

TOWN OF LUDLOW, VERMONT

Financial Statements

June 30, 2018

Table of Contents

Independent Auditor’s Report	1
Management Discussion & Analysis	3-10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	14
Statement of Revenues, Expenditures, and Change in Fund Balance – Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance of Governmental Funds to the Statement of Activities.....	16
Proprietary Funds:	
Statement of Net Position – Proprietary Fund.....	17
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund.....	18
Statement of Cash Flows – Proprietary Fund.....	19
Notes to Financial Statements	20-42
Required Supplementary Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund.....	43-53
Schedule of the Local Government’s Proportionate Share of the Net Pension liability.....	54
Schedule of the Local Government Contributions.....	55
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	56-57

Independent Auditor's 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 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Ludlow, Vermont's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ludlow, Vermont, as of June 30, 2018, 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 and budgetary comparison information, schedule of local government's proportionate share of net pension liability, and schedule of the local government contributions on pages 3-10 and 43-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2018, on our consideration of the Town of Ludlow, Vermont'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Ludlow, Vermont's 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 of Ludlow, Vermont's internal control over financial reporting and compliance.

Telling & Hillman, P.C.

Telling & Hillman, P.C.
Middlebury, Vermont
November 9, 2018
License #092.0131564

TOWN OF LUDLOW, VERMONT
Management Discussion and Analysis
June 30, 2018

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, 2018. 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 discussion and analysis.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources on June 30, 2018 by \$7,580,916 (net position). Of this amount, \$952,721 (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 \$81,969. Of this amount, net position attributable to government activities increased by \$200,364. Net position attributable to business-type activities decreased by \$118,395.
- Fund balances of government funds decreased by \$30,455 during the year ended June 30, 2018. The General Fund had \$130,519 of unassigned fund balance at June 30, 2018.

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 of reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is a government-wide statement of net position presenting information that includes all of the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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 the 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, 2018

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

The government-wide financial statements are presented on pages 11 through 12 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 two categories: governmental funds and propriety 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 like 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.

Government 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. 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 13 and 15 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 proprietary fund that is an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for the Town's ambulance service.

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

TOWN OF LUDLOW, VERMONT
Management Discussion and Analysis
June 30, 2018

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 is 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 20 of this report.

TOWN OF LUDLOW, VERMONT
Management Discussion and Analysis
June 30, 2018

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 \$7,580,916. This represents a \$81,969 increase from last year's net position (as restated) of \$7,498,947. The following table provides a summary of the Town's net position:

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 3,179,438	\$ 2,524,290	\$ 347,474	\$ 504,432	\$ 3,526,912	\$ 3,028,722
Capital assets	7,332,214	7,208,123	357,421	362,288	7,689,635	7,570,411
Total assets	<u>10,511,652</u>	<u>9,732,413</u>	<u>704,895</u>	<u>866,720</u>	<u>11,216,547</u>	<u>10,599,133</u>
Deferred outflows of resources	<u>350,502</u>	<u>363,618</u>	<u>35,949</u>	<u>37,294</u>	<u>386,451</u>	<u>400,912</u>
Total assets and deferred outflows of resources	<u>\$ 10,862,154</u>	<u>\$ 10,096,031</u>	<u>\$ 740,844</u>	<u>\$ 904,014</u>	<u>\$ 11,602,998</u>	<u>\$ 11,000,045</u>
Current liabilities	\$ 1,350,890	\$ 1,213,044	\$ 5,162	\$ -	\$ 1,356,052	\$ 1,213,044
Long-term liabilities	2,547,585	2,177,212	78,199	73,793	2,625,784	2,251,005
Total liabilities	<u>3,898,475</u>	<u>3,390,256</u>	<u>83,361</u>	<u>73,793</u>	<u>3,981,836</u>	<u>3,464,049</u>
Deferred inflows of resources	<u>36,502</u>	<u>15,508</u>	<u>3,744</u>	<u>1,591</u>	<u>40,246</u>	<u>17,099</u>
Net position						
Net investment in capital assets	5,291,482	5,110,092	357,421	362,288	5,648,903	5,472,380
Restricted	979,292	993,169	-	-	979,292	993,169
Unrestricted	656,403	587,006	296,318	466,342	952,721	1,053,348
Total net position	<u>6,927,177</u>	<u>6,690,267</u>	<u>653,739</u>	<u>828,630</u>	<u>7,580,916</u>	<u>7,518,897</u>
Total liabilities, deferred inflows & net position	<u>\$ 10,862,154</u>	<u>\$ 10,096,031</u>	<u>\$ 740,844</u>	<u>\$ 904,014</u>	<u>\$ 11,602,998</u>	<u>\$ 11,000,045</u>

The largest portion of the Town's net position, \$5,648,903, 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.

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.

TOWN OF LUDLOW, VERMONT
Management Discussion and Analysis
June 30, 2018

In summary, (as indicated in the statement of net position on page 11) the net position restricted in the general fund for prepaid expenses total \$246,432.

The following table provides a summary of government-wide revenues, expenses, and net position for the year ended June 30, 2018:

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for services	\$ 449,184	\$ 491,370	\$ 439,244	\$ 357,529	\$ 888,428	\$ 848,899
Operating grants	98,524	132,533	-	-	98,524	132,533
Capital grants	274,600	175,000	-	-	274,600	175,000
General revenues:						
Property taxes	4,048,282	4,047,436	-	-	4,048,282	4,047,436
Investment income	39,045	75,969	667	1,242	39,712	77,211
Miscellaneous	375,258	171,564	7,524	706	382,782	172,270
Total revenues	5,284,893	5,093,872	447,435	359,477	5,732,328	5,453,349
Program expenses:						
Governmental activities:						
General government	1,099,199	1,202,987	-	-	1,099,199	1,202,987
Municipal transit	270,333	248,919	-	-	270,333	248,919
Public safety	1,219,578	1,118,676	-	-	1,219,578	1,118,676
Highway and streets	1,193,274	1,474,858	-	-	1,193,274	1,474,858
Sanitation and recycling	360,092	334,410	-	-	360,092	334,410
Culture and recreation	386,716	401,727	-	-	386,716	401,727
Special articles	198,768	215,651	-	-	198,768	215,651
Intergovernmental	140,002	138,397	-	-	140,002	138,397
Cemetery	146,284	83,366	-	-	146,284	83,366
Interest	70,283	69,975	-	-	70,283	69,975
Business-type activities						
Ambulance	-	-	565,830	501,705	565,830	501,705
Total expenses	5,084,529	5,288,966	565,830	501,705	5,650,359	5,790,671
Change in net position	\$ <u>200,364</u>	\$ <u>(195,094)</u>	\$ <u>(118,395)</u>	\$ <u>(142,228)</u>	\$ <u>81,969</u>	\$ <u>(337,322)</u>

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.

TOWN OF LUDLOW, VERMONT
Management Discussion and Analysis
June 30, 2018

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.

The total program revenues from governmental activities were \$822,308 in fiscal year 2018 compared to \$798,903 in the prior year. The increase is primarily the result of an increase in capital grants. Governmental program revenues come from *charges for services*, which includes 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, include all taxes, as well as unrestricted grants, contributions and investment earnings. Total general revenues from governmental activities were \$4,462,585 in fiscal year 2018 compared to \$4,294,969 in the prior year. Taxes and related revenue of \$4,048,282 comprised approximately 91% of the Town's general revenues for fiscal year 2018.

Governmental Expenses. Total government activity expenses were \$5,084,529 in fiscal year 2018 compared to \$5,288,966 in fiscal year 2017, a decrease of approximately 4%. The decrease is primary the result of a decrease in general government and highway and streets expenses. The largest expenses were incurred for general government, public safety, and highway and streets.

Business-Type Activities

Net position for business-type activities (Ambulance) was \$653,739 as of June 30, 2018, a decrease of \$118,395 from the prior year. Total Ambulance revenues for the 2018 fiscal year were \$447,435, an increase of 24% compared to the prior fiscal year. Total Ambulance operating expenses for the 2018 fiscal year were \$565,830, an increase of approximately 13% compared to the prior year. The largest increases were for EMTS wages, ambulance drivers and dispatch services, Medicaid provider taxes and insurance coverage.

Financial Analysis of Individual Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,883,044.

The fund balance of the General Fund as of June 30, 2018 was \$377,001, a decrease of \$35,630 from the prior year.

TOWN OF LUDLOW, VERMONT
Management Discussion and Analysis
June 30, 2018

General Fund Budgetary Highlights

The Budgetary Comparison Schedule – General Fund beginning on page 43 compares the actual results for fiscal year 2018 to the approved budget for the General Fund. Difference between budgeted amounts and actual amounts are briefly summarized below.

The most significant variances were as follows:

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue and Other Sources			
Property taxes	\$ 4,080,288	\$ 3,912,453	\$ (167,835)
Expenses and Other Uses			
General government	1,070,010	1,144,661	(74,651)
Public safety	1,196,068	1,110,695	85,373
Highway and streets	843,745	867,465	(23,720)
Capital outlays, net	427,600	630,368	(202,768)

General government expenses were over/under budget due to increase costs of employee salaries and wages, workers compensation, unemployment and other employment-related benefits, and police department dispatch salaries. General government expenses were also in excess of budgeted amounts due to the expenditure of legal and professional services during FY 2018 as the expenditures of such funds by the Town was not known at the time of budget adoption. Other expenses were over budget, including manager salary and part time municipal transit driver wages. Acquisition and construction costs of capital assets exceeded amounts budgeted for.

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, 2018, was \$5,291,482, which represents an increase of \$181,390 as compared to the prior year. Investment in capital assets includes land, land improvements, machinery and equipment, buildings, infrastructure and construction on progress.

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 \$592,918. Depreciation expense for the 2018 fiscal year totaled \$636,594. The loss on disposal of Town assets amounted to \$15,180. The net increase in capital assets was \$124,091.

TOWN OF LUDLOW, VERMONT
Management Discussion and Analysis
June 30, 2018

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

- Fire station bunk room
- Fire station kitchen cabinets and flooring
- Highway garage roof
- Trailside culvert
- Andover Street culvert
- Cemetery wall
- Cub cadet mowers
- 2017 Chevrolet 3500 pickup truck and fischer plow
- Trackless side plow
- Police cruisers
- John Deere tractor/loader/backhoe

The Town's investment in capital assets for its Ambulance service totaled \$357,421 as of June 30, 2018. The Ambulance department purchased two defibrillators and updated the bunk room during the current fiscal year. Depreciation expense on equipment in service amounted to \$56,073 for the 2018 fiscal year.

Long-Term Debt

At the end of the year, the Town had total debt outstanding of \$2,040,732. 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 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

The financial report is designed to provide a general overview of the Town's finances for all of its citizens, tax payers, 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, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,609,361	\$ -	\$ 1,609,361
Cash - restricted	27,771	-	27,771
Investments - restricted	687,370	-	687,370
Accounts receivable - other	3,144	136,327	139,471
State aid receivable	248,501	-	248,501
Delinquent taxes, interest, and penalties receivable	349,027	-	349,027
Prepaid expenses	246,432	12,684	259,116
Due from Village	7,832	-	7,832
Due from General Fund	-	198,463	198,463
Total current assets	<u>3,179,438</u>	<u>347,474</u>	<u>3,526,912</u>
Noncurrent assets:			
Land, building, and equipment (net)	<u>7,332,214</u>	<u>357,421</u>	<u>7,689,635</u>
	<u>7,332,214</u>	<u>357,421</u>	<u>7,689,635</u>
Total assets	10,511,652	704,895	11,216,547
Deferred outflows of resources			
Pensions	<u>350,502</u>	<u>35,949</u>	<u>386,451</u>
Total assets and deferred outflows of resources	<u>\$ 10,862,154</u>	<u>\$ 740,844</u>	<u>\$ 11,602,998</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 129,440	\$ -	\$ 129,440
Accrued liabilities	50,132	5,162	55,294
Prepaid property taxes	679,636	-	679,636
Due to Ambulance Fund	198,463	-	198,463
Unearned revenue - bike path	4,319	-	4,319
Bonds and notes payable, current portion	288,900	-	288,900
Total current liabilities	<u>1,350,890</u>	<u>5,162</u>	<u>1,356,052</u>
Long term liabilities:			
Bonds and notes payable, less current portion	1,751,832	-	1,751,832
Compensated absences	143,001	11,250	154,251
Net pension liability	652,752	66,949	719,701
	<u>2,547,585</u>	<u>78,199</u>	<u>2,625,784</u>
Total liabilities	<u>3,898,475</u>	<u>83,361</u>	<u>3,981,836</u>
Deferred inflows of resources			
Pensions	<u>36,502</u>	<u>3,744</u>	<u>40,246</u>
Net Position			
Net investment in capital assets	5,291,482	357,421	5,648,903
Restricted	979,292	-	979,292
Unrestricted	656,403	296,318	952,721
Total net position	<u>6,927,177</u>	<u>653,739</u>	<u>7,580,916</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 10,862,154</u>	<u>\$ 740,844</u>	<u>\$ 11,602,998</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF LUDLOW, VERMONT
Statement of Activities
Year Ended June 30, 2018

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Capital Grants	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 1,099,199	\$ 113,723	\$ -	\$ -	\$ (985,476)	\$ -	\$ (985,476)
Municipal transit	270,333	19,859	-	-	(250,474)	-	(250,474)
Public safety	1,219,578	88,913	-	-	(1,130,665)	-	(1,130,665)
Highway and streets	1,193,274	56,079	98,524	274,600	(764,071)	-	(764,071)
Sanitation and recycling	360,092	130,091	-	-	(230,001)	-	(230,001)
Culture and recreation	386,716	29,118	-	-	(357,598)	-	(357,598)
Special articles	198,768	-	-	-	(198,768)	-	(198,768)
Intergovernmental	140,002	-	-	-	(140,002)	-	(140,002)
Cemetery	146,284	11,401	-	-	(134,883)	-	(134,883)
Interest	70,283	-	-	-	(70,283)	-	(70,283)
Total governmental activities	5,084,529	449,184	98,524	274,600	(4,262,221)	-	(4,262,221)
Business-type activities							
Ambulance	565,830	439,244	-	-	-	(126,586)	(126,586)
Total business-type activities	565,830	439,244	-	-	-	(126,586)	(126,586)
Total primary-government	\$ 5,650,359	\$ 888,428	\$ 98,524	\$ 274,600	(4,262,221)	(126,586)	(4,388,807)
General revenues							
Real property taxes					4,048,282	-	4,048,282
Donations					2,425	-	2,425
Investment earnings					39,045	667	39,712
Miscellaneous					372,833	7,524	380,357
Total general revenues and transfers					4,462,585	8,191	4,470,776
Change in net position					200,364	(118,395)	81,969
Net position - beginning of year, as previously reported					6,690,267	828,630	7,518,897
Prior period adjustment					36,546	(56,496)	(19,950)
Net position - beginning of year, restated					6,726,813	772,134	7,498,947
Net position - end of year					\$ 6,927,177	\$ 653,739	\$ 7,580,916

The accompanying notes are an integral part of the financial statements.

TOWN OF LUDLOW, VERMONT
Balance Sheet - Governmental Funds
June 30, 2018

	Permanent Trust Funds				Total Governmental Funds
	General	Trustees of Public Funds	Agan Fund	Non-major Funds	
Assets					
Cash and cash equivalents	\$ 1,595,265	\$ -	\$ -	\$ 14,096	\$ 1,609,361
Cash - restricted	50	27,721	-	-	27,771
Investments - restricted	-	388,423	298,947	-	687,370
Accounts receivable - other	3,144	-	-	-	3,144
State aid receivable	248,501	-	-	-	248,501
Delinquent taxes, interest, and penalties receivable	349,027	-	-	-	349,027
Prepaid expenses	246,432	-	-	-	246,432
Due from Village	7,832	-	-	-	7,832
Due from other funds	-	-	-	776,856	776,856
Total assets	\$ 2,450,251	\$ 416,144	\$ 298,947	\$ 790,952	\$ 3,956,294
Liabilities					
Accounts payable	\$ 129,440	\$ -	\$ -	\$ -	\$ 129,440
Accrued liabilities	50,132	-	-	-	50,132
Prepaid property taxes	679,636	-	-	-	679,636
Due to other funds	776,856	-	-	-	776,856
Due to Ambulance Fund	198,463	-	-	-	198,463
Unearned revenue - bike path	4,319	-	-	-	4,319
Total liabilities	1,838,846	-	-	-	1,838,846
Deferred inflows of resources					
Unavailable revenue - taxes	234,404	-	-	-	234,404
Fund Balance					
Nonspendable	246,432	-	-	-	246,432
Restricted	50	416,144	254,283	233,815	904,292
Committed	-	-	75,000	-	75,000
Assigned	-	-	-	595,598	595,598
Unassigned	130,519	-	(30,336)	(38,461)	61,722
Total fund balance	377,001	416,144	298,947	790,952	1,883,044
Total liabilities, deferred inflows of resources, and fund balance	\$ 2,450,251	\$ 416,144	\$ 298,947	\$ 790,952	\$ 3,956,294

The accompanying notes are an integral part of the financial statements.

TOWN OF LUDLOW, VERMONT
Reconciliation of Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2018

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position
Assets				
Cash and cash equivalents	\$ 1,609,361	\$ -	\$ -	\$ 1,609,361
Cash - restricted	27,771	-	-	27,771
Investments - restricted	687,370	-	-	687,370
Accounts receivable - other	3,144	-	-	3,144
State aid receivable	248,501	-	-	248,501
Delinquent taxes, interest, and penalties receivable	349,027	-	-	349,027
Prepaid expenses	246,432	-	-	246,432
Due from Village	7,832	-	-	7,832
Due from other funds	776,856	-	(776,856)	-
Capital assets, net of accumulated depreciation	-	7,332,214	-	7,332,214
Total assets	3,956,294	7,332,214	(776,856)	10,511,652
Deferred outflows of resources				
Pensions	-	350,502	-	350,502
Total assets and deferred outflows of resources	\$ 3,956,294	\$ 7,682,716	\$ (776,856)	\$ 10,862,154
Liabilities				
Accounts payable	\$ 129,440	\$ -	\$ -	\$ 129,440
Accrued liabilities	50,132	-	-	50,132
Prepaid property taxes	679,636	-	-	679,636
Due to other funds	776,856	-	(776,856)	-
Due to Ambulance Fund	198,463	-	-	198,463
Unearned revenue - bike path	4,319	-	-	4,319
Bonds payable and notes payable	-	2,040,732	-	2,040,732
Compensated absences	-	143,001	-	143,001
Net pension liability	-	652,752	-	652,752
Total liabilities	1,838,846	2,836,485	(776,856)	3,898,475
Deferred inflows of resources				
Unavailable revenue - taxes	234,404	(234,404)	-	-
Pensions	-	36,502	-	36,502
Total deferred inflows or resources	234,404	(197,902)	-	36,502
Fund balance/net position				
Total fund balance/net position	1,883,044	5,044,133	-	6,927,177
Total liabilities, deferred inflows of resources, and fund balance/net position	\$ 3,956,294	\$ 7,682,716	\$ (776,856)	\$ 10,862,154

The accompanying notes are an integral part of the financial statements.

TOWN OF LUDLOW
Statement of Revenues, Expenditures,
And Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2018

	Permanent Trust Funds				Total Governmental Funds
	General	Trustees of Public Funds	Agan Fund	Non-major Funds	
Revenues					
Property taxes, interest, and penalties	\$ 4,034,222	\$ -	\$ -	\$ -	\$ 4,034,222
Town clerk fees	76,185	-	-	-	76,185
Federal and state grant revenue	429,203	-	-	-	429,203
Investment income	3,611	16,770	16,184	2,480	39,045
Departmental income	316,920	-	-	-	316,920
Donations	-	2,425	-	-	2,425
Miscellaneous	256,192	-	-	116,641	372,833
Total revenues	5,116,333	19,195	16,184	119,121	5,270,833
Expenditures					
General government	1,144,661	1,000	15,279	4,719	1,165,659
Municipal transit	227,728	-	-	-	227,728
Public safety	1,110,695	-	-	-	1,110,695
Highway and streets	867,465	-	-	-	867,465
Sanitation and recycling	348,338	-	-	-	348,338
Cemetery	133,878	-	-	-	133,878
Culture and recreation	350,804	-	-	-	350,804
Intergovernmental	140,002	-	-	-	140,002
Special articles	198,768	-	-	-	198,768
Capital outlay, net	630,368	-	-	-	630,368
Debt service:					
Bond and note principal	250,300	-	-	-	250,300
Interest and other charges	70,283	-	-	-	70,283
Total expenditures	5,473,290	1,000	15,279	4,719	5,494,288
Excess / (deficiency) of revenues over/ (under) expenditures	(356,957)	18,195	905	114,402	(223,455)
Other financing source (uses)					
Loan proceeds	193,000	-	-	-	193,000
Transfers in (out)	128,327	(15,000)	-	(113,327)	-
Total other financing sources (uses)	321,327	(15,000)	-	(113,327)	193,000
Change in fund balance	(35,630)	3,195	905	1,075	(30,455)
Fund balance - beginning					
of year, as previously reported	309,518	412,949	298,042	789,877	1,810,386
Prior period adjustment	103,113	-	-	-	103,113
Fund balance - beginning of year, restated	412,631	412,949	298,042	789,877	1,913,499
Fund balance - end of year	\$ 377,001	\$ 416,144	\$ 298,947	\$ 790,952	\$ 1,883,044

The accompanying notes are an integral part of the financial statements.

TOWN OF LUDLOW, VERMONT
Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in
Fund Balance to the Statement of Activities
Year Ended June 30, 2018

	<u>Total Governmental Funds</u>	<u>Long-term Revenues, Expenses</u>	<u>Capital Related Funds</u>	<u>Long-term Debt Transactions</u>	<u>Statement of Activities Totals</u>
Revenues					
Property taxes, interest, and penalties	\$ 4,034,222	\$ 14,060	\$ -	\$ -	\$ 4,048,282
Town clerk fees	76,185	-	-	-	76,185
Federal and state grant revenue	429,203	-	-	-	429,203
Investment income	39,045	-	-	-	39,045
Departmental income	316,920	-	-	-	316,920
Donations	2,425	-	-	-	2,425
Miscellaneous	372,833	-	-	-	372,833
Total revenues	<u>5,270,833</u>	<u>14,060</u>	<u>-</u>	<u>-</u>	<u>5,284,893</u>
Expenditures/Expenses					
General government	1,165,659	79,037	(145,497)	-	1,099,199
Municipal transit	227,728	42,605	-	-	270,333
Public safety	1,110,695	108,883	-	-	1,219,578
Highway and streets	867,465	325,809	-	-	1,193,274
Sanitation and recycling	348,338	11,754	-	-	360,092
Cemetery	133,878	12,406	-	-	146,284
Culture and recreation	350,804	35,912	-	-	386,716
Intergovernmental	140,002	-	-	-	140,002
Special articles	198,768	-	-	-	198,768
Capital outlay, net	630,368	-	(630,368)	-	-
Debt service:					
Bond and note principal	250,300	-	-	(250,300)	-
Interest and other charges	70,283	-	-	-	70,283
Total expenditures/expenses	<u>5,494,288</u>	<u>616,406</u>	<u>(775,865)</u>	<u>(250,300)</u>	<u>5,084,529</u>
Excess (deficiency) of revenues over expenditures	<u>(223,455)</u>	<u>(602,346)</u>	<u>775,865</u>	<u>250,300</u>	<u>200,364</u>
Other financing sources (uses)					
Loan proceeds	193,000	-	-	(193,000)	-
Transfers in (out)	-	-	-	-	-
Total other financing sources (uses)	<u>193,000</u>	<u>-</u>	<u>-</u>	<u>(193,000)</u>	<u>-</u>
Net change for the year	<u>\$ (30,455)</u>	<u>\$ (602,346)</u>	<u>\$ 775,865</u>	<u>\$ 57,300</u>	<u>\$ 200,364</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF LUDLOW, VERMONT
Statements of Net Position
Proprietary Fund
June 30, 2018

	<u>Ambulance Fund</u>
Assets	
Current assets	
Due from General Fund	\$ 198,463
Accounts receivable, net of allowance for doubtful accounts of \$80,000	136,327
Prepaid expenses	<u>12,684</u>
Total current assets	347,474
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>357,421</u>
Total assets	704,895
Deferred outflows of resources	
Pensions	<u>35,949</u>
Total assets and deferred outflows of resources	\$ <u><u>740,844</u></u>
Liabilities	
Current liabilities	
Accrued liabilities	\$ <u>5,162</u>
Total current liabilities	<u>5,162</u>
Noncurrent liabilities	
Compensated absences	11,250
Net pension liability	<u>66,949</u>
Total noncurrent liabilities	<u>78,199</u>
Total liabilities	<u>83,361</u>
Deferred inflows of resources	
Pensions	<u>3,744</u>
Net position	
Invested in capital assets	357,421
Unrestricted	<u>296,318</u>
Total net position	<u>653,739</u>
Total liabilities, deferred inflows of resources, and net position	\$ <u><u>740,844</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF LUDLOW, VERMONT
Statements of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2018

	<u>Ambulance Fund</u>
<i>Operating revenues</i>	
Charges for services	\$ 439,244
Miscellaneous	<u>7,524</u>
<i>Total operating revenue</i>	<u>446,768</u>
<i>Operating expenses</i>	
Operations and maintenance	509,757
Depreciation expense	<u>56,073</u>
<i>Total operating expenses</i>	<u>565,830</u>
 <i>Income (loss) from operations</i>	 <u>(119,062)</u>
<i>Nonoperating revenues</i>	
Investment income	<u>667</u>
<i>Total nonoperating revenues</i>	<u>667</u>
 <i>Change in net position</i>	 <u>(118,395)</u>
 <i>Net position - beginning of year, as previously stated</i>	 828,630
Prior period adjustment	<u>(56,496)</u>
<i>Net position - beginning of year, restated</i>	<u>772,134</u>
 <i>Net position - end of year</i>	 <u>\$ 653,739</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF LUDLOW, VERMONT
Statements of Cash Flows
Proprietary Fund
Year Ended June 30, 2018

	<u>Ambulance Fund</u>
<i>Cash flows from (to) operating activities:</i>	
Cash received from customers	\$ 406,996
Cash payments to suppliers for goods and services	(149,250)
Cash payments to employees for services and benefits	<u>(354,518)</u>
<i>Net cash(used in) operating activities</i>	<u>(96,772)</u>
 <i>Cash flows from (to) noncapital financing activities:</i>	
Decrease in interfund loans receivable	<u>147,311</u>
<i>Net cash provided by noncapital financing activities</i>	<u>147,311</u>
 <i>Cash flows from (to) capital and related financing activities</i>	
Acquisition of capital assets	<u>(51,206)</u>
<i>Net cash (used in) capital and financing activities</i>	<u>(51,206)</u>
 <i>Cash flows from investing activities:</i>	
Investment income	<u>667</u>
<i>Net cash provided by investing activities</i>	<u>667</u>
 <i>Net decrease in cash and cash equivalents</i>	-
 <i>Cash and cash equivalents - beginning of year</i>	<u>-</u>
 <i>Cash and cash equivalents - end of year</i>	<u><u>\$ -</u></u>
 <i>Reconciliation of operating income to net cash provided by:</i>	
<i>(Used in) operating activities:</i>	
Operating income (loss)	\$ (119,062)
Adjustments to reconcile operating income to net cash provided by (used by) operating activities:	
Depreciation	56,073
(Increase) decrease in accounts receivable	(39,772)
(Increase) decrease in prepaid expenses	660
Increase (decrease) in accounts payable	471
Increase (decrease) in other liabilities	1,345
Increase (decrease) in compensated absences	<u>3,513</u>
<i>Net cash (used in) operating activities</i>	<u><u>\$ (96,772)</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 1. Summary of Significant Accounting Policies

The 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 governmental units.

The Select Board 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.

a) 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.

b) Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund account. 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 government 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.

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.

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

b) Basis of Presentation (continued)

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 of resources exceed liabilities and deferred inflows of resources) 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

Note to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

b) Basis of Presentation (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 special purposes. Principal resources of revenue include license fees, grants, and donations.

Capital Project 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 the 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 is 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.

c) 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, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., net position) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources and are segregated into 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 present a summary of sources and uses of available spendable resources during a period.

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

d) Basis of Accounting

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

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are reported 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 the year-end. Expenditures are recorded when the related fund liability is incurred, except for principal 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.

e) 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 report amounts and disclosures. Accordingly, actual results could differ from those estimates.

f) Investments

Investments are stated at fair value. Fair value of investments is based on quoted market prices. For additional information regarding types of investments and basis of valuation, see Note 3 – Investments.

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

g) 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 delinquent taxes and related interest and penalties and are reported net of allowance for uncollectible accounts. Receivables reported in the government funds financial statements consist primarily of delinquent taxes and related interest and penalties. Other receivables include primarily of fees, fines, and expenditure reimbursements due to various town programs and activities. Revenues accrued in the governmental funds' financial statements consist primarily of delinquent 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 or recorded as unavailable revenues.

h) 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 Fund." 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.

i) 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.

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 year, for depreciable assets are as follows:

Buildings and Improvements	20 - 50
Equipment and Vehicles	5 - 12
Utility Systems	8 - 50
Infrastructure	20 - 40

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

i) Capital Assets (continued)

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.

j) Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial 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 two items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide and proprietary statements of net position. This represents the effect of the net change in the Town's proportion of the collective net pension liability and the difference during the measurement period between the Town's contributions and its proportionate share of the total contributions to the pension system not included in pension expense. The second item is the Town's contribution to the pension system (VMERS) subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows resources," represents and 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.

The Town reports unavailable revenues on its governmental funds balance sheets. Unavailable revenues consist of property taxes which are deferred and recognized as an inflow of resources in the period that the amounts become available.

The statement of net position report has one item that qualifies for reporting under this category. It is related to pensions. This represents the effect of the net change in the Town's proportion of the collective net pension liability (VMERS) and differences during the measurement periods between the Town's contributions and its proportion share of total contributions to the pension system not included in the pension expense.

k) 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 in these funds are recorded as expenditures in the year they are paid.

l) Long-Term Liabilities

Long-term liabilities include bonds and notes payable and other obligations such as compensated absences and net pension liability. 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.

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

m) 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.

n) 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 Fund, and the Agan Fund are shown as major governmental funds. All other governmental funds 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: The 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 or 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.

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.

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 2. Explanation of Certain Differences between Fund Statements and Government-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the funds statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

a) Total fund balance of governmental funds vs. net position of governmental activities:

Total fund balance of the Town's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting on capital assets and long-term liabilities, including pensions.

Explanation of difference between Governmental Fund Balance and Government-wide Net Position

Ending fund balance reported on governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 1,883,044
Assets	
Long-term:	
Capital assets net of related depreciation	7,332,214
Deferred outflows of resources:	
Pensions	350,502
Long-term:	
Bonds payable	(2,040,732)
Compensated absences	(143,001)
Net pension liability – proportionate share	(652,752)
Deferred inflows of resources:	
Unavailable revenue - taxes	234,404
Pensions	<u>(36,502)</u>
Ending net position reported in Statement of Position for governmental activities	\$ <u>6,927,177</u>

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 2. Explanation of Certain Differences between Fund Statements and Government-wide Statements (continued)

b) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five categories. The amounts shown below represent:

i) Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

iv) Pension differences:

Pension differences occur as a result of changes in the Town's proportion of the collective net pension asset/liability and difference between the Town's contributions and its proportionate share of the total contributions to the pension system.

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 2. Explanation of Certain Differences between Fund Statements and Government-wide Statements (continued)

Explanation of Differences Between Governmental Funds Operating Statements and the Government Wide Statement of Activities

Total revenues and other funding sources of governmental funds	\$	5,463,833
<p>Revenue in the statement of activities that do not provide current financial resources (property taxes not collected within 60 days of fiscal year end) are not reported as revenue in the funds. This amount represents a decrease in unearned property taxes.</p>		
		14,060
<p>Loan proceeds provide current financial resources to governmental funds, but issuing debt increase long-term liabilities in the Statement of Net Position.</p>		
		<u>(193,000)</u>
Total revenues of governmental activities in the Statement of Activities	\$	<u>5,284,893</u>
<p>Total expenditures reported in governmental funds</p>		
		5,494,288
<p>In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amount earned 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). Compensated absences earned were more than the amount used during the year.</p>		
		(2,746)
<p>When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capital outlay		(775,865)
Current year depreciation		636,594
Loss on disposal		15,180
<p>Repayment of bond and capital lease principal is an expenditure in the governmental funds but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p>		
		(250,300)
<p>Governmental funds report town pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
		<u>(32,622)</u>
Total expenses of governmental activities in the Statement of Activities	\$	<u>5,084,529</u>

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 3. 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	\$	500,000
Uninsured – collateralized		<u>1,263,234</u>
Total bank balances	\$	<u>1,763,234</u>

Investment Securities

The fair value of investments at June 30, 2018 are as follows:

<u>Investment Security Type</u>		<u>Carrying and Fair Value</u>
Fixed income	\$	240,596
Equities – corporate stock		207,942
Mutual funds		191,934
Exchange-traded products		<u>46,898</u>
	\$	<u>687,370</u>

The town categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town does not have any investments that are measured using Level 3 inputs.

Fair value measurements of the Town's investments are as follows at June 30, 2018:

1. Corporate stock securities: valued at \$207,942, based on quoted market prices (Level 1 inputs).
2. Mutual funds: valued at \$346,435, based on quoted market prices (Level 1 inputs).
3. Exchange-traded products: valued at \$46,898, based on quoted market prices (Level 1 inputs).
4. Corporate bonds: valued at \$86,095, based on a matrix pricing model (Level 2 inputs).

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.

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 3. Deposits and Investments (continued)

Investment income – the components of governmental funds investment income for fiscal year 2018 were as follows:

	General Fund	Trustees of Public Funds	Agan Fund	Non- major Funds	Total
Interest and dividends	\$ 3,611	\$ 1,946	\$ 5,391	\$ 2,480	\$ 13,428
Unrealized gains	-	14,824	(3,933)	-	10,891
Realized gains	-	-	14,726	-	14,726
	\$ 3,611	\$ 16,770	\$ 16,184	\$ 2,480	\$ 39,045

Note 4. Inter-fund Transfers

Interfund-transfers for the year ended June 30, 2018 were as follows:

Funds	Interfund	
	Revenues	Expenses
General Fund	\$ 197,577	\$ (69,250)
Trustees of Public Funds	-	(15,000)
Agan Fund	-	-
Non-major Funds	117,186	(230,513)
Totals	\$ 314,763	\$ (314,763)

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 authorization.

Note 5. Due to/from

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 inter-fund balance. Interfund balances at June 30, 2018 were as follows:

Fund	Interfund	
	Receivable	Payable
Governmental Funds		
General Fund	\$ -	\$ 975,319
Non-major Funds	776,856	-
Proprietary Funds		
Ambulance Fund	198,463	-
Total	\$ 975,319	\$ 975,319

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 6. Capital Assets

Governmental activities capital assets for the year ended June 30, 2018 was as follows:

	6/30/17 Balance	Additions	Retirements Reclassify	6/30/18 Balance
Capital assets that are not depreciated:				
Land	\$ 25,600	\$ -	\$ -	\$ 25,600
Construction in process	-	182,947	-	182,947
Total	<u>25,600</u>	<u>182,947</u>	<u>-</u>	<u>208,547</u>
Capital assets that are depreciated:				
Land improvements	152,128	21,500	-	173,628
Buildings and improvements	5,063,929	-	-	5,063,929
Roads and bridges	3,311,644	126,923	-	3,438,567
Vehicles and equipment	4,032,636	444,495	(281,293)	4,195,838
Total	<u>12,560,337</u>	<u>592,918</u>	<u>(281,293)</u>	<u>12,871,962</u>
Less accumulated depreciation:				
Land improvements	(46,750)	(9,093)	-	(55,843)
Buildings and improvements	(1,835,886)	(128,568)	-	(1,964,454)
Roads and bridges	(1,303,769)	(180,632)	-	(1,484,401)
Vehicles and equipment	(2,191,409)	(318,301)	266,113	(2,243,597)
Total	<u>(5,377,814)</u>	<u>(636,594)</u>	<u>266,113</u>	<u>(5,748,295)</u>
Governmental activities capital assets, net	<u>\$ 7,208,123</u>	<u>\$ 139,271</u>	<u>\$ (15,180)</u>	<u>\$ 7,332,214</u>

Depreciation expense was charged as follows:

General government	\$ 76,390
Highway and streets	331,029
Public safety	120,953
Sanitation and recycling	12,732
Culture and recreation	38,196
Cemetery	12,732
Municipal transit	44,562
	<u>\$ 636,594</u>

Proprietary funds capital assets activities for the year ended June 30, 2018 was as follows:

	6/30/17 Balance	Additions	Retirements Reclassify	6/30/18 Balance
Capital assets that are depreciated:				
Vehicles	\$ 578,137	\$ -	\$ -	\$ 578,137
Equipment	90,518	51,206	-	141,724
Total	<u>668,655</u>	<u>51,206</u>	<u>-</u>	<u>719,861</u>
Less accumulated depreciation:				
Vehicles	(229,557)	(41,965)	-	(271,522)
Equipment	(76,810)	(14,108)	-	(90,918)
Total	<u>(306,367)</u>	<u>(56,073)</u>	<u>-</u>	<u>(362,440)</u>
Business-type activities capital assets, net	<u>\$ 362,288</u>	<u>\$ (4,867)</u>	<u>\$ -</u>	<u>\$ 357,421</u>

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 7. Long-term Bonds and Notes Payable

Long-term bonds and notes payable consist of the following at June 30, 2018:

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.	\$ 120,000
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.	45,000
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.	315,000
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	102,664
Capital equipment note, People's United Bank. Annual principal payments of \$10,800 plus interest at 1.75%. Note matures June 3, 2018.	10,800
Capital equipment note, People's United Bank. Annual principal payments of \$10,000 plus interest at 1.75%. Note matures June 5, 2019.	10,000
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	353,468
Capital equipment note, People's United Bank. Annual principal payments of \$19,000 plus interest at 2.5%. Note matures June 5, 2019.	19,000
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.	725,000
Notes payable, Peoples United Bank, for Backhoe/loader, annual principal payments of \$8,000 beginning June 2017 through June 2021, plus annual interest payments made in conjunction with annual principal payments at a rate of 2.5% per annum. Bond matures June 9, 2021.	24,000

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 7. Long-term Bonds and Notes Payable (continued)

Notes payable, Peoples United Bank, for highway truck, annual principal payments of \$16,400 beginning June 2017 through June 2021, plus annual interest payments made in conjunction with annual principal payments at a rate of 2.45% per annum. Bond matures June 8, 2022. 65,600

Notes payable, Peoples United Bank, for 2017 transit bus, annual principal payments of \$4,500 beginning June 2017 through June 2018, plus annual interest payments made in conjunction with annual principal payments at a rate of 2.05% per annum. Bond matures June 8, 2018. 18,000

Notes payable, Peoples United Bank, for fire station improvements, annual principal payments of \$9,800, beginning June 2017 through June 2022, plus annual interest payments made in conjunction with annual principal payments at a rate of 2.05% per annum. Bond matures June 8, 2022. 39,200

Notes payable, Peoples United Bank, for excavator, truck, and trackless, annual principal payments of \$38,600 beginning June 2019 through June 2023, plus annual interest payments made in conjunction with annual principal payments at a rate of 3.10% per annum. Bond matures June 20, 2023. 193,000

Total governmental activities	\$	2,040,732
Less current portion:		<u>(288,900)</u>
		<u><u>1,751,832</u></u>

Scheduled maturities of notes and bonds payable are as follows as June 30, 2018:

Years ended June 30	Principal	Interest
2019	\$ 288,900	\$ 72,249
2020	249,100	63,082
2021	249,100	55,517
2022	226,100	47,433
2023	195,400	39,868
2024-2028	624,994	135,458
2029-2031	207,138	13,527
	<u>\$ 2,040,732</u>	<u>\$ 427,134</u>

During the year ended June 30, 2018, the following changes occurred in the long-term liabilities:

	6/30/17 Balance	Additions	Reductions	6/30/18 Balance
Governmental Activities				
Serial bonds	\$ 1,832,932	\$ -	\$ 171,800	\$ 1,661,132
Notes payable	265,100	193,000	78,500	379,600
Compensated absences	145,747	-	2,746	143,001
Net pension liability	719,484	-	66,732	652,752
Total governmental activities long-term liabilities	<u>\$ 2,963,263</u>	<u>\$ 193,000</u>	<u>\$ 319,778</u>	<u>\$ 2,836,485</u>

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 8. Unearned Revenue and Deferred Inflows of Resources

Deferred inflows of resources in the General Fund consists of \$234,404 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 9. Pensions

Summary of significant accounting policies

Pensions

For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pensions expense information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS), and additions to/deductions from VMERS's fiduciary net position has 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

VMERS is a cost sharing, multi-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 fired 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, 2017, the retirement consisted of 411 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 Board 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.

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 9. Pensions (continued)

Summary of system provisions

Membership	Full-time employees of participating municipalities. Municipality elects coverage under Group 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. Group D – average annual compensation during highest 2 consecutive years.
Service retirement allowance	
Eligibility	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. Group C and D – age 55 with 5 years of service.
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 a 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 service. 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 Group 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 Group 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 precedes Normal Retirement Age for Group A and B members, and payable without reduction to Group D members.

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 9. Pensions (continued)

Summary of system provisions (continued)

Vested Retirement Allowance

Eligibility	5 years of service.
Amount	Allowance beginning at normal retirement aged 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 benefits

Eligibility	Death after 5 years of service.
Amount	For Groups A, B, and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit 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 Group A, B, and 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 B, C, and D.

Member contributions

- Group A – 2.5%
- Group B – 4.875%
- Group C – 10.00%
- Group D – 11.35%

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 9. Pensions (continued)

Summary of system provisions (continued)

Employer contributions	Group A – 4.0%
	Group B – 5.5%
	Group C – 7.25%
	Group D – 9.85%
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, 2018 the Town reported a government-wide liability of \$719,701 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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 projections 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, 2017, the Town's proportion was 0.69073%, which was a decrease of 0.02601% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018 the Town recognized pension expense of \$150,999 for the total governmental activities and \$15,487 for the Ambulance Fund.

At June 30, 2018 the Town reported deferred outflows and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows or Resources</u>	<u>Deferred Inflows of resources</u>
Differences between expected and actual experiences	\$ 10,470	\$ 17,816
Changes of assumptions	150,669	-
Net difference between projected and actual earnings on pension plan investments	119,871	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	-	22,430
Town's contributions subsequent to the measurement date	<u>105,441</u>	<u>-</u>
Total	<u>\$ 386,451</u>	<u>\$ 40,246</u>

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 9. Pensions (continued)

The Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and deferred inflows or resources related to pensions will be recognized in pension expense as follows:

Year ended:		
2018	\$	86,052
2019		128,921
2020		34,279
2021		(8,491)
Total	\$	<u>240,761</u>

Employer contribution history for the Town as of June 30, 2017 is as follows:

FY 17	\$	112,802
FY 16		108,933
FY 15		104,406
FY14		100,577
FY 13		95,655

Significant actuarial assumptions and methods

Investment rate of return: 7.50%, net of pension plan investment expense, including inflation.

Salary increase: 5.00% per year.

Mortality:

Death in active service:

Group A, B, and C – 98% of RP-2014 blended 60% Blue Collar Employee, 40% Health Employee with generation projection using Scale SSA-2017.

Group D – RP-2014 Blue Collar Annuitant Table with generation projection using Scale SSA-2017.

Healthy post-retirement:

Group A, B, and C – 98% of RP-2014 blended 60% Blue Collar Employee, 40% Health Annuitant with generation projection using Scale SSA-2017.

Group D – 100% of RP-2014 Healthy Annuitant with generational projection using Scale SSA-2017.

Disabled post-retirement

All groups – RP-2014 Disabled Mortality Table with generational projection using Scale SSA-2017.

Spouse's age: Females three years younger than males.

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 9. Pensions (continued)

Cost-of-living adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.15% per annum for Group A members and 1.30% per annum for Groups B, C, and D members.

Actuarial cost method: Entry age normal cost method.

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 difference between actual and assumed investment return. The value for actuarial purposes may not differ from market value of assets by more than 20%.

Inflation: 2.50%.

Long-term expected rate of return: The long-term expected rate of return on System investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major class included in the target asset allocation at June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected</u>
US equity	16.0%	6.07%
Non-US equity	16.0	7.42
Global equity	9.0	6.85
Fixed income	24.0	2.41
Real estate	8.0	4.62
Private markets	15.0	7.8
Hedge funds	8.0	3.95
Risk parity	4.0	4.8

Discount rate

The discount rate used to measure the total pension liability was 7.50%. 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 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.

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 9. Pensions (continued)

Sensitivity of the employer’s share of the net pension liability to changes in the discount rate

The following presents the Town’s proportionate share of the net pension liability calculated using the discount of 7.50%, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.50%) and one percent higher (8.50%):

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Town’s proportionate share of the net pension liability	\$ 1,284,978	\$ 719,701	\$ 250,895

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

Note 10. 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 15th, November 15th, February 15th, and May 15th, and become delinquent on May 16th. 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 2018 were:

Town tax rate	\$ 0.2986
Education tax rate - residential	1.7425
Education tax rate - nonresidential	1.5710

Note 11. Deficit fund balances

A fund deficit of \$26,795 exists in the Armory Building Fund as of June 30, 2016 resulting from the purchase and renovation of the Armory building. In addition, the Camp Quest fund had an \$11,666 deficit balance as June 30, 2017 due to the timing of running this program. Both deficits are expected to be covered from revenues to be received in future years.

Note 12. Designated net position – ambulance fund

The unrestricted net position balance in the Ambulance fund as June 30, 2017 includes \$22,618 that has been designated by the Select Board for ambulance equipment.

TOWN OF LUDLOW, VERMONT

Note to the Financial Statements

Note 13. Restricted and Assigned Fund Balances – Non- Major Funds

At June 30, 2018, the Town's individual non-major fund balances were restricted or assigned for the following purposes:

	<u>Restricted</u>	<u>Assigned</u>
Bike/walk path fund	\$ 29,492	\$ -
Zoning fees fund	3,323	-
Reappraisal fund	168,929	-
Vault preservation fund	7,618	-
Ludlow enterprise fund	11,312	-
Drug enforcement fund	2,935	-
Anthony C. Marro Memorial fund for ambulances	6,873	-
Black river Senior center capital fund	3,333	-
Public safety equipment fund	-	2,540
Stearns pit fund	-	21,960
Recreation facilities fund	-	47,388
Highway equipment fund	-	63,612
Landfill fund	-	96,503
Police equipment fund	-	12,090
Town hall renovations	-	43,411
Cemetery capital reserve	-	39,097
Community center capital fund	-	20,669
Special fire equipment fund	-	147,387
Municipal transit fund	-	100,941
Total	<u>\$ 233,815</u>	<u>\$ 595,598</u>

Note 14. Related parties

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

Note 15. Prior Period Adjustment

The Town increased the VLCT prepaid insurance expense in the General Fund and the Ambulance Fund as of June 30, 2017. The effect of the adjustment increased fund balance and net position by \$103,113 and \$13,344, respectively.

The Town adjusted the allowance for doubtful accounts in the Ambulance Fund as of June 30, 2017. The effect of the adjustment decreased net position by \$62,103.

The Town adjusted compensated absences in the General Fund and Ambulance Fund as of June 30, 2017. The effect of the adjustment decreased net position by \$66,567 and \$7,737, respectively.

Note 16. Subsequent events

Management has evaluated subsequent events through November 9, 2018, the date that the financial statements were available to be issued.

TOWN OF LUDLOW
Statement of Revenues and Expenditures - Budget to Actual
Budgetary Basis - General Fund
Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes			
Property taxes - general	\$ 4,079,288	\$ 3,848,381	\$ (230,907)
Pilot program	-	41,587	41,587
Railroad tax	1,000	673	(327)
State of Vermont Hold Harmless	-	21,812	21,812
Total property taxes	<u>4,080,288</u>	<u>3,912,453</u>	<u>(167,835)</u>
Property tax interest and penalties			
Current interest	42,000	32,689	(9,311)
Delinquent interest	40,000	31,539	(8,461)
Delinquent penalties	57,000	57,541	541
Total property tax interest and penalties	<u>139,000</u>	<u>121,769</u>	<u>(17,231)</u>
Interest and dividends	<u>4,000</u>	<u>3,611</u>	<u>(389)</u>
Town clerk			
Licenses and permits	8,350	8,290	(60)
Clerk copier fees	6,500	8,100	1,600
Certified copy fees	3,000	2,548	(452)
Recording fees	52,000	48,836	(3,164)
Vault preservation	5,200	5,720	520
Zoning recording fees	1,500	2,691	1,191
Total licenses and permits	<u>76,550</u>	<u>76,185</u>	<u>(365)</u>
Highway			
State aid	95,000	98,524	3,524
Permits	1,500	1,200	(300)
Grant income	95,500	274,600	179,100
Other	25,000	54,879	29,879
Total highway	<u>217,000</u>	<u>429,203</u>	<u>212,203</u>
Departmental income			
Planning and zoning	23,200	32,012	8,812
Listers	3,575	3,855	280
Cemetery fees	10,900	11,401	501
Sanitation and recycling	148,500	130,091	(18,409)
Municipal transit	9,300	19,859	10,559
Police department	86,130	79,678	(6,452)
Fire department	3,000	9,235	6,235
Senior center bond reimbursement/rent	-	1,671	1,671
Recreation department	18,600	29,118	10,518
Total department income	<u>303,205</u>	<u>316,920</u>	<u>13,715</u>

See the independent auditor's report.

TOWN OF LUDLOW
Statement of Revenues and Expenditures - Budget to Actual
Budgetary Basis - General Fund
Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Miscellaneous			
State education collection fees	44,000	46,129	2,129
Stearns pit	70,150	70,150	-
Armory bond reimbursement	2,329	-	(2,329)
Insurance refunds and reimbursements	34,241	37,983	3,742
Tenant payments	4,400	-	(4,400)
Miscellaneous	40,800	101,930	61,130
Total miscellaneous	<u>195,920</u>	<u>256,192</u>	<u>60,272</u>
Total revenue	<u>5,015,963</u>	<u>5,116,333</u>	<u>100,370</u>
Expenditures			
General government			
Administration			
Salaries			
Manager	62,366	73,102	(10,736)
Clerks	77,445	76,672	773
Selectmen and officers	7,900	8,081	(181)
Recording secretary	1,200	1,200	-
Benefits			
FICA	11,540	12,598	(1,058)
Insurance	48,100	45,052	3,048
Pension	9,050	14,343	(5,293)
Town report	5,000	4,225	775
Equipment/supplies	6,000	6,047	(47)
Computer	500	160	340
Copier	2,800	2,871	(71)
Audit	12,100	9,678	2,422
Expense/mileage	3,259	5,023	(1,764)
Training/conference	600	840	(240)
Legal	2,000	19,579	(17,579)
League of Cities and Towns (VLCT)	3,218	3,218	-
Membership	100	152	(52)
Advertising	600	702	(102)
Web page maintenance	900	849	51
Safety program	1,000	510	490
Telephone	1,700	2,721	(1,021)
Tax, interest, and penalty abatement	-	333	(333)
Miscellaneous	-	9,637	(9,637)
Total administration	<u>257,378</u>	<u>297,593</u>	<u>(40,215)</u>

See the independent auditor's report.

TOWN OF LUDLOW
Statement of Revenues and Expenditures - Budget to Actual
Budgetary Basis - General Fund
Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Building and grounds			
Salaries			
Janitor	50,253	56,126	(5,873)
Maintenance	4,000	3,243	757
Benefits			
FICA	4,150	4,542	(392)
Insurance	31,250	28,580	2,670
Pension	2,977	3,911	(934)
Fuel oil	15,500	16,007	(507)
Equipment	800	239	561
Parks/bandstands	300	97	203
Utilities	26,000	25,401	599
Supplies	5,500	3,817	1,683
Uniforms	850	616	234
Telephone	150	-	150
Gas	3,000	3,842	(842)
Repairs and maintenance - equipment	2,200	2,746	(546)
Repairs and maintenance - grounds	3,000	7,341	(4,341)
Total buildings and grounds	<u>149,930</u>	<u>156,508</u>	<u>(6,578)</u>
Zoning and planning			
Salaries			
Administrative officer	48,354	46,648	1,706
Planning board	1,500	1,825	(325)
Development review board	6,000	6,000	-
Secretary	2,400	2,200	200
Clerk	19,751	23,273	(3,522)
Benefits			
FICA	5,980	6,117	(137)
Insurance	43,201	41,986	1,215
Pension	3,750	4,734	(984)
Mapping services	465	809	(344)
Computer maintenance	500	124	376
SWCRPC	2,454	5,316	(2,862)
Equipment/supplies	2,750	2,289	461
Legal	1,000	716	284
Advertising	4,500	3,009	1,491
Training/conference	450	-	450
Telephone	750	1,186	(436)
GIS	500	312	188

See the independent auditor's report.

TOWN OF LUDLOW
Statement of Revenues and Expenditures - Budget to Actual
Budgetary Basis - General Fund
Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
E-911	600	332	268
Miscellaneous	-	5,319	(5,319)
Total zoning and planning	<u>144,905</u>	<u>152,195</u>	<u>(7,290)</u>
Town Clerk/Treasurer			
Salaries			
Town Clerk/Treasurer	74,118	74,333	(215)
Assistant Clerk	43,750	43,713	37
BCA/Town meetings	2,500	3,291	(791)
Trustees of public funds	900	900	-
Benefits			
FICA	9,296	9,358	(62)
Insurance	51,200	49,319	1,881
Pensions	6,710	8,417	(1,707)
Vault preservation	1,000	1,548	(548)
Computer	400	2,246	(1,846)
Licenses	2,300	2,280	20
Equipment/supplies	13,250	15,415	(2,165)
Training/conferences	200	84	116
Telephone	950	1,211	(261)
Total town Clerk/Treasurer	<u>206,574</u>	<u>212,115</u>	<u>(5,541)</u>
Listers			
Salaries	62,866	68,070	(5,204)
FICA	4,810	5,207	(397)
Computer	1,000	587	413
Licenses	4,500	4,500	-
Postage	1,000	285	715
Equipment/supplies	2,500	1,920	580
Training/conferences	400	75	325
Telephone	1,200	1,756	(556)
Property map update	3,250	2,550	700
Mileage	75	50	25
Professional services	11,200	20,888	(9,688)
Total listers	<u>92,801</u>	<u>105,888</u>	<u>(13,087)</u>
Insurance and fidelity bond			
Unemployment	30,749	17,508	13,241
Workers' compensation	79,869	92,991	(13,122)
Municipal officers	3,006	3,221	(215)
Vehicle/fire/liability	92,440	93,843	(1,403)
Employment practice liability	12,358	12,799	(441)
Total insurance and fidelity bond	<u>218,422</u>	<u>220,362</u>	<u>(1,940)</u>
Total general government	<u>1,070,010</u>	<u>1,144,661</u>	<u>(74,651)</u>

See the independent auditor's report.

TOWN OF LUDLOW
Statement of Revenues and Expenditures - Budget to Actual
Budgetary Basis - General Fund
Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Municipal transit system			
Transportation services	11,440	11,440	-
Driver salaries	74,000	71,037	2,963
Overtime	20,000	14,402	5,598
Part time drivers	33,500	25,323	8,177
Pension	5,875	6,715	(840)
Insurance	47,650	43,257	4,393
FICA	10,630	9,348	1,282
Equipment/supplies	2,600	2,041	559
Telephone/postage	3,000	3,797	(797)
Repairs and maintenance	13,500	15,737	(2,237)
Dues and fees	50	-	50
Diesel fuel	16,500	19,579	(3,079)
Miscellaneous	150	5,052	(4,902)
Total municipal transit system	<u>238,895</u>	<u>227,728</u>	<u>11,167</u>
Public safety			
Police department			
Salaries			
Police duty	350,760	322,222	28,538
Special officers	6,000	4,616	1,384
Traffic control	12,000	9,520	2,480
Overtime	32,000	26,612	5,388
Dispatchers	218,000	182,659	35,341
Part time dispatchers	21,000	10,032	10,968
Dispatch overtime	18,000	25,092	(7,092)
Vehicle maintenance labor	500	671	(171)
Benefits			
FICA	50,788	44,643	6,145
Insurance	188,634	189,683	(1,049)
Pensions	44,532	48,908	(4,376)
Cleaning allowance	3,200	1,600	1,600
Building utilities	6,000	5,130	870
Services/advertising	-	4,167	(4,167)
Computer services	13,500	10,977	2,523
Equipment/supplies	8,600	14,330	(5,730)
Uniforms	6,500	5,227	1,273
Training	3,000	2,547	453
Telephone	12,000	10,420	1,580
Repairs and maintenance	13,500	12,556	944
Gas/oil	13,000	9,295	3,705
New vehicle	27,000	42,285	(15,285)
Total police department	<u>1,048,514</u>	<u>983,192</u>	<u>65,322</u>

See the independent auditor's report.

TOWN OF LUDLOW
Statement of Revenues and Expenditures - Budget to Actual
Budgetary Basis - General Fund
Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fire department			
Salaries			
Chief	13,140	13,140	-
Payroll	48,000	42,739	5,261
FICA	4,700	4,275	425
Insurance	13,364	11,519	1,845
Fuel oil	7,000	4,047	2,953
Utilities	7,000	6,574	426
Equipment/supplies	27,750	25,485	2,265
Training	1,500	591	909
Telephone	800	884	(84)
Repairs and maintenance	7,000	10,823	(3,823)
Diesel fuel/gas	2,500	3,330	(830)
Protective gear	12,000	2,058	9,942
Air pack maintenance	2,800	2,038	762
Total fire department	<u>147,554</u>	<u>127,503</u>	<u>20,051</u>
Total public safety	<u>1,196,068</u>	<u>1,110,695</u>	<u>85,373</u>
Highway and streets			
Highway			
Salaries			
Highway salaries	234,150	249,392	(15,242)
Overtime	19,000	24,558	(5,558)
Benefits			
FICA	19,400	21,145	(1,745)
Insurance	95,000	89,981	5,019
Pension	13,945	17,526	(3,581)
Street lights	61,000	60,079	921
Supplies	5,000	4,357	643
Winter sand	37,000	28,381	8,619
Winter salt	68,000	68,908	(908)
Winter supplies	8,000	3,669	4,331
Crushing gravel	4,000	21,580	(17,580)
Rentals	1,500	585	915
Surpac	15,000	11,078	3,922
Plant mix	4,000	-	4,000
Uniforms	3,000	2,229	771
Asphalt	2,000	1,248	752
Cold patch	700	1,030	(330)
Retreatment	107,000	63,827	43,173
Culverts	7,000	7,908	(908)

See the independent auditor's report.

TOWN OF LUDLOW
Statement of Revenues and Expenditures - Budget to Actual
Budgetary Basis - General Fund
Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Bridges	5,000	-	5,000
Training	700	98	602
Telephone, cell phones, pagers	1,650	1,524	126
Computer	200	-	200
Repairs and maintenance	39,000	66,308	(27,308)
Road signs	6,000	6,684	(684)
Road cut bond returns	1,500	1,000	500
Chloride	9,000	8,175	825
Grant expense - better back road grant	-	7,332	(7,332)
Tree/brush	3,700	4,811	(1,111)
Summer construction	39,000	48,985	(9,985)
Fuel-diesel	22,500	30,009	(7,509)
Miscellaneous	-	1,409	(1,409)
Total highway	<u>832,945</u>	<u>853,816</u>	<u>(20,871)</u>
Garage			
Maintenance	4,000	3,385	615
Fuel	2,500	2,782	(282)
Utilities	4,300	7,482	(3,182)
Total garage	<u>10,800</u>	<u>13,649</u>	<u>(2,849)</u>
Total highway and streets	<u>843,745</u>	<u>867,465</u>	<u>(23,720)</u>
Sanitation and recycling			
Solid waste			
Salaries			
Attendant	41,900	46,324	(4,424)
Part time attendant	31,200	35,422	(4,222)
Labor	13,520	26,126	(12,606)
Benefits			
FICA	6,700	8,252	(1,552)
Insurance	32,550	30,309	2,241
Pensions	4,175	5,302	(1,127)
Uniforms	1,000	930	70
Work offender program	-	400	(400)
Heating fuel	600	454	146
Equipment/supplies	2,500	1,639	861
Utilities	7,000	5,705	1,295
Repairs and maintenance	6,350	14,098	(7,748)
Telephone	900	909	(9)
Total solid waste	<u>148,395</u>	<u>175,870</u>	<u>(27,475)</u>

See the independent auditor's report.

TOWN OF LUDLOW
Statement of Revenues and Expenditures - Budget to Actual
Budgetary Basis - General Fund
Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Disposal			
Recycle bags	27,500	23,276	4,224
Trucking fees	55,000	44,237	10,763
Processing fees	14,700	12,157	2,543
Construction and disposal	110,000	92,798	17,202
Total disposal	<u>207,200</u>	<u>172,468</u>	<u>34,732</u>
Total sanitation and disposal	<u>355,595</u>	<u>348,338</u>	<u>7,257</u>
Cemetery			
Labor	44,000	40,547	3,453
Commission	4,000	4,000	-
Recording secretary	1,000	800	200
Insurances	8,470	9,399	(929)
FICA	3,750	3,469	281
Pension	1,585	1,236	349
Gas/oil	2,000	1,370	630
Audit	600	-	600
Equipment/supplies	48,500	23,273	25,227
Uniforms	300	279	21
Tree work/stump/brush	2,000	-	2,000
Utilities	2,500	1,852	648
Flowers	500	911	(411)
Training	200	-	200
Corner stones	500	900	(400)
Sand/top soil	1,000	-	1,000
Legal	500	374	126
Miscellaneous	19,250	35,908	(16,658)
Truck maintenance	500	60	440
Monument restoration	4,500	9,500	(5,000)
Total cemetery	<u>145,655</u>	<u>133,878</u>	<u>11,777</u>
Culture and recreation			
Recreation department			
Salaries			
Director	51,366	50,739	627
Assistant	18,800	17,405	1,395
Camp staff	12,500	11,451	1,049
Summer labor	2,500	8,844	(6,344)
Winter labor	1,500	5,497	(3,997)
Referees/coaches	8,000	11,925	(3,925)
Benefits			
FICA	7,242	8,098	(856)

See the independent auditor's report.

TOWN OF LUDLOW
Statement of Revenues and Expenditures - Budget to Actual
Budgetary Basis - General Fund
Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Insurance	21,900	16,588	5,312
Pension	2,825	3,364	(539)
Fuel oil	2,500	719	1,781
Utilities	17,000	13,819	3,181
Equipment/supplies	3,500	4,657	(1,157)
Advertising	250	497	(247)
Training	500	153	347
Telephone	2,200	2,156	44
Fields	16,000	14,222	1,778
Repairs and maintenance	1,000	210	790
Skate park maintenance	2,000	1,746	254
Concerts	4,000	3,398	602
Improvements	15,000	-	15,000
Youth activities	12,000	8,980	3,020
Adult activities	1,500	1,422	78
Senior citizen activities	500	-	500
Little league	5,000	6,062	(1,062)
Babe Ruth	1,500	565	935
Recreation to school	18,000	18,000	-
Youth athletic equipment	8,500	1,578	6,922
Team sports	15,000	16,914	(1,914)
Miscellaneous	500	2,068	(1,568)
Transportation	4,000	4,000	-
Fireworks display	5,000	-	5,000
Total recreation department	<u>262,083</u>	<u>235,077</u>	<u>27,006</u>
Community Center			
Salaries			
Staff	44,740	50,087	(5,347)
Benefits			
FICA	3,155	3,832	(677)
Insurance	11,600	10,238	1,362
Pension	2,270	3,424	(1,154)
Telephone	480	552	(72)
Uniforms	800	549	251
Utilities	33,000	29,179	3,821
Cleaning and supplies	14,750	17,866	(3,116)
Total community center	<u>110,795</u>	<u>115,727</u>	<u>(4,932)</u>
Total culture and recreation	<u>372,878</u>	<u>350,804</u>	<u>22,074</u>

See the independent auditor's report.

TOWN OF LUDLOW
Statement of Revenues and Expenditures - Budget to Actual
Budgetary Basis - General Fund
Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Intergovernmental			
County tax	66,836	66,836	-
County capital cost	36,666	36,666	-
3/5 highway tax	36,500	36,500	-
Total intergovernmental	<u>140,002</u>	<u>140,002</u>	<u>-</u>
Special articles			
Nurse service	15,500	15,500	-
Library electric and fuel	14,250	11,895	2,355
Library operations	25,000	25,000	-
Library/school books	4,500	3,981	519
Vermont green up day	100	150	(50)
Black River Academy Museum fuel	15,500	12,508	2,992
Black River Academy Museum	25,000	25,000	-
SEVCA	2,440	2,440	-
HCRS mental health	2,537	2,537	-
Advocacy, resources, and community	800	800	-
Vermont adult learning/basic ed	400	-	400
Black River Valley Senior center meals	9,000	9,000	-
Black River Valley Senior Center operations	18,000	15,635	2,365
RSVP program	600	600	-
Youth services	600	-	600
Women's freedom	800	-	800
LES mentoring program	4,500	4,500	-
Windsor county partners	500	500	-
Black River good neighbor services	3,500	3,500	-
Vermont Center for Independent Living	360	360	-
Education operations	22,000	20,362	1,638
LPCTV	1,750	1,750	-
Friends of Ludlow	1,500	1,500	-
Welfare	250	-	250
CT River Transit	7,250	7,250	-
BRACC	15,000	15,000	-
After school program	19,000	19,000	-
Total special articles	<u>210,637</u>	<u>198,768</u>	<u>11,869</u>
Capital outlays	<u>427,600</u>	<u>630,368</u>	<u>(202,768)</u>
Debt service			
Principal	252,011	250,300	1,711
Interest	78,902	70,283	8,619
Total debt service	<u>330,913</u>	<u>320,583</u>	<u>10,330</u>
Total expenditures	<u>5,331,998</u>	<u>5,473,290</u>	<u>(141,292)</u>

See the independent auditor's report.

TOWN OF LUDLOW
Statement of Revenues and Expenditures - Budget to Actual
Budgetary Basis - General Fund
Year Ended June 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Excess (deficiency) of revenues over (under) expenditures	(316,035)	(356,957)	(40,922)
Other financing sources (uses)			
Loan proceeds	193,000	193,000	-
Transfers in (out)	170,577	128,327	(42,250)
Total other financing sources (uses)	363,577	321,327	(42,250)
<i>Change in fund balance</i>	\$ 47,542	\$ (35,630)	\$ (83,172)
<i>Fund balance - beginning of year, as previously reported</i>		309,518	
Prior period adjustment		103,113	
<i>Fund balance - beginning of year, restated</i>		412,631	
<i>Fund balance - end of year</i>		\$ 377,001	

See the independent auditor's report.

TOWN OF LUDLOW, VERMONT
Schedule of the Local Government's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2018

VMERS Pension Plan
Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Town's proportion of the net pension liability	0.6907%	-	-	-	-	-	-	-	-	-
Town's proportionate share of the net pension liability	\$ 719,701	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 1,728,224	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	41.64%	-	-	-	-	-	-	-	-	-

See the independent auditor's report.

TOWN OF LUDLOW, VERMONT
Schedule of Local Government Contributions
Year Ended June 30, 2018

VMERS Pension Plan
Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$ 105,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>105,441</u>	<u>-</u>								
Contribution deficiency (excess)	\$ <u><u>-</u></u>									
Covered-employee payroll	\$ 1,728,224	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	6.101%	-	-	-	-	-	-	-	-	-

See the independent auditor's report.