

TOWN OF LUDLOW, VERMONT
AUDIT REPORT AND FINANCIAL STATEMENTS
JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Selectboard
Town of Ludlow, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ludlow, Vermont as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Ludlow, Vermont's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ludlow, Vermont as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows and the budget comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Respectfully submitted,

Fothergill Segale & Valley, CPAs

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

December 9, 2014

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014

As management of the Town of Ludlow, Vermont (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014. This document has been prepared in accordance with Statement No. 34 of Governmental Accounting Standards Board (GASB 34).

Financial Highlights – Primary Government

Government-Wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at the close of the fiscal year by \$8,085,510. Of this amount, \$1,485,030 was reported as *unrestricted net position* and may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in Net Position – The Town's net position increased by \$299,421 in fiscal year 2014. Net position of governmental activities increased by \$226,130, while net position of the business-type activities increased by \$73,291.

Fund Highlights:

Governmental Funds – Governmental funds include general, special revenue, debt service, capital projects, and permanent funds (expendable and nonexpendable). As of June 30, 2014, the Town's governmental funds reported a combined fund balance of \$1,883,907, an increase of \$397,938.

General Fund – Total fund balance of the General Fund on June 30, 2014 was \$414,097, an increase of \$345,402 from the prior year. \$267,000 of this increase is unspent bond proceeds that are restricted for capital assets to be purchased in fiscal year 2015.

Overview of the Financial Statements

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

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

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

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Continued)

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

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

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

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

Governmental funds - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on short-term inflows and outflows of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

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

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

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Continued)

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

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

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

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

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

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

**Government-Wide Financial Analysis
Town of Ludlow, Vermont Net Position
June 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 2,482,766	\$ 1,980,457	\$ 639,771	\$ 694,469	\$ 3,122,537	\$ 2,674,926
Capital assets, net	7,704,498	7,510,783	284,713	160,464	7,989,211	7,671,247
Total assets	<u>10,187,264</u>	<u>9,491,240</u>	<u>924,484</u>	<u>854,933</u>	<u>11,111,748</u>	<u>10,346,173</u>
Current liabilities	219,359	172,014	1,396	5,136	220,755	177,150
Long-term liabilities	2,805,483	2,382,934	0	0	2,805,483	2,382,934
Total liabilities	<u>3,024,842</u>	<u>2,554,948</u>	<u>1,396</u>	<u>5,136</u>	<u>3,026,238</u>	<u>2,560,084</u>
Net position:						
Invested in capital assets, net of debt	5,306,666	5,271,949	284,713	160,464	5,591,379	5,432,413
Restricted	1,009,101	949,001	0	0	1,009,101	949,001
Unrestricted	846,655	715,342	638,375	689,333	1,485,030	1,404,675
Total net position	<u>\$ 7,162,422</u>	<u>\$ 6,936,292</u>	<u>\$ 923,088</u>	<u>\$ 849,797</u>	<u>\$ 8,085,510</u>	<u>\$ 7,786,089</u>

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Continued)

The Town's total net position increased by \$299,421 in fiscal year 2014. Net position of governmental activities increased by \$226,130, while net position of the business-type activities increased by \$73,291.

**Town of Ludlow Changes in Net Position
Fiscal Year Ended June 30, 2014 and 2013**

	Governmental Activities <u>2014</u>	Business-type Activities <u>2014</u>	Total Government <u>2014</u>	Governmental Activities <u>2013</u>	Business-type Activities <u>2013</u>	Total Government <u>2013</u>
REVENUES						
General revenues:						
Property taxes, interest and pen.	\$ 3,817,960	\$ 0	\$ 3,817,960	\$ 3,428,612	\$ 0	\$ 3,428,612
Other general revenues	173,735	2,732	176,467	153,742	661	154,403
Gain on disposal of assets	68,157	0	68,157	45,974	0	45,974
Earnings on investments	61,083	2,169	63,252	60,227	2,349	62,576
Transfer	0	0	0	(1,407)	1,407	0
Program revenues:						
Operating grants and contributions	150,326	0	150,326	125,360	0	125,360
Capital grants and contributions	56,096	0	56,096	19,717	0	19,717
Charges for services	468,610	390,987	859,597	529,355	359,650	889,005
Total revenues	<u>4,795,967</u>	<u>395,888</u>	<u>5,191,855</u>	<u>4,361,580</u>	<u>364,067</u>	<u>4,725,647</u>
PROGRAM EXPENSES						
General government	1,052,690	0	1,052,690	1,069,013	0	1,069,013
Municipal transit	290,479	0	290,479	268,812	0	268,812
Public safety	1,030,382	0	1,030,382	1,013,341	0	1,013,341
Highways and streets	944,110	0	944,110	904,646	0	904,646
Sanitation and recycling	293,190	0	293,190	276,955	0	276,955
Culture and recreation	443,123	0	443,123	412,304	0	412,304
Special articles	220,861	0	220,861	203,159	0	203,159
Intergovernmental	118,680	0	118,680	78,653	0	78,653
Cemetery	88,514	0	88,514	76,226	0	76,226
Interest on long-term debt	87,808	0	87,808	91,012	0	91,012
Ambulance	0	322,597	322,597	0	259,821	259,821
Total program expenses	<u>4,569,837</u>	<u>322,597</u>	<u>4,892,434</u>	<u>4,394,121</u>	<u>259,821</u>	<u>4,653,942</u>
Increase (decrease) in net position before special item and extraordinary item	226,130	73,291	299,421	(32,541)	104,246	71,705
Special item	0	0	0	(166,702)	0	(166,702)
Extraordinary items, net	0	0	0	199,083	0	199,083
Increase (decrease) in net position	<u>\$ 226,130</u>	<u>\$ 73,291</u>	<u>\$ 299,421</u>	<u>\$ (160)</u>	<u>\$ 104,246</u>	<u>\$ 104,086</u>

Governmental Activities

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

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Continued)

Total program revenues from governmental activities were \$675,032 in fiscal year 2014 compared to \$674,432 in the prior year. Governmental program revenues come from *charges for services*, which include licenses and permits, planning fees, developer fees, forfeitures, and several other revenues and *operating grants and contributions* which include operating-specific and discretionary (either operating or capital) grants.

General Revenues – Are all other revenue not categorized as program revenues, and include all taxes, as well as unrestricted grants, contributions, and investment earnings. Total general revenues from governmental activities were \$4,120,935 in fiscal year 2014 compared to \$3,687,148 in fiscal year 2013. Taxes and related revenues of \$3,817,960 comprised approximately 93% of the Town's general revenues for fiscal year 2014 and 2013.

Governmental Expenses - Total governmental activity expenses were \$4,569,837 in fiscal year 2014 compared to \$4,394,121 in fiscal year 2013, an increase of approximately 4%. 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 \$923,088, an increase of \$73,291 over the prior fiscal year. Total revenues for business-type activities were \$395,888, an increase of 8.7% compared to the prior year. Total operating expenses for the business-type activities were \$322,597 during fiscal year 2014, an increase of 24.2% compared to the prior year. The largest increase was depreciation for a new ambulance but other operating expenses also increased as budgeted.

Financial Analysis of Individual Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,883,907.

General Fund - The fund balance of the General Fund on June 30, 2014 was \$414,097, an increase of \$345,402 from the prior year. Most of this increase is due to \$267,000 of bond proceeds being received in fiscal year 2014 that will not be spent until fiscal year 2015.

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Continued)

Proprietary Funds - The Town's proprietary fund (Ambulance) provides the same type of information found in the government-wide financial statements, but in more detail. As discussed in the business-type activities previously, the Town's net position increased by \$73,291 as a result of operations in the proprietary fund.

General Fund Budgetary Highlights

The General Fund fund balance increased by \$345,402 during fiscal year 2014 which was \$345,402 better than budget.

Exhibit G compares actual results for fiscal year 2014 to the approved budget for the General Fund. Differences between budgeted amounts and actual amounts are briefly summarized below.

The most significant variances were as follows:

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES AND OTHER SOURCES:			
State grant - structures	\$ 224,500	\$ 0	\$ (224,500)
Loan proceeds	847,000	681,000	(166,000)
EXPENDITURES AND OTHER USES:			
General government	916,268	970,100	(53,832)
Police department	848,880	794,476	54,404
Capital outlays, net of trade-in allowances	1,402,500	701,333	701,167

The revenues and other sources are under budget and the capital outlays are also under budget due to the timing of when some capital projects have been funded (State Structures grants) or have been completed. Some of the loan proceeds variance is related to a fire truck that was partially recorded in fiscal year 2013 and partially in fiscal year 2014. The rest is related to infrastructure projects that were budgeted in fiscal year 2014 but had not been started as of June 30, 2014.

The general government expenses were over budget mostly due to unexpected increases in workers compensation, unemployment and other insurances. The savings in the police department was due to less than expected wages.

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Continued)

Capital Assets and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2014 is \$7,704,498, net of accumulated depreciation of \$4,151,670. Investment in capital assets includes land, land improvements, buildings, infrastructure, machinery and equipment. Infrastructure assets are items that are normally immovable and of value only to the Town such as roads, bridges, streets, drainage systems, lighting systems and similar items. The additions, net of disposals, to the Town's investment in capital assets for the current fiscal year totaled \$694,490. Depreciation for the year totaled \$500,775. The net increase in capital assets was \$193,715.

Capital asset additions during the current fiscal included the following:

- Police 2014 Ford Explorer
- Police camera mobile system
- Cemetery site work
- Fire truck
- 2014 International 7400
- Plow truck
- Small bus
- Paving
- Highway building furnace
- Culvert and storm drain

The Town's investment in capital assets for its business-type activities totaled \$284,713 as of June 30, 2014. During the year, the Ludlow Ambulance Service purchased a new ambulance and related accessories for \$180,859. Depreciation for the year totaled \$56,610. The net increase in business-type capital assets was \$124,249.

Debt Administration

Long-Term Debt – At the end of the current fiscal year, the Town had \$2,664,832 in bonds and notes payable outstanding compared to \$2,238,834 last year. Loan proceeds totaled \$681,000 and loan repayments totaled \$255,002.

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Continued)

Economic Climate

We continue to believe that economic recovery is happening slowly in our community. Real estate sales continue to improve in numbers of transaction however prices are variable. Employment throughout the region seems flat at best as new construction continues to be limited.

The 2013/2014 ski season was solid in its entirety creating more winter business and seasonal employment opportunities in the area.

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

Requests for Information

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

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

TOWN OF LUDLOW, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2014

EXHIBIT A

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 1,352,041	\$ 0	\$ 1,352,041
Cash - restricted	401,866	0	401,866
Internal balances	(551,023)	551,023	0
Investments - restricted	568,450	0	568,450
Accounts receivable:			
Delinquent taxes, interest and penalties	519,341	0	519,341
Ambulance	0	86,748	86,748
Zoning violation penalty	11,000	0	11,000
Other	30,461	0	30,461
Grants receivable - State of Vermont	5,614	0	5,614
Prepaid expenses	145,016	2,000	147,016
Capital assets:			
Not depreciable	57,268	0	57,268
Depreciable	11,798,900	553,896	12,352,796
Accumulated depreciation	(4,151,670)	(269,183)	(4,420,853)
Total assets	10,187,264	924,484	11,111,748
LIABILITIES			
Accounts payable	105,070	0	105,070
Prepaid property taxes	30,368	0	30,368
Accrued expenses	39,602	1,396	40,998
Unearned revenue - bike path	44,319	0	44,319
Bonds and notes payable due within one year	271,900	0	271,900
Accrued compensated absences due after one year	140,651	0	140,651
Bonds and notes payable due after one year	2,392,932	0	2,392,932
Total liabilities	3,024,842	1,396	3,026,238
NET POSITION			
Invested in capital assets, net of related debt	5,306,666	284,713	5,591,379
Restricted:			
Capital project funds	19,271	0	19,271
Special revenue funds	196,550	0	196,550
Debt service fund	89,964	0	89,964
Endowment - expendable	271,085	0	271,085
Endowment - nonexpendable	432,231	0	432,231
Unrestricted	846,655	638,375	1,485,030
Total net position	\$ 7,162,422	\$ 923,088	\$ 8,085,510

TOWN OF LUDLOW, VERMONT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

EXHIBIT B

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position		
					Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 1,052,690	\$ 147,910	\$ 44,665	\$ 0	\$ (860,115)	\$ 0	\$ (860,115)
Municipal transit	290,479	16,052	0	0	(274,427)	0	(274,427)
Public safety	1,030,382	96,510	0	50,000	(883,872)	0	(883,872)
Highways and streets	944,110	28,512	91,354	6,096	(818,148)	0	(818,148)
Sanitation and recycling	293,190	127,084	0	0	(166,106)	0	(166,106)
Culture and recreation	443,123	41,802	14,307	0	(387,014)	0	(387,014)
Special articles	220,861	0	0	0	(220,861)	0	(220,861)
Intergovernmental	118,680	0	0	0	(118,680)	0	(118,680)
Cemetery	88,514	10,740	0	0	(77,774)	0	(77,774)
Interest on long-term debt	87,808	0	0	0	(87,808)	0	(87,808)
Total governmental activities	<u>4,569,837</u>	<u>468,610</u>	<u>150,326</u>	<u>56,096</u>	<u>(3,894,805)</u>	<u>0</u>	<u>(3,894,805)</u>
Business-type activities							
Ambulance	<u>322,597</u>	<u>390,987</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>68,390</u>	<u>68,390</u>
Total business-type activities	<u>322,597</u>	<u>390,987</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>68,390</u>	<u>68,390</u>
Total government	<u>\$ 4,892,434</u>	<u>\$ 859,597</u>	<u>\$ 150,326</u>	<u>\$ 56,096</u>	<u>(3,894,805)</u>	<u>68,390</u>	<u>(3,826,415)</u>
General Revenues:							
Property taxes, interest and penalties					3,817,960	0	3,817,960
Earnings on investments					61,083	2,169	63,252
Donations					79,134	0	79,134
Miscellaneous					94,601	2,732	97,333
Gain from disposal of capital assets					68,157	0	68,157
Total general revenues					<u>4,120,935</u>	<u>4,901</u>	<u>4,125,836</u>
Change in net position					226,130	73,291	299,421
Net position - July 1, 2013					<u>6,936,292</u>	<u>849,797</u>	<u>7,786,089</u>
Net position - June 30, 2014					<u>\$ 7,162,422</u>	<u>\$ 923,088</u>	<u>\$ 8,085,510</u>

TOWN OF LUDLOW, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

EXHIBIT C

	Permanent Trust Funds				Total Governmental Funds
	General Fund	Trustees of Public Funds	Agan Fund	Nonmajor Funds	
ASSETS					
Cash and cash equivalents	\$ 1,333,314	\$ 0	\$ 0	\$ 18,727	\$ 1,352,041
Cash - restricted	267,000	128,134	6,732	0	401,866
Investments -restricted	0	280,936	287,514	0	568,450
Accounts receivable:					
Delinquent taxes, interest and penalties	519,341	0	0	0	519,341
State of Vermont	5,614	0	0	0	5,614
Zoning violation penalty	11,000	0	0	0	11,000
Other	30,461	0	0	0	30,461
Prepaid expenses	145,016	0	0	0	145,016
Due from other funds	0	0	0	749,361	749,361
Total assets	<u>\$ 2,311,746</u>	<u>\$ 409,070</u>	<u>\$ 294,246</u>	<u>\$ 768,088</u>	<u>\$ 3,783,150</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 105,070	\$ 0	\$ 0	\$ 0	\$ 105,070
Prepaid property taxes	30,368	0	0	0	30,368
Accrued expenses - payroll related	38,008	0	0	1,594	39,602
Unearned revenue - bike path	44,319	0	0	0	44,319
Due to Ambulance Fund	551,023	0	0	0	551,023
Due to other funds	749,361	0	0	0	749,361
Total liabilities	<u>1,518,149</u>	<u>0</u>	<u>0</u>	<u>1,594</u>	<u>1,519,743</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - taxes	368,500	0	0	0	368,500
Unavailable revenue - zoning penalty	11,000	0	0	0	11,000
Total deferred inflows of resources	<u>379,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>379,500</u>
FUND BALANCES					
Nonspendable:					
Prepaid expenses	145,016	0	0	0	145,016
Endowment - nonexpendable	0	357,231	75,000	0	432,231
Restricted for:					
Capital projects	267,000	0	0	19,271	286,271
Special revenue funds	0	0	0	196,550	196,550
Debt service	0	0	0	89,964	89,964
Endowment - expendable	0	51,839	219,246	0	271,085
Assigned for:					
Future compensated absences	2,081	0	0	0	2,081
Capital projects	0	0	0	494,044	494,044
Unassigned	0	0	0	(33,335)	(33,335)
Total fund balances	<u>414,097</u>	<u>409,070</u>	<u>294,246</u>	<u>766,494</u>	<u>1,883,907</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,311,746</u>	<u>\$ 409,070</u>	<u>\$ 294,246</u>	<u>\$ 768,088</u>	<u>\$ 3,783,150</u>

TOWN OF LUDLOW, VERMONT
 RECONCILIATION OF THE BALANCE SHEET OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
 JUNE 30, 2014

EXHIBIT D

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 1,883,907
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$11,856,168, and the accumulated depreciation is \$4,151,670.</p>		7,704,498
<p>Unavailale property taxes and unavailable zoning penalty are adjusted to show full accrual. The total adjusted unavailable revenue is \$379,500.</p>		379,500
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:</p>		
Bonds and notes payable	2,664,832	
Accrued compensated absences	140,651	(2,805,483)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$ 7,162,422

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Permanent Trust Funds				Total Governmental Funds
	General Fund	Trustees of Public Funds		Nonmajor Funds	
		Agan Fund			
REVENUES					
Taxes, interest and penalties	\$ 3,771,934	\$ 0	\$ 0	\$ 0	\$ 3,771,934
Investment income (loss)	4,280	18,256	34,424	4,123	61,083
Town Clerk fees	61,931	0	0	2,200	64,131
Highway grants and other income	119,866	0	0	0	119,866
Departmental income	298,537	0	0	0	298,537
Donations	50,000	79,134	0	14,307	143,441
Miscellaneous	257,144	0	0	29,648	286,792
Total revenues	<u>4,563,692</u>	<u>97,390</u>	<u>34,424</u>	<u>50,278</u>	<u>4,745,784</u>
EXPENDITURES					
Current					
General government	970,100	1,000	7,767	0	978,867
Municipal transit	290,479	0	0	0	290,479
Public safety	930,704	0	0	0	930,704
Highways and streets	690,407	0	0	0	690,407
Sanitation and recycling	289,550	0	0	0	289,550
Cemetery	78,898	0	0	0	78,898
Culture and recreation	361,165	700	0	24,392	386,257
Intergovernmental	118,680	0	0	0	118,680
Special articles	220,861	0	0	0	220,861
Total current expenditures	<u>3,950,844</u>	<u>1,700</u>	<u>7,767</u>	<u>24,392</u>	<u>3,984,703</u>
Debt service					
Principal	255,002	0	0	0	255,002
Interest	87,808	0	0	0	87,808
Total debt service	<u>342,810</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>342,810</u>
Capital outlays, net of trade-in-allowance	701,333	0	0	0	701,333
Total expenditures	<u>4,994,987</u>	<u>1,700</u>	<u>7,767</u>	<u>24,392</u>	<u>5,028,846</u>
EXCESS REVENUES (EXPENDITURES)	<u>(431,295)</u>	<u>95,690</u>	<u>26,657</u>	<u>25,886</u>	<u>(283,062)</u>
OTHER FINANCING SOURCES (USES)					
Loan proceeds	681,000	0	0	0	681,000
Transfers, net	95,697	(10,000)	(8,851)	(76,846)	0
Total other financing sources (uses)	<u>776,697</u>	<u>(10,000)</u>	<u>(8,851)</u>	<u>(76,846)</u>	<u>681,000</u>
NET CHANGE IN FUND BALANCES	345,402	85,690	17,806	(50,960)	397,938
FUND BALANCES - JULY 1, 2013	68,695	323,380	276,440	817,454	1,485,969
FUND BALANCES - JUNE 30, 2014	<u>\$ 414,097</u>	<u>\$ 409,070</u>	<u>\$ 294,246</u>	<u>\$ 766,494</u>	<u>\$ 1,883,907</u>

TOWN OF LUDLOW, VERMONT
RECONCILIATION OF THE STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	397,938
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays net of trade-in allowances of \$701,333 exceeds depreciation expense of \$500,775.</p>		
		200,558
<p>The sale proceeds received of \$75,000 recorded on the statement of revenues, expenditures and changes in fund balances exceeds the net gain from the disposal of capital assets of \$68,157 recorded on the statement of activities.</p>		
		(6,843)
<p>Repayment of bonds and notes principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		255,002
<p>Loan proceeds of \$681,000 are reflected as an other financing source on the statement of revenues, expenditures and changes in fund balance, but do not show as revenue on the statement of activities.</p>		
		(681,000)
<p>Property taxes and zoning penalties are on an accrual basis in the statement of net position, not the modified accrual basis. The deferred inflows increased by \$57,026.</p>		
		57,026
<p>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 \$3,449.</p>		
		3,449
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	226,130

TOWN OF LUDLOW, VERMONT
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes			
Property taxes - general	\$ 3,630,443	\$ 3,587,273	\$ (43,170)
PILOT program	0	35,452	35,452
Railroad tax	900	312	(588)
State of Vermont Hold Harmless	0	12,460	12,460
Total property taxes	<u>3,631,343</u>	<u>3,635,497</u>	<u>4,154</u>
Property tax interest and penalties			
Current interest	60,000	41,438	(18,562)
Delinquent interest	46,000	35,235	(10,765)
Delinquent penalties	65,000	59,764	(5,236)
Total property tax interest and penalties	<u>171,000</u>	<u>136,437</u>	<u>(34,563)</u>
Interest and dividends	<u>2,000</u>	<u>4,280</u>	<u>2,280</u>
Town Clerk			
Licenses and permits	7,040	7,352	312
Clerk copier fees	6,000	5,343	(657)
Certified copy fees	2,500	3,426	926
Recording fees	55,250	39,493	(15,757)
Vault preservation	5,500	5,048	(452)
Zoning recording fees	1,000	1,269	269
Total charges for services - Town Clerk	<u>77,290</u>	<u>61,931</u>	<u>(15,359)</u>
Highway			
State aid	90,000	91,354	1,354
Permits	1,500	3,210	1,710
Other	40,000	25,302	(14,698)
Total highway	<u>131,500</u>	<u>119,866</u>	<u>(11,634)</u>
Departmental income			
Planning and zoning	24,500	34,036	9,536
Listers	3,580	4,017	437
Cemetery fees	6,500	10,740	4,240
Solid waste fees	127,000	127,084	84
Police department	65,411	91,810	26,399
Fire department	1,000	4,700	3,700
Recreation department	41,500	26,150	(15,350)
Total departmental income	<u>269,491</u>	<u>298,537</u>	<u>29,046</u>
Miscellaneous			
State education collection fees	45,000	43,720	(1,280)
Stearns pit	63,990	66,035	2,045
Senior center bond reimbursement/rent	4,136	10,788	6,652
Armory bond reimbursement	1,071	2,664	1,593
Insurance refunds and reimbursements	20,373	22,407	2,034
Municipal transit	16,000	16,052	52
Village bond reimbursement	5,200	5,200	0
Community center	5,350	3,023	(2,327)
Tenant payments	4,640	4,775	135
State grant - structures	224,500	0	(224,500)
Donation for fire truck	50,000	50,000	0
Proceeds from disposal of capital assets	75,000	75,000	0
State bike path grant	0	6,096	6,096
Miscellaneous	300	1,384	1,084
Total miscellaneous	<u>515,560</u>	<u>307,144</u>	<u>(208,416)</u>
Total revenues	<u>4,798,184</u>	<u>4,563,692</u>	<u>(234,492)</u>

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES			
Current Expenditures			
General government			
Administration			
Salaries			
Manager	55,995	56,011	(16)
Clerks	69,501	69,638	(137)
Selectmen and officers	8,100	7,710	390
Recording secretary	1,300	1,100	200
Benefits			
FICA	10,320	10,496	(176)
Insurance	37,488	35,378	2,110
Pension	6,532	6,690	(158)
Town reports	6,500	4,418	2,082
Equipment/supplies	6,000	5,437	563
Computer	500	840	(340)
Copier	1,650	2,286	(636)
Audit	12,500	12,450	50
Expense/mileage	2,947	2,928	19
Training/conferences	1,000	310	690
Legal	3,500	4,290	(790)
League of Cities and Towns (VLCT)	2,777	2,777	0
Membership	200	85	115
Advertising	800	526	274
Web page maintenance	1,500	749	751
Dog warrants	1,200	1,200	0
Safety program	1,700	1,290	410
Telephone	1,500	1,497	3
Tax, interest and penalty abatements	0	5,384	(5,384)
LEF Disbursement	0	3,296	(3,296)
Miscellaneous	0	5,525	(5,525)
Total administration	<u>233,510</u>	<u>242,311</u>	<u>(8,801)</u>
Building and grounds			
Salaries			
Janitor	45,100	44,956	144
Maintenance	4,000	5,837	(1,837)
Benefits			
FICA	3,760	3,886	(126)
Insurance	23,355	21,698	1,657
Pension	2,368	2,562	(194)
Fuel oil	19,000	21,008	(2,008)
Equipment	1,000	427	573
Parks/bandstands	300	47	253
Utilities	10,000	9,970	30
Supplies	5,000	5,333	(333)
Uniforms	900	797	103
Telephone	150	125	25
Gas	4,000	5,154	(1,154)
Repairs and maintenance - equipment	2,000	2,122	(122)
Repairs and maintenance - grounds	3,000	6,831	(3,831)
Total building and grounds	<u>123,933</u>	<u>130,753</u>	<u>(6,820)</u>
Zoning and planning			
Salaries			
Administrative officer	43,809	43,360	449
Planning Board	2,100	1,000	1,100
Dev. Rev. Board	6,000	6,000	0
Secretary	2,400	2,000	400
Clerk	13,800	19,775	(5,975)
Benefits			
FICA	4,990	5,595	(605)
Insurance	32,345	31,701	644
Pension	3,240	3,308	(68)
Mapping services	465	0	465
Computer	700	407	293

TOWN OF LUDLOW, VERMONT
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
SWCRPC	2,454	2,454	0
Equipment/supplies	3,850	2,068	1,782
Legal	7,500	5,660	1,840
Advertising	2,800	2,962	(162)
Training/conferences	200	60	140
Telephone	600	966	(366)
GIS	650	563	87
E-911	500	130	370
Mileage	200	0	200
Grants	0	10,261	(10,261)
Total zoning and planning	<u>128,603</u>	<u>138,270</u>	<u>(9,667)</u>
Town Clerk / Treasurer			
Salaries			
Town clerk/treasurer	66,507	66,507	0
Assistant clerk	38,125	37,432	693
BCA/Town meetings	2,500	1,153	1,347
Trustees of public funds	900	900	0
Benefits			
FICA	8,288	8,191	97
Insurance	38,406	37,768	638
Pension	5,803	5,779	24
Computer	500	2,326	(1,826)
Vault preservation	3,500	712	2,788
Licenses	1,800	1,888	(88)
Equipment/supplies	12,000	14,296	(2,296)
Training/conferences	300	60	240
Telephone	1,200	1,058	142
Total town clerk / treasurer	<u>179,829</u>	<u>178,070</u>	<u>1,759</u>
Listers			
Salaries	56,551	59,140	(2,589)
FICA	4,323	4,524	(201)
Computer	1,000	1,553	(553)
Licenses	3,500	4,500	(1,000)
Postage	1,500	270	1,230
Equipment/supplies	4,000	3,010	990
Training/conferences	500	354	146
Telephone	1,500	1,413	87
Property map update	3,695	3,915	(220)
Mileage	300	29	271
Professional services	9,000	9,000	0
Legal	5,000	580	4,420
Total listers	<u>90,869</u>	<u>88,288</u>	<u>2,581</u>
Insurance and fidelity bond			
Unemployment	21,075	29,891	(8,816)
Workers' compensation	38,767	49,632	(10,865)
Municipal officers	2,839	2,899	(60)
Vehicle/fire/liability	90,063	103,237	(13,174)
Deductibles	750	218	532
Employment practices	6,030	6,531	(501)
Total insurance and fidelity bond	<u>159,524</u>	<u>192,408</u>	<u>(32,884)</u>
Total general government	<u>916,268</u>	<u>970,100</u>	<u>(53,832)</u>

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Municipal Transit System			
Transportation supervisor	14,000	11,971	2,029
Driver salaries	100,000	104,641	(4,641)
Overtime	22,000	21,058	942
Part time drivers	23,000	25,946	(2,946)
Pension	7,140	7,211	(71)
Insurance	42,235	40,630	1,605
FICA	12,163	12,517	(354)
Dues and fees	75	0	75
Equipment/supplies	2,500	2,466	34
Training/conferences	100	0	100
Telephone/postage	2,300	2,083	217
Repairs and maintenance	26,000	23,143	2,857
Diesel fuel	36,000	38,813	(2,813)
Advertising	50	0	50
Total municipal transit system	<u>287,563</u>	<u>290,479</u>	<u>(2,916)</u>
Public Safety			
Police Department			
Salaries			
Police duty	283,900	258,356	25,544
Special officers	6,000	6,485	(485)
Traffic control	13,000	9,899	3,101
Overtime	32,000	23,232	8,768
Dispatchers	197,400	178,484	18,916
Part time dispatchers	10,000	25,087	(15,087)
Dispatch overtime	20,000	18,510	1,490
Vehicle maintenance labor	150	658	(508)
FICA	43,030	40,027	3,003
Insurance	136,200	129,445	6,755
Pension	34,400	34,893	(493)
Cleaning allowance	3,200	2,800	400
Building utilities	6,500	4,808	1,692
Services/advertising	0	429	(429)
Computer services	13,500	9,344	4,156
Equipment/supplies	9,100	4,416	4,684
Uniforms	4,000	3,884	116
Training	3,000	3,052	(52)
Telephone	9,000	11,595	(2,595)
Repairs and maintenance	9,500	9,309	191
Gas/oil	15,000	13,792	1,208
Safety	0	5,971	(5,971)
Total police department	<u>848,880</u>	<u>794,476</u>	<u>54,404</u>
Fire Department			
Salaries			
Chief	13,140	13,240	(100)
Payroll	40,000	55,335	(15,335)
FICA	4,000	5,246	(1,246)
Insurance	8,144	8,109	35
Hepatitis shots	250	648	(398)
Fuel oil	6,000	9,465	(3,465)
Utilities	5,800	5,807	(7)
Equipment/supplies	500	230	270
Training	1,500	560	940
Telephone	1,200	715	485
Repairs and maintenance	29,500	27,441	2,059
Diesel fuel/gas	3,200	4,020	(820)
Protective gear	12,000	3,350	8,650
Air pack maintenance	2,800	2,062	738
Total fire department	<u>128,034</u>	<u>136,228</u>	<u>(8,194)</u>
Total public safety	<u>976,914</u>	<u>930,704</u>	<u>46,210</u>

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Highways and streets			
Highway			
Salaries			
Highway salaries	211,090	206,778	4,312
Overtime	20,000	19,435	565
Benefits			
FICA	16,148	17,503	(1,355)
Insurance	56,345	53,888	2,457
Pension	12,120	11,449	671
Street lights	58,000	60,221	(2,221)
Supplies	5,000	4,976	24
Winter sand	32,500	40,053	(7,553)
Winter salt	63,000	68,512	(5,512)
Winter supplies	7,200	7,110	90
Crushing gravel	6,000	4,111	1,889
Rentals	1,700	665	1,035
Surpac	13,000	17,580	(4,580)
Plant mix	3,500	2,200	1,300
Uniforms	2,500	2,448	52
Asphalt	1,000	3,454	(2,454)
Cold patch	700	402	298
Culverts	7,000	11,801	(4,801)
Bridges	5,000	5,961	(961)
Training	800	194	606
Telephone, cell phones, pagers	1,750	1,394	356
Computer	300	709	(409)
Repairs and maintenance	37,500	40,850	(3,350)
Road signs	7,200	2,049	5,151
Road cut bond returns	1,500	3,000	(1,500)
Chloride	11,000	9,136	1,864
Tree/brush	4,000	3,159	841
Summer construction	36,000	24,578	11,422
Fuel-diesel	30,000	42,375	(12,375)
Grant expenses	0	9,177	(9,177)
Total highway	<u>651,853</u>	<u>675,168</u>	<u>(23,315)</u>
Garage			
Maintenance	4,500	4,388	112
Fuel	2,700	6,238	(3,538)
Utilities	4,000	4,613	(613)
Total garage	<u>11,200</u>	<u>15,239</u>	<u>(4,039)</u>
Total highway and streets	<u>663,053</u>	<u>690,407</u>	<u>(27,354)</u>
Sanitation and Recycling			
Solid Waste			
Salaries			
Attendant	37,000	31,586	5,414
Part time attendant	32,052	31,567	485
Labor	3,500	15,868	(12,368)
Benefits			
FICA	5,579	6,131	(552)
Insurance	25,364	24,801	563
Pension	3,625	3,434	191
Testing	2,500	0	2,500
Uniforms	300	75	225
Work offender program	1,250	270	980
Heating fuel	800	1,044	(244)
Equipment/supplies	5,900	3,793	2,107
Utilities	6,000	6,012	(12)
Repairs and maintenance	4,300	8,294	(3,994)
Recertification	2,500	0	2,500
Telephone	500	872	(372)
Total solid waste	<u>131,170</u>	<u>133,747</u>	<u>(2,577)</u>

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Disposal			
Tires	2,500	1,965	535
Trucking fees	52,200	38,143	14,057
Construction and disposal	130,000	115,695	14,305
Total disposal	<u>184,700</u>	<u>155,803</u>	<u>28,897</u>
Total sanitation and recycling	<u>315,870</u>	<u>289,550</u>	<u>26,320</u>
Cemetery			
Labor	54,000	44,558	9,442
Commission	4,000	4,000	0
Insurances	7,428	4,768	2,660
FICA	4,437	3,630	807
Gas/oil	4,500	3,215	1,285
Equipment/supplies	10,000	8,155	1,845
Uniforms	500	0	500
Tree work/stump/brush	2,500	2,500	0
Utilities	1,000	2,061	(1,061)
Flowers	500	231	269
Training	300	49	251
Corner stones	700	492	208
Sand/top soil	2,000	0	2,000
Legal	1,900	0	1,900
South Hill cemetery	500	0	500
Truck maintenance	500	20	480
Water line replacement	1,500	2,010	(510)
Land site work	3,500	3,209	291
Retreatment	6,000	0	6,000
Monument restoration	1,000	0	1,000
Total cemetery	<u>106,765</u>	<u>78,898</u>	<u>27,867</u>
Culture and Recreation			
Recreation department			
Salaries			
Director	46,308	46,535	(227)
Assistant	17,500	14,603	2,897
Camp staff	15,000	17,073	(2,073)
Summer labor	10,000	6,150	3,850
Winter labor	5,000	327	4,673
Referees/Coaches	15,000	10,870	4,130
Benefits			
FICA	8,323	7,310	1,013
Insurance	21,912	20,443	1,469
Pension	2,431	2,554	(123)
Fuel oil	3,100	2,561	539
Utilities	17,000	17,162	(162)
Equipment/supplies	4,000	3,754	246
Advertising	1,000	65	935
Training	1,000	0	1,000
Telephone	2,500	2,128	372
Fields	13,500	19,719	(6,219)
Repairs and maintenance	1,000	392	608
Skate park maintenance	2,000	3,327	(1,327)
Concerts	4,500	3,780	720
Improvements	10,500	6,267	4,233
Youth activities	15,400	17,396	(1,996)
Adult activities	3,500	2,419	1,081
Senior citizens activities	1,000	0	1,000
Little league	6,000	3,666	2,334
Babe Ruth	1,625	228	1,397
Recreation to school	19,000	18,000	1,000
Youth athletic equipment	8,500	10,708	(2,208)
Team sports	15,000	9,806	5,194
Miscellaneous	500	0	500
Transportation	4,000	4,000	0
Total recreation department	<u>276,099</u>	<u>251,243</u>	<u>24,856</u>

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Community center			
Salaries			
Staff	38,600	37,582	1,018
Benefits			
FICA	2,840	2,875	(35)
Insurance	9,710	9,139	571
Pension	1,948	2,034	(86)
Telephone	400	462	(62)
Uniforms	800	809	(9)
Utilities	25,000	38,241	(13,241)
Supplies	12,000	18,780	(6,780)
Total community center	<u>91,298</u>	<u>109,922</u>	<u>(18,624)</u>
Total culture and recreation	<u>367,397</u>	<u>361,165</u>	<u>6,232</u>
Intergovernmental			
County tax	82,180	82,180	0
3/5 Highway tax	36,500	36,500	0
Total intergovernmental	<u>118,680</u>	<u>118,680</u>	<u>0</u>
Special articles			
Nurse Service	15,260	15,260	0
Library electric and fuel	16,000	18,604	(2,604)
Library operations	25,000	25,000	0
Library/school books	9,500	5,283	4,217
Welfare	250	0	250
Vermont Green Up Day	150	83	67
Black River Academy Museum Fuel	19,000	19,218	(218)
BR Academy Museum	25,000	25,000	0
SEVCA	2,440	2,440	0
Mental Health Services	2,537	2,537	0
Advocacy, Resources & Community	800	800	0
BRV Senior Center Meals	9,000	9,000	0
BRV Senior Center operations	19,000	22,174	(3,174)
Senior Center renovations	0	6,000	(6,000)
RSVP Program	600	600	0
Youth Services	400	0	400
Windsor County Partners	500	500	0
Black River Good Neighbor Service	3,000	3,000	0
American Red Cross	500	0	500
Vermont Center for Independent Living	360	360	0
Education Operations	25,000	20,252	4,748
LPCTV	1,500	1,500	0
Friends of Ludlow	2,000	2,000	0
CT River transit	7,250	7,250	0
BRACC	15,000	15,000	0
After School Program	19,000	19,000	0
Total special articles	<u>219,047</u>	<u>220,861</u>	<u>(1,814)</u>
Capital Outlays, net of trade-in allowances	<u>1,402,500</u>	<u>701,333</u>	<u>701,167</u>
Debt service			
Principal	251,038	255,002	(3,964)
Interest	82,593	87,808	(5,215)
Total debt service	<u>333,631</u>	<u>342,810</u>	<u>(9,179)</u>
Total expenditures	<u>5,707,688</u>	<u>4,994,987</u>	<u>712,701</u>
EXCESS REVENUES (EXPENDITURES)	<u>(909,504)</u>	<u>(431,295)</u>	<u>478,209</u>

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)			
Transfer from Agan Fund	5,000	8,851	3,851
Transfer from Trustee of Public Funds	0	10,000	10,000
Transfer from Reappraisal Fund	25,000	18,527	(6,473)
Transfer from Police Equipment Fund	5,000	5,000	0
Transfer from Public Safety Fund	29,004	28,456	(548)
Transfer from Ludlow Enterprise Fund	0	3,296	3,296
Transfer from Black River Senior Center Capital Fund	0	6,000	6,000
Transfer from Vault Preservation Fund	0	17,067	17,067
Transfer from Municipal Transit Fund	13,000	13,000	0
Transfer to Recreation Facilities Fund	(4,500)	(4,500)	0
Transfer to Town Hall Renovations Fund	(5,000)	(5,000)	0
Transfer from Highway Equipment Fund	20,000	20,000	0
Transfer to Special Fire Equipment Fund	(20,000)	(20,000)	0
Transfer to Ludlow Community Center Fund	(5,000)	(5,000)	0
Loan proceeds	847,000	681,000	(166,000)
Total other financing sources (uses)	909,504	776,697	(132,807)
NET CHANGE IN FUND BALANCE	\$ 0	345,402	\$ 345,402
FUND BALANCE - JULY 1, 2013		68,695	
FUND BALANCE - JUNE 30, 2014		\$ 414,097	

TOWN OF LUDLOW, VERMONT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

EXHIBIT H

	<u>Ambulance Fund</u>
ASSETS	
Due from General Fund	\$ 551,023
Accounts receivable, net of allowance for doubtful accounts of \$44,000	86,748
Prepaid expenses	2,000
Capital assets:	
Vehicles	463,378
Equipment	90,518
Accumulated depreciation	<u>(269,183)</u>
Total assets	<u>924,484</u>
LIABILITIES	
Accrued expenses	<u>1,396</u>
NET POSITION	
Unrestricted	638,375
Invested in capital assets, net of related debt	<u>284,713</u>
Total net position	<u><u>\$ 923,088</u></u>

TOWN OF LUDLOW, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014

EXHIBIT I

	Ambulance Fund
OPERATING REVENUES:	
Charges for services	\$ 390,987
Miscellaneous	2,732
Total operating revenues	393,719
OPERATING EXPENSES:	
Operations and maintenance	265,987
Depreciation expense	56,610
Total operating expenses	322,597
INCOME FROM OPERATIONS	71,122
NON-OPERATING REVENUES	
Investment income	2,169
NET CHANGE IN NET POSITION	73,291
NET POSITION - July 1, 2013	849,797
NET POSITION - June 30, 2014	\$ 923,088

TOWN OF LUDLOW, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014

EXHIBIT J

	Ambulance Fund
CASH FLOWS FROM (TO) OPERATING ACTIVITIES	
Cash received from customers	\$ 454,189
Payments to suppliers for goods and services	(89,640)
Payments to employees and benefits	(178,840)
Net cash from operating activities	185,709
 CASH FLOWS FROM (TO) NON-CAPITAL FINANCING ACTIVITIES	
Increase in interfund loans receivable	(24,777)
Net cash to non-capital financing activities	(24,777)
 CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of vehicles, net of prepaid	(163,101)
Net cash to capital and financing activities	(163,101)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	2,169
NET CHANGE IN CASH AND CASH EQUIVALENTS	0
CASH AND CASH EQUIVALENTS - JULY 1, 2013	0
CASH AND CASH EQUIVALENTS - JUNE 30, 2014	\$ 0
 RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES	
Income from operations	\$ 71,122
Adjustments to reconcile income (loss) from operations to net cash flow from (to) operating activities	
Depreciation	56,610
Change in assets and liabilities:	
Decrease in accounts receivable	60,470
Decrease in prepaid expenses other than vehicle	1,247
Decrease in accrued expenses	(3,740)
Net cash from operating activities	\$ 185,709

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basic Financial Statements – Government-Wide Statements

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

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental functions and business-type activities (police, fire, public works, etc.). The functions are also supported by general government revenue (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, including operating

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and capital grants. Program revenue must be directly associated with the governmental function (police, public works, community and youth services, etc.) or a business-type activity. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants while the capital grants and contributions column reflects capital-specific grants.

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

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

Basic Financial Statements – Fund Financial Statements

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

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

The following categories are used by the Town:

Governmental Funds

The Town reports on the following major governmental funds:

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

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014
(Continued)**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Proprietary Funds**

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

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

Measurement Focus

The accounting and financial reporting 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). Fund equity 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 net position.

Basis of Accounting

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

The Town applies the provisions of the Codifications for "Disclosure about the Fair Value of Financial Instruments". The Codification requires disclosure of the fair value of certain financial instruments. Recorded amounts for cash, accounts receivable and accounts payable approximate fair value.

Accrual

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Modified Accrual

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

Cash and Cash Equivalents

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

Investments

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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

Accrued Compensated Absences

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Unavailable Revenue

Unavailable revenue consists of the following:

General Fund – Delinquent taxes and related receivables not collected within sixty (60) days after year end and a zoning penalty not collectible within 6 months after year end.

Deferred Inflows of Resources

In July of 2013, the Town implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which reports a separate section for deferred inflows of resources in the Town's governmental funds. This separate financial statement element reflects an increase in net position that applies to a future period(s). The Town will recognize the related revenues when a future event occurs. The Town has two items which occurs because governmental fund revenues are not recognized until available (collected not later than sixty days after the end of the Town's fiscal year for property taxes, and six months for all other revenues) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, unavailable revenue (formerly deferred revenues) are reported in the governmental funds balance sheet. The Town did not have deferred inflows of resources to report in its government-wide or proprietary fund financial statements for the current year.

Net Position

Net position represents the difference between assets and liabilities in the statement of net position. Net position is divided into three components:

Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position – consist of assets that are restricted by the Town's creditors, enabling legislation, by grantors, and by other contributors.

Unrestricted net position – all other net position is reported in this category.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014
(Continued)

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

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

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

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

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

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

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

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

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

1. Committed
2. Assigned
3. Unassigned

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014
(Continued)

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

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

Use of Estimates

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

Budget Adoption

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

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 shows the custodial credit risk of the Town's deposits.

Insured by FDIC	\$	162,209
Insured by SPIC		6,732
Uninsured - collateralized		1,808,401
Total bank balance	\$	<u>1,977,342</u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investment Securities – the fair value of investments at June 30, 2014 are as follows:

<u>Investment Securities Type:</u>	<u>Carrying and Fair Value</u>
Fixed income - corporate bonds	\$ 62,376
Fixed income - mutual funds	115,424
Equities - common stock	16,868
Equities - mutual funds	310,670
Equities - preferred stock	46,102
Exchange-traded products	17,010
	<u>\$ 568,450</u>

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

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

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 as of June 30, 2014, as provided by Standard & Poor's and Moody's Investor Services.

<u>Issuer</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Alabama Power Co.	\$ 10,281	A
Berkshire Hathaway Inc.	24,970	AA
Goodyear Tire	27,125	B+
	<u>\$ 62,376</u>	

Investment income – the components of investment income for fiscal year 2014 was as follows.

	<u>General Fund</u>	<u>Trustee of Public Funds</u>	<u>Agan Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Interest and dividends	\$ 4,280	\$ 13,341	\$ 11,886	\$ 4,123	\$ 33,630
Unrealized gains	0	7,530	17,910	0	25,440
Realized gains	0	0	4,628	0	4,628
Investment fees	0	(2,615)	0	0	(2,615)
Totals	<u>\$ 4,280</u>	<u>\$ 18,256</u>	<u>\$ 34,424</u>	<u>\$ 4,123</u>	<u>\$ 61,083</u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014
(Continued)

NOTE 3 - ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS

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

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2014 are as follows:

	General Fund	Trustee of Public Funds	Agan Fund	Nonmajor Governmental Funds
From General Fund	\$ (34,500)	\$ 0	\$ 0	\$ 34,500
From Other Governmental Funds	130,197	(10,000)	(8,851)	(111,346)
Totals	<u>\$ 95,697</u>	<u>\$ (10,000)</u>	<u>\$ (8,851)</u>	<u>\$ (76,846)</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them in to the fund that statute or budget requires to expend them in and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The General Fund made transfers of \$34,500 to Other Governmental Funds according to budgetary authorizations. Other Governmental Funds made transfers of \$111,346 to the General Fund according to budgetary authorizations. The Agan Fund made transfers of \$8,851 to the General Fund per the trust agreements. The Trustee of Public Funds transferred \$10,000 to the General Fund per the trust agreements.

NOTE 5 - DUE TO/FROM OTHER FUNDS

The Town has combined some of the cash resources of its governmental and proprietary funds for accounting and reporting purposes. That portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2014 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds		
General Fund	\$ 0	\$ 1,300,384
Nonmajor Funds	749,361	0
Proprietary Fund		
Ambulance Fund	551,023	0
Total	<u>\$ 1,300,384</u>	<u>\$ 1,300,384</u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014
(Continued)

NOTE 6 - CAPITAL ASSETS

Governmental Activities - The summary of capital assets as of June 30, 2014 is as follows:

	June 30, 2013	Additions	Reclass and Disposals	Depreciation	June 30, 2014
Capital assets not depreciated					
Land	\$ 25,600	\$ 0	\$ 0	\$ 0	\$ 25,600
Deposit on fire truck	260,000	0	(260,000)	0	0
Construction in progress	43,443	0	(11,775)	0	31,668
Total capital assets not being depreciated	<u>329,043</u>	<u>0</u>	<u>(271,775)</u>	<u>0</u>	<u>57,268</u>
Capital assets being depreciated					
Land improvements	65,200	38,303	0	0	103,503
Buildings and improvements	4,807,271	11,400	0	0	4,818,671
Roads and bridges	2,785,978	122,327	11,775	0	2,920,080
Vehicles and equipment	3,587,602	565,741	(196,697)	0	3,956,646
Total capital assets being depreciated	<u>11,246,051</u>	<u>737,771</u>	<u>(184,922)</u>	<u>0</u>	<u>11,798,900</u>
Accumulated depreciation					
Land improvements	(13,187)	0	0	(5,721)	(18,908)
Buildings and improvements	(1,421,007)	0	0	(104,279)	(1,525,286)
Roads and bridges	(745,893)	0	0	(126,125)	(872,018)
Vehicles and equipment	(1,884,224)	0	413,416	(264,650)	(1,735,458)
Total accumulated depreciation	<u>(4,064,311)</u>	<u>0</u>	<u>413,416</u>	<u>(500,775)</u>	<u>(4,151,670)</u>
Total capital assets, net	<u>\$ 7,510,783</u>	<u>\$ 737,771</u>	<u>\$ (43,281)</u>	<u>\$ (500,775)</u>	<u>\$ 7,704,498</u>

Depreciation was charged to current expenses as follows: General government \$77,272, Highways and streets \$253,703, Public safety \$99,678, Sanitation and recycling \$3,640, Culture and recreation \$56,866 and Cemetery \$9,616.

Proprietary Funds - the following is a summary of the changes in capital assets of the Ambulance Fund.

	June 30, 2013	Additions	(Depreciation)	June 30, 2014
Capital assets depreciated				
Vehicles	\$ 282,519	\$ 180,859	\$ 0	\$ 463,378
Equipment	90,518	0	0	90,518
Total capital assets depreciated	<u>373,037</u>	<u>180,859</u>	<u>0</u>	<u>553,896</u>
Accumulated depreciation				
Vehicles	(178,272)	0	(48,535)	(226,807)
Equipment	(34,301)	0	(8,075)	(42,376)
Total accumulated depreciation	<u>(212,573)</u>	<u>0</u>	<u>(56,610)</u>	<u>(269,183)</u>
Total capital assets, net	<u>\$ 160,464</u>	<u>\$ 180,859</u>	<u>\$ (56,610)</u>	<u>\$ 284,713</u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

NOTE 7 - LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2014 consisted of the following:

	<u>Total</u>	<u>Due Within One Year</u>
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.	\$ 200,000	\$ 20,000
Bond payable, Vermont Municipal Bond Bank, for Senior Center renovations, annual payments of \$15,000 through December 1, 2012, and annual payments of \$10,000 through December 1, 2014, with semi-annual interest payments. Interest rate varies from 2.8% to 4.81%. Bond matures December 1, 2014.	10,000	10,000
Capital equipment refunding note, People's United Bank. Annual principal payments of \$5,300 plus interest at 1.9%. Note matures June 10, 2015.	5,300	5,300
Bond payable, Vermont Municipal Bond Bank, for purchase of a fire truck, annual payments of \$15,000 plus interest between 1.0% to 2.6%. Bond matures December 1, 2020.	105,000	15,000
Bond payable, Vermont Municipal Bond Bank for town hall renovations, annual payments of \$40,000 beginning 2007 through 2016, then annual payments of \$35,000 through 2026, with semi-annual interest payments. Interest rate from 3.835% to 4.665%. Bond matures December 1, 2026.	470,000	40,000
Bond payable, Vermont Municipal Bond Bank for grader, annual payments of \$14,667 plus semi-annual interest payments. Interest rate varies from 1.098% to 3.308%. Bond matures December 1, 2024.	161,332	14,667
Capital equipment note, People's United Bank. Annual principal payments of \$18,000 plus interest at 1.75%. Note matures June 7, 2017.	54,000	18,000
Capital improvement refunding note, People's United Bank. Annual principal payments of \$22,000 plus interest at 1.9%. Note is renewed annually but will be completely mature in June, 2016.	44,000	22,000

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014
(Continued)

NOTE 7 - LONG-TERM LIABILITIES (Continued)

	Total	Due Within One Year
Capital equipment note, People's United Bank. Annual principal payments of \$10,800 plus interest at 1.75%. Note matures July 3, 2018.	43,200	10,800
Capital equipment note, People's United Bank. Annual principal payments of \$10,000 plus interest at 1.75%. Note matures June 5, 2019.	50,000	10,000
Capital equipment note, People's United Bank. Annual principal payments of \$19,000 plus interest at 2.5%. Note matures June 5, 2019.	95,000	19,000
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 from .8% to 4.3%.	482,000	32,133
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 from 1.3% to 4.6%.	945,000	55,000
Total governmental activities long-term liabilities	2,664,832	\$ 271,900
Accrued compensated absences	140,651	
Total long-term liabilities	\$ 2,805,483	

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

	June 30, 2013	Additions	Reductions	June 30, 2014	Due Within One Year
Bonds and notes payable	\$ 2,238,834	\$ 681,000	\$(255,002)	\$ 2,664,832	\$ 271,900
Accrued compensated absences	144,100	8,326	(11,775)	140,651	0
Total long-term liabilities	\$ 2,382,934	\$ 689,326	\$(266,777)	\$ 2,805,483	\$ 271,900

Interest paid on long-term liabilities for the year ended June 30, 2014 was \$87,808.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014
(Continued)

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Long-term notes and bonds will mature as follows:

Year ended June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 271,900	\$ 76,383	\$ 348,283
2016	256,600	80,215	336,815
2017	234,600	72,376	306,976
2018	211,600	65,851	277,451
2019	200,800	60,624	261,424
2020-2024	814,000	217,713	1,031,713
2025-2029	555,332	79,101	634,433
2030-2034	120,000	6,110	126,110
	<u>\$2,664,832</u>	<u>\$ 658,373</u>	<u>\$3,323,205</u>

NOTE 8 - PENSION PLAN

All eligible, full-time, non-contracted employees of the Town of Ludlow, Vermont are eligible for coverage by the Vermont Municipal Employees' Retirement System (VMERS). VMERS is a cost sharing multiple-employer public employees' retirement system. Vermont State statutes provide the authority under which benefit provisions and the obligation to contribute are established. The Town and the employees make required contributions to the System based upon a valuation report prepared by the System's actuary. All municipal employees who work 24 hours per week or 1,040 hours per year are required to enroll in the System after completing one year of continuous service.

There are four levels of contributions and benefits in the System called Group A, B, C and D. Most employees of the Town are covered under Group B and some are covered under Group D. Employee contributions are 4.625%, and 11.125% of gross pay and employer contributions are 5.125% and 9.625% of gross pay for Group B and Group D plan members, respectively. Benefits are fully vested after five years of service. Vested employees may retire and receive reduced retirement benefits. The System also provides death and disability benefits.

Covered wages paid under Group B of the plan were \$1,139,207 out of total wages of \$1,821,927. Contributions by the Town were \$58,384 for fiscal year 2014, \$56,900 for fiscal year 2013, and \$57,990 for fiscal year 2012. Covered wages paid under Group D of the plan were \$264,274 out of total wages of \$1,821,927. Contributions by the Town were \$25,436 for fiscal year 2014, \$19,865 for fiscal year 2013 and \$20,496 for fiscal year 2012.

The law requires the retirement fund to remain in actuarial balance. This guarantees to the members the availability of funds to pay their benefits when they retire. The State of Vermont issues an audited Financial Report that includes financial statements and required disclosures. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

NOTE 9 – RESTRICTED AND ASSIGNED FUND BALANCES – NONMAJOR FUNDS

The individual nonmajor restricted and assigned fund balances as of June 30, 2014 consisted of the following:

	<u>Restricted</u>	<u>Assigned</u>
Bike/Walk Path Fund	\$ 432	\$ 0
Zoning Fees Fund	3,289	0
Reappraisal Fund	135,448	0
Vault Preservation Fund	39,404	0
Ludlow Enterprise Fund	3,539	0
Drug Enforcement Fund	2,904	0
Anthony C. Marro Memorial for Ambulances	11,534	0
Debt Service Fund	89,964	0
Stearns Pit Fund	0	21,727
Recreation Facilities Fund	0	46,759
Highway Equipment Fund	0	110,893
Landfill Fund	0	23,611
Black River Senior Center Capital Fund	19,271	0
Police Equipment Fund	0	14,446
Town Hall Renovations	0	37,939
Cemetery Capital Reserve	0	30,409
Cemetery Equipment Fund	0	25,598
Cemetery Building Fund	0	25,583
Community Center Fund	0	10,041
Special Fire Equipment Fund	0	42,113
Municipal Transit Fund	0	104,925
Total nonmajor fund balances	<u>\$ 305,785</u>	<u>\$ 494,044</u>

NOTE 10 – DEFICIT FUND BALANCES

A fund deficit of \$26,828 exists in the Armory Building Fund resulting from the purchase and the renovations of the Armory building. In addition, the Camp Quest Fund has a deficit of \$6,507 due to the timing of running this program. Both deficits are expected to be covered from revenues to be received in future years.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

NOTE 11– DESIGNATED NET POSITION – AMBULANCE FUND

The unrestricted net position balance in the Ambulance Fund includes \$43,875 that has been designated by the Selectboard for ambulance equipment.

NOTE 12 - PROPERTY TAXES

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

The tax rates for fiscal year 2014 were:

	<u>Residential</u>	<u>Non-Residential</u>
State Education Tax	\$ 1.6592	\$ 1.5060
Municipal Tax	0.2805	0.2805
Total	<u>\$ 1.9397</u>	<u>\$ 1.7865</u>

NOTE 13 – RELATED PARTIES

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

NOTE 14 - RISK MANAGEMENT

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 9, 2014, the date of the audit report. Management is not aware of any subsequent events which require disclosure.

TOWN OF LUDLOW, VERMONT
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

SCHEDULE I

	Special Revenue Funds							Capital Project Funds				
	Bike/Walk Path Fund	Camp Quest	Zoning Fees Fund	Reappraisal Fund	Vault Preservation	Ludlow Enterprise Fund	Drug Enforcement Fund	Anthony C. Marro Memorial for Ambulances	Debt Service Fund	Stearns Pit Fund	Recreation Facilities Fund	Highway Equipment Fund
ASSETS												
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,534	\$ 0	\$ 0	\$ 0	\$ 0
Due from General Fund	432	0	3,289	135,448	39,404	3,539	2,904	0	89,964	21,727	46,759	110,893
Total assets	<u>\$ 432</u>	<u>\$ 0</u>	<u>\$ 3,289</u>	<u>\$ 135,448</u>	<u>\$ 39,404</u>	<u>\$ 3,539</u>	<u>\$ 2,904</u>	<u>\$ 11,534</u>	<u>\$ 89,964</u>	<u>\$ 21,727</u>	<u>\$ 46,759</u>	<u>\$ 110,893</u>
LIABILITIES AND FUND BALANCES												
Due to other funds	\$ 0	\$ 4,913	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accrued payroll	0	1,594	0	0	0	0	0	0	0	0	0	0
Total liabilities	<u>0</u>	<u>6,507</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances												
Restricted	432	0	3,289	135,448	39,404	3,539	2,904	11,534	89,964	0	0	0
Assigned	0	0	0	0	0	0	0	0	0	21,727	46,759	110,893
Unassigned	0	(6,507)	0	0	0	0	0	0	0	0	0	0
Total Fund Balances	<u>432</u>	<u>(6,507)</u>	<u>3,289</u>	<u>135,448</u>	<u>39,404</u>	<u>3,539</u>	<u>2,904</u>	<u>11,534</u>	<u>89,964</u>	<u>21,727</u>	<u>46,759</u>	<u>110,893</u>
Total liabilities and fund balances	<u>\$ 432</u>	<u>\$ 0</u>	<u>\$ 3,289</u>	<u>\$ 135,448</u>	<u>\$ 39,404</u>	<u>\$ 3,539</u>	<u>\$ 2,904</u>	<u>\$ 11,534</u>	<u>\$ 89,964</u>	<u>\$ 21,727</u>	<u>\$ 46,759</u>	<u>\$ 110,893</u>

TOWN OF LUDLOW, VERMONT
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

SCHEDULE 1

	Capital Project Funds											Totals
	Landfill Fund	Black River Senior Center Capital Fund	Police Equipment Fund	Town Hall Renovations	Cemetery Capital Reserve	Cemetery Equipment Fund	Cemetery Building Fund	Community Center Fund	Special Fire Equipment Fund	Municipal Transit Fund	Armory Building Fund	
ASSETS												
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,193	\$ 18,727
Due from General Fund	23,611	19,271	14,446	37,939	30,409	25,598	25,583	10,041	42,113	104,925	0	788,295
Total assets	<u>\$ 23,611</u>	<u>\$ 19,271</u>	<u>\$ 14,446</u>	<u>\$ 37,939</u>	<u>\$ 30,409</u>	<u>\$ 25,598</u>	<u>\$ 25,583</u>	<u>\$ 10,041</u>	<u>\$ 42,113</u>	<u>\$ 104,925</u>	<u>\$ 7,193</u>	<u>\$ 807,022</u>
LIABILITIES AND FUND BALANCES												
Due to other funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,021	\$ 38,934
Accrued payroll	0	0	0	0	0	0	0	0	0	0	0	1,594
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,021</u>	<u>40,528</u>
Fund Balances												
Restricted	0	19,271	0	0	0	0	0	0	0	0	0	305,785
Assigned	23,611	0	14,446	37,939	30,409	25,598	25,583	10,041	42,113	104,925	0	494,044
Unassigned	0	0	0	0	0	0	0	0	0	0	(26,828)	(33,335)
Total Fund Balances	<u>23,611</u>	<u>19,271</u>	<u>14,446</u>	<u>37,939</u>	<u>30,409</u>	<u>25,598</u>	<u>25,583</u>	<u>10,041</u>	<u>42,113</u>	<u>104,925</u>	<u>(26,828)</u>	<u>766,494</u>
Total liabilities and fund balances	<u>\$ 23,611</u>	<u>\$ 19,271</u>	<u>\$ 14,446</u>	<u>\$ 37,939</u>	<u>\$ 30,409</u>	<u>\$ 25,598</u>	<u>\$ 25,583</u>	<u>\$ 10,041</u>	<u>\$ 42,113</u>	<u>\$ 104,925</u>	<u>\$ 7,193</u>	<u>\$ 807,022</u>

TOWN OF LUDLOW, VERMONT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

SCHEDULE 2

	Special Revenue Funds							Capital Project Funds				
	Bike/Walk Path Fund	Camp Quest	Zoning Fees Fund	Reappraisal Fund	Vault Preservation	Ludlow Enterprise Fund	Drug Enforcement Fund	Anthony C. Marro Memorial for Ambulances	Debt Service Fund	Stearns Pit Fund	Recreation Facilities Fund	Highway Equipment Fund
REVENUES												
Investment income	\$ 2	\$ 0	\$ 17	\$ 665	\$ 277	\$ 29	\$ 14	\$ 20	\$ 541	\$ 106	\$ 214	\$ 614
Grand List parcel payment	0	0	0	29,648	0	0	0	0	0	0	0	0
Fees	0	2,200	0	0	0	0	0	0	0	0	0	0
Donation	0	14,307	0	0	0	0	0	0	0	0	0	0
Okemo payments	0	0	0	0	0	0	0	0	0	0	0	0
Total revenues	<u>2</u>	<u>16,507</u>	<u>17</u>	<u>30,313</u>	<u>277</u>	<u>29</u>	<u>14</u>	<u>20</u>	<u>541</u>	<u>106</u>	<u>214</u>	<u>614</u>
EXPENDITURES												
Culture and recreation	0	24,392	0	0	0	0	0	0	0	0	0	0
Total expenditures	<u>0</u>	<u>24,392</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)												
Transfer from (to) other funds	0	0	0	(18,527)	(17,067)	(3,296)	0	0	(28,456)	0	4,500	(20,000)
NET CHANGE IN FUND BALANCES	<u>2</u>	<u>(7,885)</u>	<u>17</u>	<u>11,786</u>	<u>(16,790)</u>	<u>(3,267)</u>	<u>14</u>	<u>20</u>	<u>(27,915)</u>	<u>106</u>	<u>4,714</u>	<u>(19,386)</u>
FUND BALANCES - July 1, 2013	<u>430</u>	<u>1,378</u>	<u>3,272</u>	<u>123,662</u>	<u>56,194</u>	<u>6,806</u>	<u>2,890</u>	<u>11,514</u>	<u>117,879</u>	<u>21,621</u>	<u>42,045</u>	<u>130,279</u>
FUND BALANCES - June 30, 2014	<u>\$ 432</u>	<u>\$ (6,507)</u>	<u>\$ 3,289</u>	<u>\$ 135,448</u>	<u>\$ 39,404</u>	<u>\$ 3,539</u>	<u>\$ 2,904</u>	<u>\$ 11,534</u>	<u>\$ 89,964</u>	<u>\$ 21,727</u>	<u>\$ 46,759</u>	<u>\$ 110,893</u>

TOWN OF LUDLOW, VERMONT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

SCHEDULE 2

Capital Project Funds												
	Landfill Fund	Black River Senior Center Capital Fund	Police Equipment Fund	Town Hall Renovations	Cemetery Capital Reserve	Cemetery Equipment Fund	Cemetery Building Fund	Community Center Fund	Special Fire Equipment Fund	Municipal Transit Fund	Armory Building Fund	Totals
REVENUES												
Investment income	\$ 115	\$ 115	\$ 89	\$ 169	\$ 150	\$ 125	\$ 126	\$ 32	\$ 136	\$ 560	\$ 7	\$ 4,123
Grand List parcel payment	0	0	0	0	0	0	0	0	0	0	0	29,648
Fees	0	0	0	0	0	0	0	0	0	0	0	2,200
Donation	0	0	0	0	0	0	0	0	0	0	0	14,307
Okemo payments	0	0	0	0	0	0	0	0	0	0	0	0
Total revenues	115	115	89	169	150	125	126	32	136	560	7	50,278
EXPENDITURES												
Culture and recreation	0	0	0	0	0	0	0	0	0	0	0	24,392
Total expenditures	0	0	0	0	0	0	0	0	0	0	0	24,392
OTHER FINANCING SOURCES (USES)												
Transfer from (to) other funds	0	(6,000)	(5,000)	5,000	0	0	0	5,000	20,000	(13,000)	0	(76,846)
NET CHANGE IN FUND BALANCES	115	(5,885)	(4,911)	5,169	150	125	126	5,032	20,136	(12,440)	7	(50,960)
FUND BALANCES - July 1, 2013	23,496	25,156	19,357	32,770	30,259	25,473	25,457	5,009	21,977	117,365	(26,835)	817,454
FUND BALANCES - June 30, 2014	\$ 23,611	\$ 19,271	\$ 14,446	\$ 37,939	\$ 30,409	\$ 25,598	\$ 25,583	\$ 10,041	\$ 42,113	\$ 104,925	\$ (26,828)	\$ 766,494

FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



John E. (Jeff) Fothergill, CPA
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Sheila R. Valley, CPA
Teresa H. Kajenski, CPA
Donald J. Murray, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Selectboard
Town of Ludlow, Vermont

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ludlow, Vermont, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 9, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

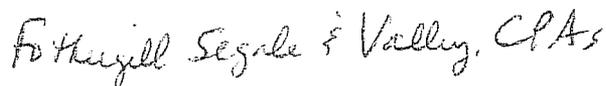
Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



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

December 9, 2014