Group D.
Amount	Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement proceeds Normal Retirement Age for Group A and B members, and payable without reduction to Group D members.
Vested Retirement Allowance	
Eligibility	5 years of service.
Amount	Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments” described below.
Disability Retirement Allowance	
Eligibility	5 years of service and disability as determined by Retirement Board.
Amount	Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.
Death Benefit	
Eligibility	Death after 5 years of service.
Amount	For Groups A, B, C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor’s benefits under disability annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children’s benefit.
Optional Benefit and Death after Retirement	For Groups A, B, C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.
Refund of Contribution	Upon termination, if the member so elects or if no other benefit is payable, the member’s accumulated contributions are refunded.
Post-Retirement Adjustments	Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but not more than 2% for Group A and 3% for Groups B, C and D.
Member Contributions	Group A – 2.5% effective July 1, 2000 (reduced from 3.0%)  Group B – 4.75% effective July 1, 2014 (increased from 4.625%)

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Group C – 9.625% effective July 1, 2014 and 9.75% effective January 1, 2015 (increased from 9.5%)

Group D – 11.25% effective July 1, 2014 (increased from 11.25%)

Employer Contributions

Group A – 4.0%

Group B – 5.375% (changed from 5.125%) effective July 1, 2014

Group C – 6.875% from July 1, 2014 to December 31, 2014 (changed from 6.625% and then 7.0% effective January 1, 2015)

Group D – 9.75% effective July 1, 2014 (increased from 9.625%)

Retirement Stipend

\$25 per month payable at the option of the Board of Retirees.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the Town reported a liability of \$55,506 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Obligation was determined by an actuarial valuation as of that date. The Town’s proportion of the Net Pension Liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Town’s proportion was 0.7797%, which was an increase of .02% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2014, the Town recognized pension expense of \$82,712.

At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	\$	\$
Differences between expected and actual experience	-	-
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(\$171,156)
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	(\$3,899)
Town contributions subsequent to the measurement date	86,245	-
Total	\$ 86,245	\$ (\$175,055)

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**Note 8. Pension Plan (continued)**

\$86,245 was reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>		
2016	\$	44,705
2017		44,705
2018		44,705
2019		-
Thereafter		-

**Significant Actuarial Assumptions and Methods**

**Interest Rate:** A select-and-ultimate interest rate set, specified below. The interest rate set is restarted every year:

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%
Year 7: 8.25%	Year 16: 8.50%
Year 8: 8.25%	Year 17 and Later: 9.00%
Year 9: 8.50%	

**Salary Increases:** 5% per year.

**Deaths:**

Active Participants – 50% of the probabilities in the 1995 Buck Mortality Tables for males and females.

Non-disabled retirees and terminated vested participants – the 1995 Buck Mortality Tables with no set-back for males and one-year set-back for females.

Disabled retirees – RP-2000 Disabled Life Tables.

Beneficiaries – 1995 Buck Mortality Tables for males and females.

**Spouse's Age:** Husbands are assumed to be three years older than their wives.

**Cost-of-living Adjustments to Benefits Terminated Vested and Retired Participants:** Assumed to occur at the rate of 1.5% per annum for Group A members and 1.8% per annum for members of Groups B, C and D.

**Actuarial Cost Method:** Entry Age Normal – Level Percentage of Pay.

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**Note 8. Pension Plan (continued)**

**Asset Valuation Method:** Invested assets are reported at fair value.

Note – for funding purposes – a smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

**Inflation:** The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

The long-term expected rate of return on System investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2014 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected</b>
Equity	31.50%	6.70%
Fixed Income	33.00%	2.94%
Alternatives	15.50%	6.26%
Multi-strategy	20.00%	5.98%

**Discount rate**

The discount rate used to measure the total pension liability was 8.23%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

***Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the entity's proportionate share of the net pension liability calculated using the discount rate of 8.23 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (7.23%) or one percent higher (9.23%):

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**Note 8. Pension Plan (continued)**

	1% Decrease (7.23%)	Current Discount Rate (8.23%)	1% Decrease (9.23%)
Town's proportionate share of the net pension liability	\$ 599,489	\$ 71,161	\$ (372,090)

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available as a part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance & Management website at:

[http://finance.vermont.gov/reports\\_and\\_publications/CAFR](http://finance.vermont.gov/reports_and_publications/CAFR)

**Note 9. Restricted and Assigned Fund Balances – Non Major Funds**

At June 30, 2015, the Town's individual non-major fund balances were restricted or assigned for the following purposes:

	Restricted	Assigned
Bike/Walk Path Fund	\$ 433	\$
Zoning Fees Fund	3,296	
Reappraisal Fund	146,363	
Vault Preservation Fund	17,547	
Ludlow Enterprise Fund	3,547	
Drug Enforcement Fund	2,911	
Anthony C. Marro Memorial Fund for Ambulances	11,554	
Debt Service Fund	66,181	
Black River Senior Center Capital Fund	16,438	
Stearns Pit Fund	-	21,780
Recreation Facilities Fund	-	51,875
Highway Equipment Fund	-	127,673
Landfill Fund	-	23,667
Police Equipment Fund	-	2,044
Town Hall Renovations	-	39,636
Cemetery Capital Reserve	-	15,298
Cemetery Equipment Fund	-	25,659
Cemetery Building Fund	-	25,643
Community Center Capital Fund	-	11,576
Special Fire Equipment Fund	-	62,390
Municipal Transit Fund	-	95,025
	\$ 268,270	\$ 502,266

**Note 10. Deficit Fund Balances**

A fund deficit of \$26,821 exists in the Armory Building Fund as of June 30, 2015 resulting from the purchase and renovation of the Armory building. In addition, the Camp Quest fund had a \$23,559 deficit balance as of June 30, 2015 due to the timing of running this program. Both deficits are expected to be covered from revenues to be received in future years.

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**Note 11. Designated Net Position – Ambulance Fund**

The unrestricted net position balance in the Ambulance fund as of June 30, 2015 includes \$104 that has been designated by the Selectboard for ambulance equipment.

**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<sup>th</sup>, November 15<sup>th</sup>, February 15<sup>th</sup>, and May 15<sup>th</sup>, and become delinquent on May 16<sup>th</sup>. Property taxes are recognized as revenue in the period for which they are levied, which is the fiscal year during which tax payments are due, provided the taxes are received within sixty (60) days after year-end. The remaining receivables are reported as unearned revenue, a deferred inflow of resources.

The tax rates for fiscal year 2015 were:

		Residential		Non-Residential
State Education Tax	\$	1.6882	\$	1.5315
Municipal Tax		.2785		.2785
Total	\$	1.9667	\$	1.8100

**Note 13. Related Parties**

The Town 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.

**Note 14. Subsequent Events**

Management has evaluated subsequent events through October 15, 2015, the date that the financial statements were available to be issued.