

TOWN OF LUDLOW, VERMONT

FINANCIAL STATEMENTS

JUNE 30, 2017

TOWN OF LUDLOW, VERMONT
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INDEPENDENT AUDITORS' REPORT

To the Selectboard
Town of Ludlow
Ludlow, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ludlow, Vermont (the "Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2017, and the respective changes in financial position, and, where applicable cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 9 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with "Government Auditing Standards," we have also issued our report dated November 6, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town's internal control over financial reporting and compliance.

Graham & Graham, P.C.

Graham & Graham, PC

Springfield, Vermont

November 6, 2017

VT Registration #92-0000282

NH Registration #659

ME Registration #FMF 1000112

TOWN OF LUDLOW, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2017

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, 2017. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Additional information is available in the auditor's opinion letter, which precedes the management's discussion and analysis.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources on June 30, 2017 by \$7,518,897 (net position). Of this amount, \$1,053,348 (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 decreased by \$337,322. Of this amount, net position attributable to governmental activities decreased by \$195,094. Net position attributable to business-type activities decreased by \$142,228.
- Fund balances of governmental funds decreased by \$142,820 during the year ended June 30, 2017. The General Fund had \$118,122 of unassigned fund balance at June 30, 2017 which is approximately 2% of the approved FY 2017 General Fund Budget.

Overview of the Town's Financial Statements

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

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

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

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

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

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MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2017

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

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

Fund Financial Statements. A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, propriety funds, and fiduciary funds.

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

Governmental Funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the governmental fund statements focus on the near-term inflows and outflows of resources available for spending. These statements illustrate short-term fiscal accountability in the use of such resources and the balances of such resources at the end of the fiscal year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of such resources for the near-term.

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

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

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

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

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

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

TOWN OF LUDLOW, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2017

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

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

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

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

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

Government-wide Financial Analysis

The Government's net position at fiscal year end is \$7,518,897. This represents a \$337,322 decrease from last year's net position (as restated) of \$7,856,219. The following table provides a summary of the Town's net position:

Summary of Net Position

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current and other assets	\$ 1,674,622	\$ 670,819	\$ 2,345,441
Non-current assets	7,712,017	195,901	7,907,918
Total assets	<u>9,386,639</u>	<u>866,720</u>	<u>10,253,359</u>
Deferred outflows of resources	<u>363,618</u>	<u>37,294</u>	<u>430,912</u>
Current liabilities	425,477	73,793	499,270
Long-term liabilities	2,619,005	-	2,619,005
Total liabilities	<u>3,044,482</u>	<u>73,793</u>	<u>3,118,275</u>
Deferred inflows of resources	<u>15,508</u>	<u>1,591</u>	<u>17,099</u>
Net position			
Net investment in capital assets	5,110,092	362,288	5,472,380
Restricted	993,169	-	993,169
Unrestricted	587,006	466,342	1,053,348
Total net position	<u>\$ 6,690,267</u>	<u>\$ 828,630</u>	<u>\$ 7,518,897</u>

The largest portion of the Town's net position, \$5,472,380, 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.

TOWN OF LUDLOW, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2017

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

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

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

In summary, (as indicated in the balance sheet on page 12) the net position committed in the general fund for prepaid expenses total \$191,346. The net position restricted for capital projects amounted to \$9,474.

The following table provides a summary of government-wide revenues, expenses, and net position for the year ended June 30, 2017:

Summary of Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
Revenues			
Program revenues			
Charges for services	\$ 491,370	\$ 357,529	\$ 848,899
Operating grants and contributions	132,533	-	132,533
Capital grants	175,000	-	175,000
Property taxes	4,047,436	-	4,047,436
Investment income	75,969	1,242	77,211
Donations	48,828	-	48,828
Other revenue	122,736	706	123,442
Total revenues	5,093,872	359,477	5,453,349
Expenses			
Governmental Activities:			
General government	1,202,987	-	1,202,987
Municipal transit	248,919	-	248,919
Public safety	1,118,676	-	1,118,676
Highway and streets	1,474,858	-	1,474,858
Sanitation and recycling	334,410	-	334,410
Culture and recreation	401,727	-	401,727
Special articles	215,651	-	215,651
Intergovernmental	138,397	-	138,397
Cemetery	83,366	-	83,366
Interest on long-term debt	69,975	-	69,975
Business-Type Activities:			
Ambulance	-	501,705	501,705
Total expenses	5,288,966	501,705	5,790,671
Change in net position	(195,094)	(142,228)	(337,322)
Net position, beginning of year	6,885,361	970,858	7,856,219
Net position, end of year	\$ 6,690,267	\$ 828,630	\$ 7,518,897

TOWN OF LUDLOW, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2017

Financial Analysis of the Town's Funds

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

Governmental Activities

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

Total program revenues from governmental activities were \$798,903 in fiscal year 2017 compared to \$1,073,056 in the prior year. The decrease is primarily the result of the Town of Ludlow, Vermont (Grantee) receiving Federal and State of Vermont grant funds (\$442,159) in FY 2016 to provide a pass-through grant to the Black River Housing LP (borrower) for the purpose of redeveloping the Black River Outlook located in Ludlow, Vermont. New grants received during fiscal year 2017 offset the net change in program revenues from 2016 to 2017. Governmental program revenues come from *charges for services*, which include licenses and permits, planning fees, developer fees, forfeitures, and several other revenues and *operating grants and contributions*, which include operating-specific and discretionary (either operating or capital) grants.

General Revenues. All other revenues not categorized as program revenues, and include all taxes, as well as unrestricted grants, contributions and investment earnings. Total general revenues from governmental activities were \$4,294,969 in fiscal year 2016 compared to \$4,541,890 in the prior year. Taxes and related revenue of \$4,047,436 comprised approximately 94% of the Town's general revenues for fiscal year 2017.

Governmental Expenses. Total government activity expenses were \$5,288,966 in fiscal year 2017 compared to \$5,240,354 in fiscal year 2016, an increase of approximately 1%. The increase is primarily the result of the Town of Ludlow, Vermont (Grantee) expending more Federal and State of Vermont grant funds to repair and redevelop Town property and for community development projects. The largest expenses were incurred for general government, public safety and highways and streets.

Business-Type Activities

Net position for business-type activities (Ambulance) was \$828,630 as of June 30, 2017, a decrease of \$142,228 from the prior year. Total Ambulance revenues for the 2017 fiscal year were \$359,477, a decrease of 1% compared to the prior fiscal year. Total revenue for the fiscal year was less than amounts budgeted for by 13%. Total Ambulance operating expenses for the 2017 fiscal year were \$501,705, an increase of approximately 37% compared to the prior year. Total expenses for the fiscal year exceeded amounts budgeted for by 21%. The largest increases were for part time EMTS wages, ambulance drivers and dispatch services, Medicaid provider taxes and insurance coverage.

Financial Analysis of Individual Funds

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

TOWN OF LUDLOW, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2017

As of the end of the current fiscal year, the Town’s governmental funds reported combined ending fund balances of \$1,957,622.

The fund balance of the General Fund as of June 30, 2017 was \$309,518, a decrease of \$174,064 from the prior year.

General Fund Budgetary Highlights

The Budgetary Comparison Schedule – General Fund beginning on page 16 compares the actual results for fiscal year 2017 to the approved budget for the General Fund. Differences between budgeted amounts and actual amounts are briefly summarized below.

The most significant variances were as follows:

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue and Other Sources			
Property taxes	\$ 3,980,713	\$ 3,883,430	\$ (97,283)
Expenses and Other Uses			
General government	1,029,115	1,114,165	(85,050)
Municipal Transit	246,728	203,827	42,901
Highway and streets	731,426	737,567	(6,141)
Capital outlays, net	487,000	933,272	(446,272)

The revenues and other sources were under budget primarily due to delinquent tax payments.

General government expenses were over budget due to increased 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 grant funds awarded to the Town during FY 2017 for which grant revenues were not budgeted for as the awarding of such funds to the Town was not known at the time of budget adoption. Other expenses were under budget, including municipal transit driver wages and the cost of diesel fuel. Acquisition and construction costs of capital assets exceeded amounts budgeted for, net of budget savings for bridge work included in the highway department’s budget to actual comparison.

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, 2017, was \$5,110,092, which represents a decrease of \$134,204 as compared to the prior year. Investment in capital assets includes land, land improvements, machinery and equipment, buildings, and infrastructure.

Infrastructure assets are items that are normally immovable and of value to the Town such as roads, bridges, streets, drainage systems, lighting systems and similar items. The additions, net of any trade-in allowances and disposals, amounted to \$518,477. Depreciation expense for the 2017 fiscal year totaled

TOWN OF LUDLOW, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2017

\$559,580. The loss on disposal of Town assets amounted to \$1,073. The net decrease in capital assets was \$42,176.

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

- 2017 Freightliner single axle highway truck
- Paving
- Fire station roof
- Highway garage surveillance camera
- Video detection system
- Police cruiser, radios, and body cameras
- Transfer station snow blower and office heater
- Transfer station repairs
- 2017 Thomas transit bus
- F-550 (shared with Village)
- Flood control Dam #3 gate control
- Sod Dorsey Park bleacher area

The Town's investment in capital assets for its Ambulance service totaled \$362,288 as of June 30, 2017. The Ambulance department purchased a 2017 Horton Class I 4x4 ambulance during the current fiscal year. Depreciation expense on equipment in service amounted to \$55,073 for the 2017 fiscal year.

Long-Term Debt

At the end of the year, the Town had total debt outstanding of \$2,098,032. 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

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

**Town of Ludlow
PO Box 359
Ludlow, VT 05149**

TOWN OF LUDLOW, VERMONT
STATEMENT OF NET POSITION
June 30, 2017

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 1,201,769	\$ -	\$ 1,201,769
Cash - restricted	26,334	-	26,334
Internal balances	(345,774)	345,774	-
Investments - restricted	684,707	-	684,707
Accounts Receivable:			
Delinquent taxes, interest and penalties	388,090	-	388,090
Ambulance	-	158,658	158,658
Other	26,781	-	26,781
Prepaid expenses	191,346	-	191,346
Due from Village	5,263	-	5,263
Capital assets:			
Not depreciable	25,600	-	25,600
Depreciable	12,560,337	668,655	13,228,992
Accumulated depreciation	(5,377,814)	(306,367)	(5,684,181)
TOTAL ASSETS	9,386,639	866,720	10,253,359
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	363,618	37,294	400,912
TOTAL DEFERRED OUTFLOWS OF RESOURCES	363,618	37,294	400,912
LIABILITIES			
Accounts payable	56,998	-	56,998
Prepaid property taxes	43,200	-	43,200
Accrued salary and benefits	762,753	73,793	836,546
Unearned revenue - bike path	4,319	-	4,319
Bonds and notes payable due within one year	307,500	-	307,500
Accrued compensated absences	79,180	-	79,180
Accrued expenses	-	-	-
Bonds and notes payable due after one year	1,790,532	-	1,790,532
TOTAL LIABILITIES	3,044,482	73,793	3,118,275
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	15,508	1,591	17,099
TOTAL DEFERRED INFLOWS OF RESOURCES	15,508	1,591	17,099
NET POSITION			
Invested in capital assets, net of related debt	5,110,092	362,288	5,472,380
Restricted:			
Capital project funds	9,474	-	9,474
Special revenue funds	244,507	-	244,507
Debt service fund	12,312	-	12,312
Endowment - expendable	434,381	-	434,381
Endowment - nonexpendable	292,494	-	292,494
Unrestricted	587,006	466,342	1,053,348
TOTAL NET POSITION	\$ 6,690,267	\$ 828,630	\$ 7,518,897

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

TOWN OF LUDLOW, VERMONT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Functions/Programs:							
Governmental Activities:							
General government	\$ 1,202,987	\$ 161,257	\$ 36,100	\$ 175,000	\$ (830,630)	\$ -	\$ (830,630)
Municipal transit	248,919	9,341	-	-	(239,578)	-	(239,578)
Public safety	1,118,676	77,705	1,612	-	(1,039,359)	-	(1,039,359)
Highways and streets	1,474,858	77,148	90,821	-	(1,306,889)	-	(1,306,889)
Sanitation and recycling	334,410	118,009	-	-	(216,401)	-	(216,401)
Culture and recreation	401,727	32,443	4,000	-	(365,284)	-	(365,284)
Special articles	215,651	-	-	-	(215,651)	-	(215,651)
Intergovernmental	138,397	-	-	-	(138,397)	-	(138,397)
Cemetery	83,366	15,467	-	-	(67,899)	-	(67,899)
Interest on long-term debt	69,975	-	-	-	(69,975)	-	(69,975)
Total governmental activities	<u>5,288,966</u>	<u>491,370</u>	<u>132,533</u>	<u>175,000</u>	<u>(4,490,063)</u>	<u>-</u>	<u>(4,490,063)</u>
Business-Type Activities:							
Ambulance	501,705	357,529	-	-	-	(144,176)	(144,176)
Total business-type activities	<u>501,705</u>	<u>357,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(144,176)</u>	<u>(144,176)</u>
Total government	<u>\$ 5,790,671</u>	<u>\$ 848,899</u>	<u>\$ 132,533</u>	<u>\$ 175,000</u>	<u>\$ (4,490,063)</u>	<u>\$ (144,176)</u>	<u>\$ (4,634,239)</u>
General Revenues:							
Property taxes					\$ 4,047,436	\$ -	\$ 4,047,436
Earnings on investments					75,969	1,242	77,211
Donations					48,828	-	48,828
Miscellaneous					<u>122,736</u>	<u>706</u>	<u>123,442</u>
Total general revenues					<u>4,294,969</u>	<u>1,948</u>	<u>4,296,917</u>
Change in net position					(195,094)	(142,228)	(337,322)
Net position - beginning of year, as restated					<u>6,885,361</u>	<u>970,858</u>	<u>7,856,219</u>
Net position - end of year					<u>\$ 6,690,267</u>	<u>\$ 828,630</u>	<u>\$ 7,518,897</u>

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

TOWN OF LUDLOW, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	Permanent Trust				Total Government Funds
	Funds				
	General Fund	Trustees of Public Funds	Agan Fund	Nonmajor Funds	
ASSETS					
Cash and cash equivalents	\$ 1,182,981	\$ -	\$ -	\$ 18,788	\$ 1,201,769
Cash - restricted	50	26,284	-	-	26,334
Investments - restricted	-	386,665	298,042	-	684,707
Accounts Receivable:					
Delinquent taxes, interest and penalties	388,090	-	-	-	388,090
Other	26,781	-	-	-	26,781
Prepaid expenses	191,346	-	-	-	191,346
Due from Village	5,263	-	-	-	5,263
Due from other funds	-	-	-	771,089	771,089
TOTAL ASSETS	<u>1,794,511</u>	<u>412,949</u>	<u>298,042</u>	<u>789,877</u>	<u>3,295,379</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	56,998	-	-	-	56,998
Prepaid property taxes	43,200	-	-	-	43,200
Accrued salary and benefits	43,269	-	-	-	43,269
Unearned revenue - bike path	4,319	-	-	-	4,319
Due to Ambulance Fund	345,774	-	-	-	345,774
Due to other funds	771,089	-	-	-	771,089
TOTAL LIABILITIES	<u>1,264,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,264,649</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - taxes	220,344	-	-	-	220,344
Total deferred inflows of resources	220,344	-	-	-	220,344
FUND BALANCES					
Committed:					
Prepaid expenses	191,346	-	-	-	191,346
Endowment	-	359,381	75,000	-	434,381
Restricted for:					
Capital projects	50	-	-	815	865
Special revenue funds	-	-	-	244,507	244,507
Debt service	-	-	-	12,312	12,312
Endowment	-	38,211	254,283	-	292,494
Assigned for:					
Capital projects	-	-	-	570,715	570,715
Unassigned	118,122	15,357	(31,241)	(38,472)	63,766
TOTAL FUND BALANCES	<u>309,518</u>	<u>412,949</u>	<u>298,042</u>	<u>789,877</u>	<u>1,810,386</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,794,511</u>	<u>\$ 412,949</u>	<u>\$ 298,042</u>	<u>\$ 789,877</u>	<u>\$ 3,295,379</u>

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

TOWN OF LUDLOW, VERMONT
RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2017

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 1,810,386
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not considered financial resources for fund perspective reporting and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$12,585,937 and the accumulated depreciation is \$5,377,814		7,208,123
Delinquent property tax revenues are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds		220,344
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the statement of net position (refer to Note 8)		363,618
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Bonds and notes payable	2,098,032	
Accrued compensated absences	<u>79,180</u>	(2,177,212)
Pension related deferrals (Refer to Note 8)		(15,508)
Net pension liability (refer to Note 8)		<u>(719,484)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$ <u>6,690,267</u>

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

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Permanent Trust Funds				Total Government Funds
	General Fund	Trustees of Public Funds	Agan Fund	Nonmajor Funds	
REVENUES					
Taxes, interest and penalties	\$ 4,005,051	\$ -	\$ -	\$ -	\$ 4,005,051
Investment income (loss)	2,593	30,207	35,061	8,108	75,969
Town clerk fees	80,546	-	-	-	80,546
Federal and state grant revenue	380,681	-	-	-	380,681
Departmental income	280,036	-	-	-	280,036
Donations	500	1,750	-	18	2,268
Miscellaneous	246,785	-	-	42,577	289,362
Total revenues	<u>4,996,192</u>	<u>31,957</u>	<u>35,061</u>	<u>50,703</u>	<u>5,113,913</u>
EXPENDITURES					
General government	1,114,165	1,600	13,182	-	1,128,947
Municipal transit	203,827	-	-	-	203,827
Public safety	980,930	-	-	-	980,930
Highways and streets	737,567	-	-	-	737,567
Sanitation and recycling	319,950	-	-	-	319,950
Cemetery	70,868	-	-	-	70,868
Culture and recreation	368,248	-	-	-	368,248
Intergovernmental	138,397	-	-	-	138,397
Special articles	215,651	-	-	-	215,651
Capital outlay, net	933,272	-	-	-	933,272
Debt service:					
Bond and note principal	242,600	-	-	-	242,600
Interest and other charges	69,976	-	-	-	69,976
Total expenditures	<u>5,395,451</u>	<u>1,600</u>	<u>13,182</u>	<u>-</u>	<u>5,410,233</u>
Excess/(deficiency) of revenue over/(under) expenditures	<u>(399,259)</u>	<u>30,357</u>	<u>21,879</u>	<u>50,703</u>	<u>(296,320)</u>
OTHER FINANCING SOURCES (USES)					
Loan proceeds	153,500	-	-	-	153,500
Transfers, net	71,695	(15,000)	-	(56,695)	-
Total other financing sources (uses)	<u>225,195</u>	<u>(15,000)</u>	<u>-</u>	<u>(56,695)</u>	<u>153,500</u>
NET CHANGE IN FUND BALANCES	(174,064)	15,357	21,879	(5,992)	(142,820)
FUND BALANCES - JULY 1, 2016	<u>483,582</u>	<u>397,592</u>	<u>276,163</u>	<u>795,869</u>	<u>1,953,206</u>
FUND BALANCES - JUNE 30, 2017	<u>\$ 309,518</u>	<u>412,949</u>	<u>298,042</u>	<u>789,877</u>	<u>1,810,386</u>

TOWN OF LUDLOW, VERMONT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (142,820)

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

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$559,580 exceeded capital outlays of \$518,477. (41,103)

Gain on disposal of capital assets (1,073)

Contributions to the pension plan in the current fiscal year reflecting changes in the net pension liability and deferred inflows and outflows of resources are not included as expenditures in the governmental funds (112,449)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 242,600

Loan proceeds provide current financial resources to the government funds, but issuing debt increases long-term liabilities in the statement of net position (153,500)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount reflects the change of unearned and unavailable revenue from the prior year. (9,033)

In the statement of activities, accrued compensated absences payable are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences incurred were less than the amounts paid by \$22,284. 22,284

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (195,094)

TOWN OF LUDLOW, VERMONT
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes			
Property taxes - general	\$ 3,979,713	\$ 3,817,849	\$ (161,864)
PILOT program	-	49,543	49,543
Railroad tax	1,000	721	(279)
State of Vermont Hold Harmless	-	15,317	15,317
Total property taxes	<u>3,980,713</u>	<u>3,883,430</u>	<u>(97,283)</u>
Property tax interest and penalties			
Current interest	43,000	32,691	(10,309)
Delinquent interest	46,000	32,537	(13,463)
Delinquent penalties	65,000	56,393	(8,607)
Total property tax interest and penalties	<u>154,000</u>	<u>121,621</u>	<u>(32,379)</u>
Interest and dividends			
	-	2,593	2,593
Town Clerk			
Licenses and permits	7,725	9,147	1,422
Clerk copier fees	6,500	6,453	(47)
Certified copy fees	3,200	2,154	(1,046)
Recording fees	52,000	53,423	1,423
Vault preservation	5,200	6,752	1,552
Zoning Recording fees	1,500	2,617	1,117
Total charges for services - Town Clerk	<u>76,125</u>	<u>80,546</u>	<u>4,421</u>
Highway			
State aid	95,000	90,821	(4,179)
Permits	1,500	1,150	(350)
Other	56,500	252,609	196,109
Total highway	<u>153,000</u>	<u>344,580</u>	<u>191,580</u>
Departmental income			
Planning and zoning	24,200	32,214	8,014
Listers	3,560	3,546	(14)
Cemetery fees	8,300	15,467	7,167
Sanitation and recycling	150,160	118,009	(32,151)
Municipal transit	10,300	9,327	(973)
Police department	82,980	75,004	(7,976)
Fire department	3,000	1,000	(2,000)
Senior center bond reimbursement/rent	13,800	12,950	(850)
Recreation department	15,525	12,519	(3,006)
Total departmental income	<u>311,825</u>	<u>280,036</u>	<u>(31,789)</u>

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

TOWN OF LUDLOW, VERMONT
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Miscellaneous			
State education collection fees	44,000	43,557	(443)
Stearns pit	66,127	69,111	2,984
Armory bond reimbursement	2,455	2,427	(28)
Insurance refunds and reimbursements	33,000	34,514	1,514
Tenant payments	4,600	4,440	(160)
Other grant income	-	36,100	36,100
Donations	500	500	-
Miscellaneous	57,465	92,737	35,272
	<u>208,147</u>	<u>283,386</u>	<u>75,239</u>
 Total revenues	 <u>4,883,810</u>	 <u>4,996,192</u>	 <u>112,382</u>
 EXPENDITURES			
Current Expenditures			
General government			
Administration			
Salaries			
Manager	60,550	61,435	(885)
Clerks	75,190	74,673	517
Selectmen and officers	7,900	7,669	231
Recording secretary	1,200	1,400	(200)
Benefits			
FICA	11,200	11,339	(139)
Insurance	46,200	45,205	995
Pension	7,950	9,262	(1,312)
Town reports	5,000	3,898	1,102
Equipment/supplies	6,000	4,422	1,578
Computer	500	80	420
Copier	2,400	2,403	(3)
LEF disbursement	-	3,296	(3,296)
Audit	12,100	8,206	3,894
Expense/mileage	3,170	3,136	34
Training/conferences	600	653	(53)
Legal	2,500	16,368	(13,868)
League of Cities and Towns (VLCT)	3,109	3,109	-
Membership	100	230	(130)
Advertising	600	469	131
Web page maintenance	900	849	51
Safety program	1,000	975	25
Telephone	1,525	2,092	(567)
Tax, interest and penalty abatements	-	2,660	(2,660)
Community Development Block Grant	-	25,120	(25,120)
Miscellaneous	-	37,465	(37,465)
Total administration	<u>250,894</u>	<u>326,414</u>	<u>(75,520)</u>

TOWN OF LUDLOW, VERMONT
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Building and grounds			
Salaries			
Janitor	48,790	53,360	(4,570)
Maintenance	4,000	2,274	1,726
Benefits			
FICA	4,038	4,256	(218)
Insurance	30,100	28,611	1,489
Pension	2,890	2,375	515
Fuel oil	19,000	11,024	7,976
Equipment	800	214	586
Parks/bandstands	300	63	237
Utilities	27,500	21,587	5,913
Supplies	5,500	4,155	1,345
Uniforms	800	918	(118)
Telephone	150	843	(693)
Gas	4,000	2,968	1,032
Repairs and maintenance - equipment	2,200	4,570	(2,370)
Repairs and maintenance - grounds	3,000	4,778	(1,778)
Total building and grounds	<u>153,068</u>	<u>141,996</u>	<u>11,072</u>
Zoning and planning			
Salaries			
Administrative officer	47,175	45,921	1,254
Planning Board	1,500	450	1,050
Development Review Board	6,000	6,000	-
Secretary	2,400	2,220	180
Clerk	19,296	22,086	(2,790)
Benefits			
FICA	5,842	5,866	(24)
Insurance	41,650	39,034	2,616
Pension	3,620	2,520	1,100
Mapping services	465	1,172	(707)
Computer	500	434	66
SWCRPC	2,454	2,454	-
Equipment/supplies	2,920	2,067	853
Legal	4,500	995	3,505
Advertising	3,600	4,278	(678)
Training/conferences	400	72	328
Telephone	600	888	(288)
GIS	600	312	288
E-911	400	777	(377)
Total zoning and planning	<u>143,922</u>	<u>137,546</u>	<u>6,376</u>

TOWN OF LUDLOW, VERMONT
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Town Clerk/Treasurer			
Salaries			
Town clerk/treasurer	71,960	73,304	(1,344)
Assistant clerk	42,593	42,136	457
BCA/Town meetings	2,500	3,828	(1,328)
Trustees of public funds	900	900	-
Benefits			
FICA	9,023	9,193	(170)
Insurance	49,400	44,854	4,546
Pension	6,300	5,012	1,288
Vault preservation	500	2,610	(2,110)
Licenses	2,200	2,935	(735)
Equipment/supplies	12,980	16,013	(3,033)
Training/conferences	200	199	1
Telephone	950	1,019	(69)
Total Town Clerk/Treasurer	<u>199,906</u>	<u>202,003</u>	<u>(2,097)</u>
Listers			
Salaries	61,035	68,016	(6,981)
FICA	4,669	5,203	(534)
Computer	1,000	361	639
Licenses	3,500	4,500	(1,000)
Postage	1,000	508	492
Equipment/supplies	3,000	1,837	1,163
Training/conferences	400	310	90
Telephone	1,200	1,415	(215)
Property map update	3,250	3,100	150
Mileage	100	27	73
Professional services	11,700	11,770	(70)
Total listers	<u>90,854</u>	<u>97,047</u>	<u>(6,193)</u>
Insurance and fidelity bond			
Unemployment	25,236	21,486	3,750
Workers' compensation	64,281	79,869	(15,588)
Municipal officers	2,367	3,006	(639)
Vehicle/fire/liability	89,851	92,440	(2,589)
Employment practices	8,636	12,358	(3,722)
Total insurance and fidelity bond	<u>190,471</u>	<u>209,159</u>	<u>(18,688)</u>
Total general government	<u>1,029,115</u>	<u>1,114,165</u>	<u>(85,050)</u>

TOWN OF LUDLOW, VERMONT
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Municipal Transit System			
Transportation supervisors	10,608	11,417	(809)
Driver salaries	72,100	72,024	76
Overtime	20,000	14,431	5,569
Part time drivers	33,500	24,300	9,200
Pension	6,420	3,641	2,779
Insurance	45,970	41,553	4,417
FICA	10,430	9,346	1,084
Equipment/supplies	2,600	1,773	827
Telephone/postage	3,900	2,926	974
Repairs and maintenance	13,500	10,190	3,310
Dues and fees	50	-	50
Diesel fuel	27,500	12,226	15,274
Total municipal transit system	<u>246,728</u>	<u>203,827</u>	<u>42,901</u>
Public Safety			
Police Department			
Salaries			
Police duty	281,000	276,175	4,825
Special officers	6,000	10,836	(4,836)
Traffic control	12,000	9,469	2,531
Overtime	30,000	30,996	(996)
Dispatchers	212,000	190,125	21,875
Part time dispatchers	20,000	25,059	(5,059)
Dispatch overtime	18,000	12,092	5,908
Vehicle maintenance labor	500	664	(164)
Benefits			
FICA	44,408	42,766	1,642
Insurance	179,100	168,717	10,383
Pension	37,610	28,879	8,731
Cleaning allowance	3,200	3,000	200
Building utilities	6,000	5,363	637
Services/advertising	-	384	(384)
Computer services	13,500	13,485	15
Equipment/supplies	8,600	9,224	(624)
Uniforms	4,000	3,339	661
Training	3,000	3,060	(60)
Telephone	12,000	14,048	(2,048)
Repairs and maintenance	12,000	5,804	6,196
Gas/oil	14,000	7,870	6,130
Safety fund	-	1,300	(1,300)
Total police department	<u>916,918</u>	<u>862,655</u>	<u>54,263</u>

TOWN OF LUDLOW, VERMONT
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fire Department			
Salaries			
Chief	13,140	13,140	-
Payroll	48,000	32,743	15,257
FICA	4,700	3,510	1,190
Insurance	11,532	13,364	(1,832)
Fuel oil	8,000	5,992	2,008
Utilities	7,500	5,808	1,692
Equipment/supplies	25,750	25,064	686
Training	1,500	730	770
Telephone	800	739	61
Repairs and maintenance	7,000	5,582	1,418
Diesel fuel/gas	2,800	1,546	1,254
Protective gear	12,000	1,800	10,200
Air pack maintenance	2,800	1,839	961
Flood control	-	6,418	(6,418)
Total fire department	<u>145,522</u>	<u>118,275</u>	<u>33,665</u>
Total public safety	<u>1,062,440</u>	<u>980,930</u>	<u>87,928</u>
Highways and streets			
Highway			
Salaries			
Highway salaries	227,879	212,938	14,941
Overtime	19,000	24,926	(5,926)
Benefits			
FICA	18,887	18,721	166
Insurance	85,950	76,034	9,916
Pension	13,560	10,782	2,778
Street lights	60,000	66,720	(6,720)
Supplies	5,000	4,426	574
Winter sand	37,000	26,081	10,919
Winter salt	67,600	85,717	(18,117)
Winter supplies	8,000	3,949	4,051
Crushing gravel	6,000	3,077	2,923
Rentals	1,500	7,188	(5,688)
Surpac	15,500	28,010	(12,510)
Plant mix	4,000	10,770	(6,770)
Uniforms	3,000	2,695	305
Asphalt	2,000	1,779	221
Cold patch	500	889	(389)
Culverts	7,000	-	7,000
Bridges	5,000	-	5,000
Training	700	140	560
Telephone, cell phones, pagers	1,650	1,343	307
Computer	200	92	108
Repairs and maintenance	38,000	57,094	(19,094)
Road signs	6,500	6,031	469
Road cut bond returns	1,500	1,000	500
Chloride	9,500	8,652	848
Tree/brush	3,700	7,464	(3,764)
Summer construction	38,000	21,707	16,293
Fuel-diesel	31,000	22,963	8,037
Miscellaneous	-	16,897	(16,897)

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

TOWN OF LUDLOW, VERMONT
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Total highway	718,126	728,085	(9,959)
Garage			
Maintenance	4,000	3,233	767
Fuel	5,000	1,999	3,001
Utilities	4,300	4,250	50
Total garage	13,300	9,482	3,818
Total highway and streets	731,426	737,567	(6,141)
Sanitation and Recycling			
Solid Waste			
Salaries			
Attendant	37,080	45,466	(8,386)
Part time attendant	29,386	26,543	2,843
Labor	10,000	21,866	(11,866)
Benefits			
FICA	5,849	7,137	(1,288)
Insurance	31,430	27,149	4,281
Pension	3,655	3,288	367
Uniforms	750	963	(213)
Work offender program	-	381	(381)
Heating fuel	900	495	405
Equipment/supplies	2,500	2,775	(275)
Utilities	7,500	5,877	1,623
Repairs and maintenance	6,300	5,790	510
Telephone	900	763	137
Total solid waste	136,250	148,493	(12,243)
Disposal			
Recycle bags	32,500	25,099	7,401
Tires	2,500	5,540	(3,040)
Trucking fees	44,700	42,226	2,474
Processing fees	13,020	12,584	436
Construction and disposal	98,000	86,008	11,992
Total disposal	190,720	171,457	19,263
Total sanitation and recycling	326,970	319,950	7,020

TOWN OF LUDLOW, VERMONT
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Cemetery			
Labor	54,000	42,640	11,360
Commission	4,000	4,000	-
Recording secretary	1,000	700	300
Insurances	11,324	6,577	4,747
FICA	4,530	3,664	866
Pension	1,100	247	853
Gas/oil	3,000	1,172	1,828
Equipment/supplies	8,500	6,302	2,198
Uniforms	-	228	(228)
Tree work/stump/brush	2,500	-	2,500
Utilities	2,500	1,964	536
Flowers	-	107	(107)
Training	200	-	200
Corner stones	1,200	900	300
Sand/top soil	1,500	1,640	(140)
Legal	2,000	200	1,800
Miscellaneous	4,100	-	4,100
Truck maintenance	-	456	(456)
Monument Restoration	4,500	71	4,429
Total cemetery	<u>105,954</u>	<u>70,868</u>	<u>35,086</u>
Culture and Recreation			
Recreation department			
Salaries			
Director	49,870	50,550	(680)
Assistant	18,500	25,077	(6,577)
Camp staff	12,060	10,561	1,499
Summer labor	2,500	4,139	(1,639)
Winter labor	1,500	109	1,391
Referees/coaches	9,000	8,776	224
Benefits			
FICA	7,900	7,628	272
Insurance	21,170	19,543	1,627
Pension	2,740	2,139	601
Fuel oil	3,000	1,443	1,557
Utilities	17,000	16,922	78
Equipment/supplies	3,500	13,433	(9,933)
Advertising	500	-	500
Training	500	650	(150)
Telephone	2,200	1,937	263
Fields	16,000	12,112	3,888
Repairs and maintenance	1,500	8,492	(6,992)
Skate park maintenance	2,000	2,067	(67)
Concerts	4,000	3,692	308
Improvements	15,000	12,540	2,460
Youth activities	12,000	7,245	4,755
Adult activities	2,000	1,232	768
Senior citizens activities	500	-	500
Little league	5,000	3,208	1,792
Babe Ruth	500	80	420
Recreation to school	18,000	18,000	-
Youth athletic equipment	8,500	8,401	99
Team sports	15,000	13,628	1,372

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

TOWN OF LUDLOW, VERMONT
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Miscellaneous	500	-	500
Transportation	4,000	4,000	-
Total recreation department	<u>256,440</u>	<u>257,604</u>	<u>(1,164)</u>
Community Center			
Salaries			
Staff	40,041	47,605	(7,564)
Benefits			
FICA	3,090	3,642	(552)
Insurance	11,130	10,119	1,011
Pension	2,202	1,977	225
Telephone	480	551	(71)
Uniforms	800	732	68
Utilities	32,000	32,792	(792)
Cleaning and supplies	16,000	13,226	2,774
Total community center	<u>105,743</u>	<u>110,644</u>	<u>(4,901)</u>
Total culture and recreation	<u>362,183</u>	<u>368,248</u>	<u>(6,065)</u>
Intergovernmental			
County tax	67,102	65,894	1,208
County capital cost	37,000	36,003	997
3/5 Highway tax	36,500	36,500	-
Total intergovernmental	<u>140,602</u>	<u>138,397</u>	<u>2,205</u>
Special articles			
Nurse service	15,260	15,260	-
Library electric and fuel	15,250	11,807	3,443
Library operations	25,000	25,000	-
Library/school books	5,000	7,504	(2,504)
Vermont green up day	100	50	50
Black River Academy Museum fuel	18,000	11,703	6,297
BR Academy Musuem	25,000	25,000	-
SEVCA	2,440	2,440	-
American Red Cross	500	-	500
Vermont adult learning/basic ed	400	-	400
BRV Senior Center meals	9,000	9,000	-
BRV Senior Center operations	18,000	16,000	2,000
RSVP Program	600	600	-
Youth Services	600	600	-
LES Mentoring Program	4,500	4,500	-
Windsor County Partners	500	500	-

TOWN OF LUDLOW, VERMONT
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Black River good neighbor services	3,500	3,500	-
Museum Windows Project	15,000	15,000	-
Vermont Center for Independent Living	360	360	-
Education operations	22,500	22,327	173
LPCTV	1,750	1,750	-
Friends of Ludlow	1,500	1,500	-
Welfare	250	-	250
CT River Transit	7,250	7,250	-
Adult learning	-	-	-
BRACC	15,000	15,000	-
After School Program	19,000	19,000	-
Total special articles	<u>226,260</u>	<u>215,651</u>	<u>10,609</u>
Capital outlays	<u>487,000</u>	<u>933,272</u>	<u>(446,272)</u>
Debt service			
Principal	242,711	242,600	111
Interest	75,021	69,976	5,045
Total debt service	<u>317,732</u>	<u>312,576</u>	<u>5,156</u>
Voted exemptions	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Total expenditures	<u>5,111,410</u>	<u>5,395,451</u>	<u>(277,623)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>(227,600)</u>	<u>(399,259)</u>	<u>390,005</u>
OTHER FINANCING SOURCES (USES)			
Transfer from LEF	-	3,296	3,296
Transfer from Trustees of Public Funds	15,000	15,000	-
Transfer from Vault Preservation fund	5,000	7,610	2,610
Transfer from Public Safety fund	26,600	26,600	-
Transfer from Reappraisal fund	20,000	23,341	3,341
Transfer to Police Equipment fund	(5,000)	(5,000)	-
Transfer from Black River Senior Center Capital fund	15,000	12,000	(3,000)
Transfer from Senior Center fund	(2,500)	(2,500)	-
Transfer from Community Center fund	-	1,958	1,958
Transfer to Municipal Transit fund	(30,000)	(30,000)	-
Transfer to Recreation Facilities fund	(15,000)	(15,000)	-
Transfer to Town Hall Renovations fund	-	2,000	2,000
Transfer to Highway Equipment fund	(30,000)	(30,000)	-
Transfer to Special Fire Equipment fund	(20,000)	(20,000)	-
Transfer to Ludlow Community Center fund	(5,000)	(5,000)	-
Transfers to Bike/Walk Path fund	(25,000)	(25,000)	-
Highway truck, transit bus and capital fund transfers	120,000	120,000	-
Transfers to Deferred Compensation fund	(5,000)	(5,000)	-
Transfers to other miscellaneous funds	-	(2,610)	(2,610)
Highway truck, bus and fire improvement loan proceeds	163,500	153,500	(10,000)
Total other financing sources (uses)	<u>227,600</u>	<u>225,195</u>	<u>(2,405)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>(174,064)</u>	<u>(174,064)</u>
FUND BALANCE - JULY 1, 2016		<u>483,582</u>	
FUND BALANCE - JUNE 30, 2017		<u>\$ 309,518</u>	

**TOWN OF LUDLOW, VERMONT
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2017**

	<u>Ambulance Fund</u>
ASSETS	
Due from general fund	\$ 345,774
Accounts receivable, net of allowance for doubtful accounts of \$44,000	158,658
Capital assets:	
Vehicles	578,137
Equipment	90,518
Accumulated depreciation	<u>(306,367)</u>
TOTAL ASSETS	\$ <u>866,720</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferrals	\$ <u>37,294</u>
LIABILITIES	
Net pension liability	<u>73,793</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related deferrals	<u>1,591</u>
NET POSITION	
Invested in capital assets, net of related debt	362,288
Unrestricted	<u>466,342</u>
TOTAL NET POSITION	\$ <u>828,630</u>

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

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUND
For the Year Ended June 30, 2017

	<u>Ambulance Fund</u>
OPERATING REVENUE	
Charges for services	\$ 357,529
Miscellaneous	<u>706</u>
Total operating revenue	<u>358,235</u>
 OPERATING EXPENSES	
Operating and maintenance	446,632
Depreciation expense	<u>55,073</u>
Total operating expenses	<u>501,705</u>
 INCOME (LOSS) FROM OPERATIONS	 <u>(143,470)</u>
 NON-OPERATING REVENUE	
Investment income	<u>1,242</u>
 CHANGE IN NET POSITION	 (142,228)
 NET POSITION - July 1, 2016	 <u>970,858</u>
 NET POSITION - June 30, 2017	 \$ <u><u>828,630</u></u>

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

TOWN OF LUDLOW, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2017

	<u>Ambulance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 362,762
Cash payments to suppliers for goods and services	(220,062)
Cash payments to employees for services and benefits	<u>(316,032)</u>
Net cash provided by (used in) operating activities	<u>(173,332)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Increase in interfund loans receivable	<u>290,727</u>
Net cash provided by (used in) non-capital financing activities	<u>290,727</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of ambulance, net of disposal of old ambulance	<u>(118,637)</u>
Net cash provided by (used in) capital and financing activities	<u>(118,637)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	<u>1,242</u>
Net cash provided by (used in) investing activities	<u>1,242</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - July 1, 2016	<u>-</u>
CASH AND CASH EQUIVALENTS - June 30, 2017	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (143,470)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities	
Depreciation expense	(55,073)
(Increase) decrease in accounts receivable	4,527
(Increase) decrease in prepaid expenses	2,000
(Increase) decrease in deferred outflows - pension related	(29,970)
Increase (decrease) in accrued expenses	47,469
Increase (decrease) in deferred inflows - pension related	<u>1,185</u>
Net cash provided by (used in) operating activities	<u><u>\$ (173,332)</u></u>

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

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

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

The 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.

Reporting Entity

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

Basis of Presentation

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

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

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

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

The Town reports on the following major governmental funds:

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

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

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

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Measurement Focus

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

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

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting

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

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

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

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

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

Use of Estimates

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

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

Investments

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

Receivables

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

Internal Balances

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

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

Capital Assets

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

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

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

Accrued Compensated Absences

Employees may carry forward ten days of vacation from one calendar year to the next. Upon termination, employees will be paid for these carryforward days plus days earned up to the date of termination. Sick time cannot be carried forward and will not be paid upon termination. Certain employees with ten years of service at the time that the policy was last modified to its current state, were allowed to carry forward sick time credits. These employees will be compensated for these credits upon retirement. Accrued compensated absences are not reported in the governmental fund financial statements. Compensated absences in these funds are recorded as expenditures in the year they are paid.

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

Long-Term Liabilities

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

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

Fund Balances

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

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

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

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

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

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

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Note 2. Deposits and Investments

Deposits

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

Insured by FDIC	500,000
Uninsured - collateralized	927,902
Total bank balances	\$ <u>1,427,902</u>

Investment Securities

The fair value of investments at June 30, 2017 are as follows:

Investment Security Type	Carrying and Fair Value
Fixed income	\$ 215,470
Equities – corporate stock	216,207
Mutual funds	214,644
Exchange-traded products	38,386
	\$ <u>684,707</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, 2017:

1. Corporate stock securities: valued at \$216,207, based on quoted market prices (Level 1 inputs).
2. Mutual funds: valued at \$341,458, based on quoted market prices (Level 1 inputs).
3. Exchange-traded products: valued at \$38,386, based on quoted market prices (Level 1 inputs).
4. Corporate bonds: valued at \$88,656, based on a matrix pricing model (Level 2 inputs).

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 2. Deposits and Investments (continued)

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.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Presented below are the ratings of the corporate bonds held by the Town as of June 30, 2017, as provided by Standard & Poor’s and Moody’s Investor Services.

Issuer	Fair Value	Credit Rating
Barclays Bank PLC	\$ 53,097	A-
Berkshire Hathaway Inc.	25,616	AA
The Toronto-Dominion Bank	9,943	AA-
	\$ 88,656	

Investment income – the components of governmental funds investment income for fiscal year 2017 were as follows:

	General Fund	Trustees of Public Funds	Agan Fund	Non-major Funds	Total
Interest and dividends	\$ 2,593	\$ 3,272	\$ 4,961	\$ 8,108	\$ 18,934
Unrealized gains	-	26,935	24,408	-	51,343
Realized gains	-	-	5,692	-	5,692
	\$ 2,593	\$ 30,207	\$ 35,061	\$ 8,108	\$ 75,969

Note 3. Inter-fund Transfers

Inter-fund transfers for the year ended June 30, 2017 were as follows:

	General Fund	Trustees of Public Funds	Agan Fund	Non- major Funds
From general fund	\$ 59,305	\$ -	\$ -	\$ (59,305)
From other Governmental funds	12,390	(15,000)	-	2,610
Totals	\$ 71,695	\$ (15,000)	\$ -	\$ (56,695)

Transfers are used to move revenues from the fund that statute or budget requires it to be collected in to the fund that statute or budget requires it to be expended from. Transfers are also used for unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 3. Inter-fund Transfers (continued)

The general fund made transfers of \$59,305 to other governmental funds according to budgetary authorizations. Other governmental funds made transfers of \$12,390 to the general fund according to budgetary authorizations. The Agan fund made no transfers to the general fund during fiscal year ended June 30, 2017. The trustee of public funds transferred \$15,000 to the General Fund per the trust agreements.

Note 4. Due to/From Other Funds

The Town has combined some of the cash resources of its governmental and proprietary funds for accounting and reporting purposes. That portion of the pooled cash balance is reported in the specific fund as an inter-fund balance. Inter-fund balances at June 30, 2016 were as follows:

	Due from Other Funds	Due to Other Funds
Governmental Funds	\$	\$
General Fund	-	1,116,863
Non-major Funds	771,089	-
Proprietary Funds		
Ambulance Fund	345,774	-
Totals	\$ 1,116,863	\$ 1,116,863

Note 5. Capital Assets Activity

Governmental Activities capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 25,600	\$ -	\$ -	\$ 25,600
Total capital assets not being depreciated	25,600	-	-	25,600
Capital Assets being depreciated:				
Land improvements	136,431	15,696	-	152,127
Buildings and improvements	4,998,179	65,847	-	5,064,026
Roads and bridges	3,130,956	180,424	-	3,311,380
Vehicles and equipment	3,994,162	256,510	(217,868)	4,032,804
Total capital assets being depreciated	12,259,728	518,477	(217,868)	12,560,337
Accumulated depreciation				
Land improvements	(36,011)	(10,740)	-	(46,751)
Buildings and improvements	(1,735,826)	(100,060)	-	(1,835,886)
Roads and bridges	(1,154,131)	(149,638)	-	(1,303,769)
Vehicles and equipment	(2,109,061)	(299,142)	216,795	(2,191,408)
Total accumulated depreciation	(5,035,029)	(559,580)	216,795	(5,377,814)
Governmental Activities Capital Assets, Net	\$ 7,250,299	\$ (41,103)	\$ (1,073)	\$ 7,208,123

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TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 5. Capital Assets Activity (continued)

Depreciation expense was charged to governmental functions as follows:

General government	\$	67,496
Highways and streets		288,959
Public safety		108,914
Sanitation and recycling		12,772
Culture and recreation		31,675
Cemetery		11,194
Municipal transit		38,570
	\$	559,580

Proprietary funds capital asset activity for the year ended June 30, 2017 was as follows

		Beginning Balance		Additions		Retirements		Ending Balance
Capital assets being depreciated								
Vehicles	\$	463,379	\$	266,736	\$	(151,978)	\$	578,137
Equipment		90,518		-		-		90,518
Totals		553,897		266,736		(151,978)		668,655
Accumulated depreciation:								
Vehicles		(302,399)		(26,674)		114,025		(215,048)
Equipment		(62,920)		(28,399)		-		(91,319)
Total accumulated depreciation		(365,319)		(55,073)		114,026		(306,367)
Business-Type Activities Capital Assets, Net	\$	188,578	\$	(211,663)	\$	(37,953)	\$	362,288

Note 6. Long-Term Notes and Bonds Payable

Long-term notes and bonds payable consist of the following at June 30, 2017:

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. \$ 160,000

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. 75,000

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. 390,000

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. 117,331

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

Capital equipment note, People’s United Bank. Annual principal payments of \$18,000 plus interest at 1.75%. Note matures June 7, 2017.	-
Capital equipment note, People’s United Bank. Annual principal payments of \$10,800 plus interest at 1.75%. Note matures July 3, 2018.	21,600
Capital equipment note, People’s United Bank. Annual principal payments of \$10,000 plus interest at 1.75%. Note matures June 5, 2019.	20,000
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.	385,601
Capital equipment note, People’s United Bank. Annual principal payments of \$19,000 plus interest at 2.5%. Note matures June 5, 2019.	38,000
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.	780,000
Note 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.	32,000
Note payable, Peoples United Bank, for highway truck, annual principal payments of \$16,400 beginning June 2017 through June 2022, plus annual interest payments made in conjunction with annual principal payments at a rate of 2.45% per annum.. Bond matures June 8, 2022.	82,000
Note payable, Peoples United Bank, for 2017 transit bus, annual principal payments of \$22,500 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.	22,500
Note payable, Peoples United Bank, for fire station improvements, annual principal payments of \$49,000 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 7, 2018.	<u>49,000</u>
Total Governmental Activities	<u>\$ 2,098,032</u>

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

Scheduled maturities of notes and bonds payable are as follows as of June 30, 2017:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2018	\$ 307,500	\$ 84,779
2019	236,000	76,630
2020	196,200	68,546
2021	196,200	60,767
2022	173,200	118,193
Thereafter	988,932	173,341
	<u>\$ 2,098,032</u>	<u>\$ 582,256</u>

During the year ended June 30, 2017, the following changes occurred in the long-term liabilities:

	Total Liability July 1, 2016	Additions	Reductions	Total Liability June 30, 2017	Amounts due within one year
Governmental Activities					
Bonds payable	\$ 2,009,732	\$ -	\$ 144,800	\$ 1,864,932	\$ 179,800
Notes payable	177,400	153,500	97,800	233,100	127,700
Compensated absences	83,398	-	4,218	79,180	-
Net pension liability	431,873	287,611	-	719,484	-
Total governmental activities long-term liabilities	<u>\$ 2,702,403</u>	<u>\$ 441,111</u>	<u>\$ 246,818</u>	<u>\$ 2,896,696</u>	<u>\$ 307,500</u>

Note 7. Unearned Revenue and Deferred Inflows of Resources

Deferred inflows of resources in the General Fund consists of \$220,344 of delinquent property taxes, penalties and interest on those taxes that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Note 8. Pension Plan

Summary of Significant Accounting Policies

Pensions

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

VMERSs' 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

TOWN OF LUDLOW, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

Note 8. Pension Plan (continued)

Plan Description

The Vermont Municipal Employees' Retirement System is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2016, the retirement system consisted of 441 participating employers. The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

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

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

Summary of System Provisions

Membership	Full-time employees of participating municipalities. Municipality elects coverage under Groups A, B, C or D provisions.
Creditable service	Service as a member plus purchased service
Average Final Compensation (AFC)	Group A – average annual compensation during the highest 5 consecutive years. Group B and C – average annual compensation during highest 3 consecutive years. 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. Groups 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 Group A member x AFC. Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC.

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B, or C member x AFC

Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The above includes the portion of the allowance provided by member contributions.

Early Retirement Allowance
Eligibility

Age 55 with 5 years of service for Groups A and B; age 50 with 20 years of service for Group D.

Amount

Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement proceeds Normal Retirement Age for Group A and B members, and payable without reduction to Group D members.

Vested Retirement Allowance
Eligibility

5 years of service.

Amount

Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments” described below.

Disability Retirement Allowance
Eligibility

5 years of service and disability as determined by Retirement Board.

Amount

Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit
Eligibility

Death after 5 years of service.

Amount

For Groups A, B, C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor’s benefits under disability annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children’s benefit.

Optional Benefit and Death after Retirement

For Groups A, B, C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.

Refund of Contribution

Upon termination, if the member so elects or if no other benefit is payable, the member’s accumulated contributions are refunded.

Post-Retirement Adjustments

Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but not more than 2% for Group A and 3% for Groups B, C and D.

Member Contributions

Group A – 2.50% effective July 1, 2000 (reduced from 3.0%)

Group B – 4.875% effective July 1, 2016 (increased from 4.75%)

Group C – 10.00% effective July 1, 2016 (increased from 9.75%)

Group D – 11.35% effective July 1, 2016 (increased from 11.25%)

TOWN OF LUDLOW, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

Note 8. Pension Plan (continued)

<u>Year Ended June 30:</u>		
2017	\$	99,074
2018		99,074
2019		143,853
2020		41,812
Thereafter		-

Employer contribution history for the Town as of June 30, 2016 is as follows:

FY 2016	108,933
FY 2015	104,406
FY 2014	100,577
FY 2013	95,655

Significant Actuarial Assumptions and Methods

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

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%
Year 7: 8.25%	Year 16: 8.75%
Year 8: 8.25%	Year 17 and Later: 9.00%
Year 9: 8.50%	

Salary Increases: 5% per year.

Deaths:

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

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

Disabled retirees – RP-2000 Disabled Life Tables.

Beneficiaries – 1995 Buck Mortality Tables for males and females.

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

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

TOWN OF LUDLOW, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

Note 8. Pension Plan (continued)

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

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

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

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

The long-term expected rate of return on System investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes.

These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected
Equity	31.50%	8.54%
Fixed Income	33.00%	2.36%
Alternatives	15.50%	8.35%
Multi-strategy	20.00%	4.90%

Discount rate

The discount rate used to measure the total pension liability was 7.95%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 8. Pension Plan (continued)

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

The following presents the entity's proportionate share of the net pension liability calculated using the discount rate of 7.95%, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.95%) or one percent higher (8.95%):

	1% Decrease (6.95%)	Current Discount Rate (7.95%)	1% Decrease (8.95%)
Town's proportionate share of the net pension liability	\$ 1,326,880	\$ 799,277	\$ 357,518

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 9. Restricted and Assigned Fund Balances – Non Major Funds

At June 30, 2017, the Town's individual non-major fund balances were restricted or assigned for the following purposes:

	Restricted	Assigned
Bike/Walk Path Fund	\$ 50,582	\$
Zoning Fees Fund	3,314	
Reappraisal Fund	162,731	
Vault Preservation Fund	7,596	
Ludlow Enterprise Fund	5,783	
Drug Enforcement Fund	2,927	
Anthony C. Marro Memorial Fund for Ambulances	11,573	
Debt Service Fund	12,312	
Black River Senior Center Capital Fund	815	
Public safety equipment fund	-	5,023
Stearns Pit Fund	-	21,898
Recreation Facilities Fund	-	67,229
Highway Equipment Fund	-	108,376
Landfill Fund	-	23,797
Police Equipment Fund	-	7,062
Town Hall Renovations	-	43,288
Cemetery Capital Reserve	-	9,956
Cemetery Equipment Fund	-	25,800
Cemetery Building Fund	-	23,885
Community Center Capital Fund	-	15,625
Special Fire Equipment Fund	-	118,121
Municipal Transit Fund	-	100,655
	\$ 257,633	\$ 570,715

TOWN OF LUDLOW, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

Note 10. Deficit Fund Balances

A fund deficit of \$26,806 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 of 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 11. Designated Net Position – Ambulance Fund

The unrestricted net position balance in the Ambulance fund as of June 30, 2017 includes \$44,057 that has been designated by the Select Board for ambulance equipment.

Note 12. Property Taxes

Property taxes attach as an enforceable lien on property as of July 1. Town taxes levied in July are payable in installments on August 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.

Note 12. Property Taxes (continued)

The tax rates for fiscal year 2017 were:

		Residential		Non-Residential
State Education Tax	\$	1.6837	\$	1.4962
Municipal Tax		.2907		.2907
Total	\$	1.9744	\$	1.7869

Note 13. Related Parties

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

Note 14. Subsequent Events

Management has evaluated subsequent events through November 6, 2017, the date that the financial statements were available to be issued.