

Audited Financial Statements
and Other Financial Information

Town of Ludlow, Vermont

June 30, 2021



Proven Expertise & Integrity

TOWN OF LUDLOW, VERMONT

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JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

Selectboard
Town of Ludlow
Ludlow, Vermont

Report on the Financial Statements

We have audited the accompanying 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, 2021 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Ludlow, Vermont as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 13 and 56 through 60 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 of Ludlow, Vermont's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining, individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related 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 basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules 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 March 4, 2022, on our consideration of the Town of Ludlow, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 of Ludlow, Vermont's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
March 4, 2022

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

(UNAUDITED)

The following management's discussion and analysis of the Town of Ludlow, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the Town of Ludlow, Vermont's financial statements.

Financial Statement Overview

The Town of Ludlow, Vermont's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedules, pension schedules and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the two different types of Town activities. The types of activities presented for the Town of Ludlow are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, transportation, highways and streets, sanitation and recycling, recreation and culture, cemetery, intergovernmental, social agencies and other.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Ludlow include the ambulance fund.

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 of Ludlow, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Ludlow can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of 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 near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Ludlow presents four columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, the Trustees of Public Funds and the Agan Fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Ludlow maintains one proprietary fund, the ambulance fund. This fund is used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows - Proprietary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by \$368,079 from \$6,737,864 to \$7,105,943. For the business-type activities, the Town's total net position decreased by \$261,517 from \$356,933 to \$95,416.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for the governmental activities by \$381,498 to a balance of \$870,725 at the end of the fiscal year. For the business-type activities, the unrestricted net position decreased by \$214,824, to a deficit balance of \$124,889.

Table 1
Town of Ludlow, Vermont
Net Position
June 30,

	Governmental Activities		Business-Type Activities	
	2021	2020 (Restated)	2021	2020
Assets:				
Current Assets	\$ 2,940,198	\$ 2,714,459	\$ (56,840)	\$ 165,342
Noncurrent Assets - Capital Assets	7,198,454	7,271,597	220,305	266,998
Total Assets	10,138,652	9,986,056	163,465	432,340
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	565,935	357,070	84,149	36,623
Total Deferred Outflows of Resources	565,935	357,070	84,149	36,623
Liabilities:				
Current Liabilities	628,282	678,250	4,690	2,652
Noncurrent Liabilities	2,941,440	2,791,687	144,542	107,980
Total Liabilities	3,569,722	3,469,937	149,232	110,632
Deferred Inflows of Resources:				
Prepaid Taxes	-	117,380	-	-
Deferred Revenue	-	4,319	-	-
Deferred Inflows Related to Pensions	28,922	13,626	2,966	1,398
Total Deferred Inflows of Resources	28,922	135,325	2,966	1,398
Net Position:				
Net Investment in Capital Assets	5,428,123	5,327,207	220,305	266,998
Restricted	807,095	921,430	-	-
Unrestricted	870,725	489,227	(124,889)	89,935
Total Net Position	\$ 7,105,943	\$ 6,737,864	\$ 95,416	\$ 356,933

Revenues and Expenses

Revenues for the Town's governmental activities increased by 6.06%, while total expenses increased by 0.32%. The largest increases in revenues were in program revenues - charges for services and miscellaneous. The biggest increase in expenses was in highways and streets. For the business-type activities, revenues decreased by 21.09%, while total expenses increased by 7.56%.

Table 2
Town of Ludlow, Vermont
Change in Net Position
For the Years Ended June 30,

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 664,269	\$ 429,151	\$ 234,787	\$ 486,792
Operating grants and contributions	30,218	102,205	58,685	-
Capital grants and contributions	-	118,628	-	-
<i>General Revenues:</i>				
Taxes	4,489,220	4,455,886	-	-
Investment income	8,779	44,024	-	1,338
Miscellaneous	677,512	384,561	106,986	19,356
Total Revenues	<u>5,869,998</u>	<u>5,534,455</u>	<u>400,458</u>	<u>507,486</u>
Expenses				
General government	1,135,317	1,458,669	-	-
Public safety	1,363,024	1,336,080	-	-
Transportation	1,969	207,836	-	-
Highways and streets	1,705,382	1,066,867	-	-
Sanitation and recycling	431,800	392,795	-	-
Recreation and culture	187,243	379,209	-	-
Cemetery	93,575	99,941	-	-
Intergovernmental	163,968	152,664	-	-
Social agencies	179,099	250,686	-	-
Other	40,302	-	-	-
Ambulance	-	-	727,975	676,818
Debt service - interest	67,245	73,844	-	-
Capital outlay	66,995	-	-	-
Total Expenses	<u>5,435,919</u>	<u>5,418,591</u>	<u>727,975</u>	<u>676,818</u>
Transfers	<u>(66,000)</u>	<u>-</u>	<u>66,000</u>	<u>-</u>
Change in Net Position	368,079	115,864	(261,517)	(169,332)
Net Position - July 1, Restated	<u>6,737,864</u>	<u>6,622,000</u>	<u>356,933</u>	<u>526,265</u>
Net Position - June 30	<u><u>\$ 7,105,943</u></u>	<u><u>\$ 6,737,864</u></u>	<u><u>\$ 95,416</u></u>	<u><u>\$ 356,933</u></u>

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Town of Ludlow, Vermont
Fund Balances - Governmental Funds
June 30,

	<u>2021</u>	<u>2020 (Restated)</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 189,540	\$ 143,268	\$ 46,272
Restricted	-	50	(50)
Committed	449,587	-	449,587
Unassigned	301,029	300,557	472
Total General Fund	<u>\$ 940,156</u>	<u>\$ 443,875</u>	<u>\$ 496,281</u>
Trustees of Public Funds:			
Restricted	\$ 468,369	\$ 424,469	\$ 43,900
Total Community Development Fund	<u>\$ 468,369</u>	<u>\$ 424,469</u>	<u>\$ 43,900</u>
AganFund:			
Restricted	\$ 240,378	\$ 293,993	\$ (53,615)
Committed	75,000	-	75,000
Total Agan Fund	<u>\$ 315,378</u>	<u>\$ 293,993</u>	<u>\$ 21,385</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 98,348	\$ 127,129	\$ (28,781)
Assigned	75,043	231,299	(156,256)
Unassigned	(11,667)	(11,667)	-
Capital Project Funds			
Restricted	-	37,169	(37,169)
Committed	584,938	-	584,938
Assigned	-	497,872	-
Unassigned	(26,550)	(26,550)	-
Total Nonmajor Funds	<u>\$ 720,112</u>	<u>\$ 855,252</u>	<u>\$ 362,732</u>

The changes to total fund balances in each of the major funds and total nonmajor funds occurred due to the regular activity of operations.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The ambulance fund's net position decreased by \$261,517 from the prior fiscal year, mainly due to a reduction in charges for services.

Budgetary Highlights

There was no difference between the original and final budget for the general fund or the highway fund.

The general fund actual revenues were over budgeted amounts by \$133,929. This was the result of all revenue categories being receipted at or in excess of budgeted amounts with the exception of intergovernmental and miscellaneous.

The general fund actual expenditures were under budget by \$362,352. All expenditure categories were within or under budget with the exception of general government, transportation, sanitation and recycling and debt service - principal.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the Town decreased by \$119,836 over the prior year. The decrease is the result of capital additions of \$630,145 less net disposal of \$65,851 and current year depreciation of \$684,130. Refer to Note 5 of the Notes to Financial Statements for detailed information.

**Table 4
Town of Ludlow, Vermont
Capital Assets (Net of Depreciation)
June 30,**

	2021	2020 (Restated)
Land	\$ 25,600	\$ 25,600
Buildings and Improvements	2,460,872	2,577,810
Machinery, equipment and vehicles	2,124,556	2,334,614
Infrastructure	2,807,731	2,600,571
Total	\$ 7,418,759	\$ 7,538,595

Debt

At June 30, 2021, the Town had \$1,770,331 in bonds and notes from direct borrowings payable outstanding versus \$1,991,932 last year, a decrease of 11.12%. Refer to Note 6 of the Notes to Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because the actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately two months, while also maintaining reserve accounts for capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Municipal Manager, Town of Ludlow, P.O. Box 2359, Ludlow, Vermont 05149.

STATEMENT A

TOWN OF LUDLOW, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,451,318	\$ 3,341	\$ 1,454,659
Investments	742,724	-	742,724
Accounts receivable (net of allowance for uncollectibles):			
Taxes receivable	279,797	-	279,797
Other	54,413	74,041	128,454
Due from other governments	88,184	-	88,184
Prepaid items	189,540	-	189,540
Internal balances	134,222	(134,222)	-
Total current assets	<u>2,940,198</u>	<u>(56,840)</u>	<u>2,883,358</u>
Noncurrent assets:			
Capital assets:			
Land, infrastructure and other assets not being depreciated	25,600	-	25,600
Land improvements, buildings and improvements, equipment, vehicles and infrastructure net of accumulated depreciation	7,172,854	220,305	7,393,159
Total noncurrent assets	<u>7,198,454</u>	<u>220,305</u>	<u>7,418,759</u>
TOTAL ASSETS	<u>10,138,652</u>	<u>163,465</u>	<u>10,302,117</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	565,935	84,149	650,084
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>565,935</u>	<u>84,149</u>	<u>650,084</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 10,704,587</u>	<u>\$ 247,614</u>	<u>\$ 10,952,201</u>

STATEMENT A (CONTINUED)
TOWN OF LUDLOW, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 283,663	\$ -	\$ 283,663
Accrued expenses	-	4,690	4,690
Accrued liabilities	32,625	-	32,625
Current portion of long-term obligations	311,994	-	311,994
Total current liabilities	<u>628,282</u>	<u>4,690</u>	<u>632,972</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	1,228,930	-	1,228,930
Notes from direct borrowings payable	234,800	-	234,800
Accrued compensated absences	102,468	3,317	105,785
Net pension liability	1,375,242	141,225	1,516,467
Total noncurrent liabilities	<u>2,941,440</u>	<u>144,542</u>	<u>3,085,982</u>
TOTAL LIABILITIES	<u>3,569,722</u>	<u>149,232</u>	<u>3,718,954</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	28,922	2,966	31,888
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>28,922</u>	<u>2,966</u>	<u>31,888</u>
NET POSITION			
Net investment in capital assets	5,428,123	220,305	5,648,428
Restricted:			
Trustee of Public Funds	468,369	-	468,369
Agan Fund	240,378	-	240,378
Special revenue funds	98,348	-	98,348
Unrestricted	870,725	(124,889)	745,836
TOTAL NET POSITION	<u>7,105,943</u>	<u>95,416</u>	<u>7,201,359</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 10,704,587</u>	<u>\$ 247,614</u>	<u>\$ 10,952,201</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities							
General government	\$ 1,135,317	\$ 201,056	\$ 30,218	\$ -	\$ (904,043)	\$ -	\$ (904,043)
Public safety	1,363,024	146,100	-	-	(1,216,924)	-	(1,216,924)
Transportation	1,969	-	-	-	(1,969)	-	(1,969)
Highways and streets	1,705,382	98,431	-	-	(1,606,951)	-	(1,606,951)
Sanitation and recycling	431,800	198,245	-	-	(233,555)	-	(233,555)
Recreation and culture	187,243	16,269	-	-	(170,974)	-	(170,974)
Cemetery	93,575	-	-	-	(93,575)	-	(93,575)
Intergovernmental	163,968	-	-	-	(163,968)	-	(163,968)
Social agencies	179,099	-	-	-	(179,099)	-	(179,099)
Other	40,302	4,168	-	-	(36,134)	-	(36,134)
Debt service - interest	67,245	-	-	-	(67,245)	-	(67,245)
Capital outlay	66,995	-	-	-	(66,995)	-	(66,995)
Total governmental activities	<u>5,435,919</u>	<u>664,269</u>	<u>30,218</u>	<u>-</u>	<u>(4,741,432)</u>	<u>-</u>	<u>(4,741,432)</u>
Business-type activities:							
Ambulance fund	<u>727,975</u>	<u>234,787</u>	<u>58,685</u>	<u>-</u>	<u>-</u>	<u>(434,503)</u>	<u>(434,503)</u>
Total business-type activities	<u>727,975</u>	<u>234,787</u>	<u>58,685</u>	<u>-</u>	<u>-</u>	<u>(434,503)</u>	<u>(434,503)</u>
Total government	<u>\$ 6,163,894</u>	<u>\$ 899,056</u>	<u>\$ 88,903</u>	<u>\$ -</u>	<u>(4,741,432)</u>	<u>(434,503)</u>	<u>(5,175,935)</u>

STATEMENT B (CONTINUED)
TOWN OF LUDLOW, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(4,741,432)	(434,503)	(5,175,935)
General revenue:			
Taxes:			
Property taxes, levied for general purposes	4,489,220	-	4,489,220
Interest income	8,779	-	8,779
Miscellaneous	677,512	106,986	784,498
Total general revenues	5,175,511	106,986	5,282,497
Transfers	(66,000)	66,000	-
Change in net position	368,079	(261,517)	106,562
NET POSITION - JULY 1	6,737,864	356,933	7,094,797
NET POSITION - JUNE 30	\$ 7,105,943	\$ 95,416	\$ 7,201,359

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Trustees of Public Funds	Agan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,403,294	\$ 25,769	\$ 15,254	\$ 7,001	\$ 1,451,318
Investments	-	442,600	300,124	-	742,724
Accounts receivable (net of allowance for uncollectibles):					
Taxes receivable	279,797	-	-	-	279,797
Other	54,413	-	-	-	54,413
Due from other governments	88,184	-	-	-	88,184
Prepaid items	189,540	-	-	-	189,540
Due from other funds	38,217	-	-	751,328	789,545
TOTAL ASSETS	\$ 2,053,445	\$ 468,369	\$ 315,378	\$ 758,329	\$ 3,595,521
LIABILITIES					
Accounts payable	\$ 283,663	\$ -	\$ -	\$ -	\$ 283,663
Accrued liabilities	32,625	-	-	-	32,625
Due to other funds	617,106	-	-	38,217	655,323
TOTAL LIABILITIES	933,394	-	-	38,217	971,611
DEFERRED INFLOWS OF RESOURCES					
Deferred tax revenues	179,895	-	-	-	179,895
TOTAL DEFERRED INFLOWS OF RESOURCES	179,895	-	-	-	179,895
FUND BALANCES					
Nonspendable	189,540	-	-	-	189,540
Restricted	-	468,369	240,378	98,348	807,095
Committed	449,587	-	75,000	584,938	1,109,525
Assigned	-	-	-	75,043	75,043
Unassigned	301,029	-	-	(38,217)	262,812
TOTAL FUND BALANCES	940,156	468,369	315,378	720,112	2,444,015
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,053,445	\$ 468,369	\$ 315,378	\$ 758,329	\$ 3,595,521

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

	Total Governmental Funds
Total Fund Balances	\$ 2,444,015
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	7,198,454
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	179,895
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	565,935
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,400,731)
Notes from direct borrowings payable	(369,600)
Accrued compensated absences	(107,861)
Net pension liability	(1,375,242)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	(28,922)
	\$ 7,105,943
Net position of governmental activities	

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Trustees of Public Funds	Agan Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 4,565,388	\$ -	\$ -	\$ -	\$ 4,565,388
Intergovernmental	-	-	-	30,218	30,218
Permits, licenses and fees	90,867	-	-	-	90,867
Charges for services	569,234	-	-	4,168	573,402
Miscellaneous revenues	523,014	61,400	59,187	42,690	686,291
TOTAL REVENUES	5,748,503	61,400	59,187	77,076	5,946,166
EXPENDITURES					
Current:					
General government	925,906	-	-	-	925,906
Public safety	1,170,117	-	-	-	1,170,117
Transportation	1,969	-	-	-	1,969
Highways and streets	1,310,909	-	-	-	1,310,909
Sanitation and recycling	422,652	-	-	-	422,652
Recreation and culture	174,850	-	-	-	174,850
Cemetery	70,483	15,000	-	-	85,483
Intergovernmental	163,968	-	-	-	163,968
Social agencies	179,099	-	-	-	179,099
Other	-	2,500	37,802	-	40,302
Debt service:					
Principal	311,600	-	-	-	311,600
Interest	67,245	-	-	-	67,245
Capital outlay	689,640	-	-	-	689,640
TOTAL EXPENDITURES	5,488,438	17,500	37,802	-	5,543,740
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	260,065	43,900	21,385	77,076	402,426
OTHER FINANCING SOURCES (USES)					
Bond and note proceeds	90,000	-	-	-	90,000
Transfers in	304,716	-	-	92,500	397,216
Transfers (out)	(158,500)	-	-	(304,716)	(463,216)
TOTAL OTHER FINANCING SOURCES (USES)	236,216	-	-	(212,216)	24,000
NET CHANGE IN FUND BALANCES	496,281	43,900	21,385	(135,140)	426,426
FUND BALANCES - JULY 1	443,875	424,469	293,993	855,252	2,017,589
FUND BALANCES - JUNE 30	\$ 940,156	\$ 468,369	\$ 315,378	\$ 720,112	\$ 2,444,015

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 426,426</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	622,645
Capital asset disposals net of depreciation	(65,851)
Depreciation expense	(629,937)
	<u>(73,143)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(76,168)</u>
Deferred outflows of resources is a consumption of net assets by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>208,865</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.	
	<u>311,601</u>
Debt proceeds provide current financial resources to governmental funds, but long-term obligations in the Statement of Net Position.	
	<u>(90,000)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	72,092
Net pension liability	(396,298)
	<u>(324,206)</u>
Deferred inflows of resources are an acquisition of net assets by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>(15,296)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 368,079</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Enterprise Fund</u> <u>Ambulance</u> <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,341
Accounts receivable (net of allowance for uncollectibles)	74,041
Total current assets	<u>77,382</u>
Capital assets:	
Machinery, equipment and vehicles	618,511
Total capital assets	618,511
Less: accumulated depreciation	<u>(398,206)</u>
Net capital assets	<u>220,305</u>
TOTAL ASSETS	<u>297,687</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	84,149
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>84,149</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 381,836</u>
LIABILITIES	
Current liabilities:	
Accrued expenses	\$ 4,690
Due to other funds	134,222
Current portion of long-term liabilities	175
Total current liabilities	<u>139,087</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Accrued compensated absences	3,317
Net pension liability	141,050
Total noncurrent liabilities	<u>144,367</u>
TOTAL LIABILITIES	<u>283,454</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	2,966
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,966</u>
NET POSITION	
Net investment in capital assets	220,305
Unrestricted	<u>(124,889)</u>
TOTAL NET POSITION	<u>95,416</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 381,836</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Enterprise Fund</u> <u>Ambulance</u> <u>Fund</u>
OPERATING REVENUES	
Intergovernmental revenue	\$ 58,685
Charges for services	234,787
Other	106,927
TOTAL OPERATING REVENUES	<u>400,399</u>
OPERATING EXPENSES	
Salaries and benefits	493,006
Contract services	50,572
Office expenses	6,428
Maintenance	10,096
Supplies	42,257
Utilities	17,476
Insurance	53,295
Depreciation	54,193
Other	652
TOTAL OPERATING EXPENSES	<u>727,975</u>
OPERATING INCOME	<u>(327,576)</u>
NONOPERATING REVENUES (EXPENSES)	
Transfers in	66,000
Investment income (loss)	59
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>66,059</u>
CHANGE IN NET POSITION	(261,517)
NET POSITION - JULY 1	<u>356,933</u>
NET POSITION - JUNE 30	<u><u>\$ 95,416</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Enterprise Funds</u>
	<u>Ambulance</u>
	<u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 465,619
Internal activity - receipts (payments) from/to other funds	160,303
Payments to suppliers	(178,738)
Payments to employees	(502,402)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(55,218)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income (loss)	59
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>59</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital asset (purchases)/disposals	(7,500)
NET CASH PROVIDED BY (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(7,500)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Transfers in (out)	66,000
NET CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>66,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,341
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 3,341</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ (327,576)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	54,193
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	65,220
(Increase) decrease in due from other funds	26,081
(Increase) decrease in deferred outflows related to pension	(47,526)
Increase (decrease) in accrued expenses	2,038
Increase (decrease) in deferred inflows related to pension	1,568
Increase (decrease) in due to other funds	134,222
Increase (decrease) in accrued compensated absences	(4,084)
Increase (decrease) in net pension liability	40,646
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (55,218)</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Ludlow was incorporated under the laws of the State of Vermont. The Town operates under the selectboard-manager form of government and provides the following services: general government, public safety, transportation, highways and streets, sanitation and recycling, culture and recreation, cemetery, intergovernmental and social agencies.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

The Town's combined financial statements include all accounts and all operations of the Town. The Town of Ludlow provides services to the Village of Ludlow and the Village of Ludlow Electric Department. The Village has an ongoing financial responsibility to the Town of Ludlow as defined in GASB 14, paragraph 71.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Vermont, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March of 2020, the Governor of Vermont issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Vermont to those necessary to obtain or provide essential services or activities. See Executive Order 01-20 and its addendums. The state of emergency expired on June 15, 2021.

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on Finances

The Town does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus Aid Relief and Economic Security (“CARES”) Act, American Rescue Plan Act (“ARPA”) funding and applicable Federal and /or State programs.

Expected Federal/State Support

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

Implementation of New Accounting Standards

During the year ended June 30, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 84 “Fiduciary Activities”. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Statement No 93 "Replacement of Interbank Offered Rates (paragraphs 4-11a)." The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency and comparability of reported information. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's water and sewer funds are categorized as business-type activities. All other activities of the Town are categorized as governmental.

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the government-wide Statement of Net position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources 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 - net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, protection, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The 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.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Trustees of Public Funds is used to account for resources held in trust by the Town for the benefit of the citizenry. Primary revenue sources are investment incomes.
- c. The Agan Fund is used to account for resources held in trust by the Town for the benefit of the citizenry. Primary revenue sources are investment incomes.

Nonmajor Funds

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a)

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

Basis of Accounting

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

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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, if any, is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. A meeting of the registered voters of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the registered voters of the Town.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Town of Ludlow does not have a formal investment policy but instead follows the State of Vermont Statutes.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$216,638 for the year ended June 30, 2021.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

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. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs 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 estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated acquisition value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings and improvements	10 - 50 years
Infrastructure	30 years
Machinery, equipment and vehicles	8 - 15 years

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, accrued compensated absences and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) Plan and additions to/deductions from the VMERS Plan fiduciary net position has been determined on the same basis as they are reported by the VMERS Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given annually by vote of the taxpayers and is expressed by the Selectboard.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has one type of this item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. These items are reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualify for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

Property taxes attach as an enforceable lien on property owned as of April 1st. Elected listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Agency of Education. Property taxes for the fiscal year ended June 30, 2021 were payable in three equal installments due on the third Friday in August, November and February.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Town does not have a policy covering custodial credit risk.

At June 30, 2021, the Town's cash balance of \$1,454,659 was comprised of deposits amounting to \$1,692,474. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these deposits, \$36,011 was insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$798,040 was collateralized with securities held by the financial institution in the Town's name and

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

\$858,423 was covered by the Securities Investor Protection Corporation (SPIC) and therefore were not exposed to custodial credit risk.

Account Type	Bank Balance
Checking accounts	\$ 809,781
Money market accounts	24,270
Cash equivalents	858,423
	\$ 1,692,474

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

The Town's investments of \$742,724 were covered by the Securities Investor Protection Corporation (SIPC) was not exposed to custodial credit risk.

At June 30, 2021, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	> 5 Years
Debt securities:					
Corporate bonds	\$ 106,753	\$ -	\$ 24,964	\$ 81,789	\$ -
Common stock	14,251	14,251	-	-	-
Mutual funds:					
Equities	178,694	178,694	-	-	-
Fixed income	297,154	297,154	-	-	-
Exchange traded funds	145,872	145,872	-	-	-
	\$ 742,724	\$ 635,971	\$ 24,964	\$ 81,789	\$ -

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2021:

	June 30, 2021 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
Corporate bonds	\$ 106,753	\$ -	\$ 106,753	\$ -
Total debt securities	<u>106,753</u>	<u>-</u>	<u>106,753</u>	<u>-</u>
Equity securities:				
Common stock - domestic	\$ 14,251	\$ 14,251	\$ -	\$ -
Mutual funds - fixed	297,154	297,154	-	-
Mutual funds - equity	178,694	178,694	-	-
Exchange traded funds	145,872	145,872	-	-
Total equity securities	<u>635,971</u>	<u>635,971</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>742,724</u>	<u>\$ 635,971</u>	<u>\$ 106,753</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds		<u>858,423</u>		
Total cash equivalents measured at the NAV		<u>858,423</u>		
Total investments and cash equivalents measured at fair value		<u>\$ 1,601,147</u>		

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued using significant other observable inputs. The Town has no Level III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2021 in a

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

Credit risk - Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk.

Credit quality distribution for the Town's investments with credit exposure as a percentage of total investments are as follows:

Investment Type	Bond Credit Rating	Percentage of Total
Mutual Fund	AAA	7.64%
Mutual Fund/Corporate Bond	AA	3.99%
Mutual Fund/Corporate Bond	A	15.60%
Mutual Fund	BBB	9.83%
Mutual Fund/Corporate Bond	BB	14.08%
Mutual Fund	B and below	2.46%
Mutual Fund	Not Rated	0.77%

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 38,217	\$ 617,106
Enterprise Funds	-	134,222
Nonmajor Special Revenue Funds	173,391	11,667
Nonmajor Capital Projects Funds	577,937	26,550
	<u>\$ 789,545</u>	<u>\$ 789,545</u>

The result of amounts owed between funds is considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

TOWN OF LUDLOW, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2021 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 158,500	\$ 304,716
Enterprise Funds	-	66,000
Nonmajor Special Revenue Funds	226,129	7,500
Nonmajor Capital Projects Funds	78,587	85,000
	\$ 463,216	\$ 463,216

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance, 7/1/20 (Restated)	Additions	Disposals	Balance, 6/30/21
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 25,600	\$ -	\$ -	\$ 25,600
	<u>25,600</u>	<u>-</u>	<u>-</u>	<u>25,600</u>
Depreciated assets:				
Buildings and improvements	4,609,001	4,936	-	4,613,937
Machinery, equipment and vehicles	4,530,381	202,369	(561,569)	4,171,181
Infrastructure	4,911,139	415,340	-	5,326,479
	<u>14,050,521</u>	<u>622,645</u>	<u>(561,569)</u>	<u>14,111,597</u>
Less: accumulated depreciation for:				
Buildings and improvements	(2,031,191)	(121,874)	-	(2,153,065)
Machinery, equipment and vehicles	(2,462,765)	(299,883)	495,718	(2,266,930)
Infrastructure	(2,310,568)	(208,180)	-	(2,518,748)
	<u>(6,804,524)</u>	<u>(629,937)</u>	<u>495,718</u>	<u>(6,938,743)</u>
Net governmental capital assets	<u>\$ 7,271,597</u>	<u>\$ (7,292)</u>	<u>\$ (65,851)</u>	<u>\$ 7,198,454</u>
<u>Business-type activities</u>				
Depreciated assets:				
Machinery, equipment and vehicles	745,551	7,500	(134,540)	618,511
	<u>745,551</u>	<u>7,500</u>	<u>(134,540)</u>	<u>618,511</u>
Less: accumulated depreciation for:				
Machinery, equipment and vehicles	(478,553)	(54,193)	134,540	(398,206)
	<u>(478,553)</u>	<u>(54,193)</u>	<u>134,540</u>	<u>(398,206)</u>
Net business-type capital assets	<u>\$ 266,998</u>	<u>\$ (46,693)</u>	<u>\$ -</u>	<u>\$ 220,305</u>
<u>Depreciation expense:</u>				
General government				\$ 78,774
Cemetery				8,092
Culture and recreation				12,393
Highway and streets				394,474
Public safety				127,056
Sanitation and recycling				9,148
Total governmental fund depreciation				<u>629,937</u>
Ambulance				<u>54,193</u>
Total business-type fund depreciation				<u>54,193</u>
Total depreciation expense				<u>\$ 684,130</u>

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2021:

	Balance, 7/1/20 (Restated)	Additions	Deletions	Balance, 6/30/21	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 1,587,532	\$ -	\$ (186,801)	\$ 1,400,731	\$ 171,801
Notes from direct borrowings payable	404,400	90,000	(124,800)	369,600	134,800
Total	<u>\$ 1,991,932</u>	<u>\$ 90,000</u>	<u>\$ (311,601)</u>	<u>\$ 1,770,331</u>	<u>\$ 306,601</u>

The following is a summary of the outstanding bonds and notes from direct borrowings payable:

Bonds payable:

VMBB Series 2011-6 issued for \$260,000 in December 2012 and refunded in 2021. Annual principal payments of \$20,000 with semi-annual interest payments at a fixed interest rate ranging from 4.210%-4.690% per annum. The bond matures in December of 2023. \$ 60,000

VMBB Series 2012-1 issued in November 2013 for \$176,000. Annual principal payments of \$14,667 with semi-annual interest payments at a fixed interest rate ranging from 1.098%-3.308% per annum. The bond matures in November of 2024. 58,662

VMBB Series 2014-4 issued in November of 2014 for \$590,000 and refunded in 2017. Annual principal payments of \$35,000 with semi-annual interest payments at a fixed interest rate of 3.835%-4.680% per annum. The bond matures in November of 2026. 210,000

VMBB Series 2016-2 issued in December of 2012 for \$1,055,000. Annual principal payments of \$55,000 with semi-annual interest payments at a fixed interest rate of 1.300%-4.600% per annum. The bond matures in November 2031 with a final principal payment of \$10,000. 560,000

VMBB Series 2017-3 issued in August 2017 for \$300,000. Annual principal payments of \$15,000 and semi-annual interest payments at a fixed interest rate of 3.000% per annum. The bond matures in November 2034. 255,000

VMBB Series 2017-4 issued in November 2013 and refunded in 2017. Annual principal payments of \$32,133 and semi-annual interest payments at a fixed rate of 0.800%-4.300% per annum. The bond matures in November 2028. 257,069

Total governmental activities bonds payable \$ 1,400,731

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Notes from direct borrowings payable:

Capital Equipment Note from People's United Bank secured on June 7, 2019 for \$21,500 for the purchase of a 2018 Pick-Up Truck. Annual principal payments of \$4300 with annual interest payments at a fixed interest rate of 3.10% per annum. The final payment on the note is due June 7, 2024. \$ 12,900

Capital Equipment Note from People's United Bank secured on July 8, 2019 for \$146,000 for the purchase of two 2019 Dump Trucks. Annual principal payments of \$29,200 with annual interest payments at a fixed interest rate of 3.00% per annum. The final payment on the note is due July 8, 2024. 116,800

Capital Equipment Note from People's United Bank secured on June 8, 2017 for \$82,000 for the purchase of a 2017 Highway Dump Truck. Annual principal payments of \$16,400 each with annual interest payments at a fixed interest rate of 2.45% per annum. The final payment on the note is due June 8, 2022. 77,200

Capital Equipment Note from People's United Bank secured on June 8, 2017 for \$82,000 for the purchase of a 2017 Highway Dump Truck. Annual principal payments of \$16,400 each with annual interest payments at a fixed interest rate of 2.45% per annum. The final payment on the note is due June 8, 2022. 16,400

Capital Equipment Note from People's United Bank secured on April 9, 2021 for \$90,000 for the purchase of a 2021 Western Star Dump Truck. Annual principal payments of \$18,000 with annual interest payments at a fixed interest rate of 2.00% per annum. The final payment on the note is due April 9, 2026. 90,000

Capital Equipment Note from People's United Bank secured on November 8, 2018 for \$70,000 for the purchase of a Caterpillar Wheel Loader. Annual principal payments of \$14,000 with annual interest payments at a fixed interest rate of 3.35% per annum. The final payment on the note is due November 8, 2023. 42,000

Capital Equipment Note from People's United Bank secured on June 8, 2017 for \$49,000 for Fire Station Improvements. Reissued annually for principal balance due. Principal and interest payments are due annually with a fixed interest rate of 2.00% per annum. 9,800

Capital Equipment Note from People's United Bank secured on June 7, 2018 for \$22,500 for a 2017 Transit Bus. Reissued annually for principal balance due. Annual interest rate at a fixed interest rate of 2.00% per annum. 4,500

Total governmental activities notes from direct borrowings payable \$ 369,600

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bond and note from direct borrowings principal and interest requirements for the next five fiscal years ending June 30:

	Bonds		Notes from Direct Borrowings		Total Debt Service
	Principal	Interest	Principal	Interest	
2022	\$ 171,801	\$ 49,555	\$ 134,800	\$ 8,499	\$ 364,655
2023	171,801	42,950	104,100	5,531	324,382
2024	171,801	37,155	65,500	2,965	277,421
2025	151,795	30,451	47,200	1,596	231,042
2026	137,133	24,230	18,000	360	179,723
2027-2031	481,400	62,569	-	-	543,969
2032-2036	85,000	12,273	-	-	97,273
2037-2041	30,000	1,110	-	-	31,110
	<u>\$ 1,400,731</u>	<u>\$ 260,293</u>	<u>\$ 369,600</u>	<u>\$ 18,951</u>	<u>\$ 2,049,575</u>

All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town. No interest costs were capitalized during the period.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2021 is as follows:

	Balance, (Restated)	Additions	Deletions	Balance, 6/30/21	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 179,953	\$ -	\$ (72,092)	\$ 107,861	\$ 5,393
Net pension liability	978,944	396,298	-	1,375,242	-
Total	<u>\$ 1,158,897</u>	<u>\$ 396,298</u>	<u>\$ (72,092)</u>	<u>\$ 1,483,103</u>	<u>\$ 5,393</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 7,576	\$ -	\$ (4,084)	\$ 3,492	\$ 175
Net pension liability	100,404	40,646	-	141,050	-
Total	<u>\$ 107,980</u>	<u>\$ 40,646</u>	<u>\$ (4,084)</u>	<u>\$ 144,542</u>	<u>\$ 175</u>

Please see Notes 8 and 15 for detailed information on each of the other long-term obligations.

TOWN OF LUDLOW, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation time permit non-union employees to accumulate earned but unused vacation leave. Non-union employees will accrue no more than ten days vacation. Upon voluntary or other termination of employment with the Town, a non-union employee shall be paid an amount equal to accrued, unused vacation leave except in cases where the employee leaves employment as a result of misconduct. If a full-time, non-union employees' regular work hours are reduced to a part-time schedule, the municipality will pay the employee for all unused vacation hours that were accrued prior to the non-union employee's part-time status, except in cases of misconduct. The Town's policies regarding vacation and sick time permit police union employees to accumulate earned but unused vacation and sick leave. Police union employees will accrue no more than ten days vacation from one anniversary year to another and is paid upon termination of employment with the Town. Police union employees will accrue one sick day per month with a maximum accrual of 120 days. Upon termination, police union employees will not be paid for any accumulated unused sick leave. The liability for vacation time is recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. The liability as of June 30, 2021 was \$111,353.

NOTE 9 - RESTRICTED NET POSITION AND FUND BALANCE

At June 30, 2021, the Town had the following restricted net position:

Highway Fund	\$	468,369
Combined Library Fund		240,378
Nonmajor Special Revenue Funds (Schedule E)		98,348
	\$	<u>807,095</u>

NOTE 10 - NONSPENDABLE FUND BALANCE

At June 30, 2021, the Town had the following nonspendable fund balances:

General fund:		
Prepaid items	\$	<u>189,540</u>

TOWN OF LUDLOW, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2021, the Town had the following committed fund balances:

General Fund	\$ 449,587
Agan Fun	75,000
Nonmajor Capital Projects Funds (Schedule G)	584,938
	\$ 1,109,525

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2021, the Town had the following assigned fund balances:

Nonmajor Special Revenue Funds (Schedule E)	\$ 75,043
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NOTE 13 - DEFICIT FUND BALANCES

At June 30, 2021, the Town had the following deficit fund balances:

Nonmajor Special Revenue Funds:	
Camp quest	\$ 11,667
Nonmajor Capital Projects Funds:	
Cap dev town property	26,550
	\$ 38,217

NOTE 14 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2021, the Town had the following expenditures over appropriations:

General government	\$ 4,350
Transportation	969
Sanitation and recycling	40,860
Debt service	6,190
	\$ 52,369

NOTE 15 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2019 (the most recent data available), the retirement system consisted of 14,755 participating members.

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

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report may be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

Benefits Provided

The pension plan is divided into four membership groups:

- Group A - general employees whose legislative bodies have not elected to become a member of Group B or Group C

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NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Groups B and C - general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D - sworn police officers, firefighters and emergency medical personnel

The Town participates in Group B and D. Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service or age 55 with 35 years of service	Age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula – Normal Service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service

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NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

** A special early retirement factor of 3% per year only for municipal police officers who have attained age 60

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2020 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.000% of gross salary	5.375% of gross salary	10.500% of gross salary	11.850% of gross salary
Employer Contributions	4.500% of gross salary	6.000% of gross salary	7.750% of gross salary	10.350% of gross salary

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2021 totaled \$150,406. The Town contributed \$150,826 for the year ended June 30, 2021. The Town's total payroll for the year ended June 30, 2021 for all employees covered under this plan was \$2,083,777.

Pension Liabilities

At June 30, 2021, the Town reported a liability of \$1,516,292 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2020 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2019. The Town's proportion of the net pension liabilities were based on a projection of the Town's

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NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2020, the Town's proportion was 0.59939% for VMERS, which was a decrease of 0.02274% from its proportion measured as of June 30, 2019 for VMERS.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the Town recognized pension expense of \$202,729 for the VMERS plan. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 136,559	\$ 4,494
Changes of assumptions	203,287	-
Net difference between projected and actual earnings on pension plan investments	145,021	-
Changes in proportion and differences between contributions and proportionate share of contributions	14,392	27,394
Contributions subsequent to the measurement date	150,826	-
Total	\$ 650,085	\$ 31,888

\$150,826 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF LUDLOW, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

		VMERS Plan
Plan year ended June 30:		
2021	\$	152,151
2022		162,082
2023		137,085
2024		92,136
2025		-
Thereafter		-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2020 measurement date was determined by rolling forward the total pension liability as of June 30, 2019 to June 30, 2020. The total pension liability was calculated using the following actuarial assumptions:

Investment Rate of Return: 7.00%, net of pension plan investment expense, including inflation.

Inflation: 2.30%

Salary Increases: Varying, service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.

Deaths After Retirement: Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based variations of RP-2006 Tables with generational improvement using Scale SSA-2017 as follows:

Pre-retirement - Groups A, B and C, 98% of RP-2006 tables, blended with a 60% Blue Collar Employee and 40% Healthy Employee and Group D with 100 % of RP-2006 Blue Collar Employee

Healthy Retiree - Groups A, B and C, 98% of RP-2006 tables, blended with a 60% Blue Collar Annuitant and 40% Healthy Annuitant and Group D with a Blue Collar Annuitant Table

Disabled Retiree - All Groups with a RP-2006 Disabled Mortality Table

Inactive Members: Valuation liability equals 100% of accumulated contributions. Inactive who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.

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JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Future Administrative Expenses: An expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

Unknown Data for Participants: The same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: 85% of male members and 50% of female members are assumed to be married.

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

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2020 and January 1, 2021 COLAs are 0.80% and 0.40%, respectively, for all groups.

Actuarial Cost Method: The Entry Age Actuarial Cost Method is used. Entry age is the age at date of employment or if date is unknown, current age minus years of service. Normal Cost and Accrued Actuarial Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

A smoothing *asset valuation method* was used for funding purposes in the VMERS plan, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

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

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	29.00%	7.07%
US Equity - Large Cap	4.00%	6.19%
US Equity - Small/Mid Cap	3.00%	6.93%
Non-US Equity - Large Cap	5.00%	7.01%
Non-US Equity - Small Cap	2.00%	7.66%
Emerging Markets Debt	4.00%	3.66%
Core Bonds	20.00%	0.39%
Private and Alternative Credit	10.00%	6.03%
US TIPS	3.00%	-0.20%
Core Real Estate	5.00%	4.06%
Non-Core Real Estate	3.00%	6.43%
Private Equity	10.00%	11.27%
Infrastructure/Farmland	2.00%	5.44%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00% for the VMERS plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

TOWN OF LUDLOW, VERMONT
 NOTES TO FINANCIAL STATEMENTS
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NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
Town's proportionate share of the net pension liability	\$ 2,316,588	\$ 1,516,292	\$ 857,819

Pension Plan Fiduciary Net Position

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of VMERS or their participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](http://www.vermont.gov).

NOTE 16 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and others; environmental liability and natural disasters. The Town manages these risks through commercial insurance policies. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. There were no settlements in excess of insurance coverage in any of the past three years.

NOTE 17 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

TOWN OF LUDLOW, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 19 - RELATED ORGANIZATION

The Town of Ludlow provides services to the Village of Ludlow and the Village of Ludlow Electric Department. The Village has an ongoing financial responsibility to the Town of Ludlow as defined in GASB 14, paragraph 71.

NOTE 20 - RESTATEMENT

In 2021, the Town required a restatement to capital assets for governmental activities and net position for governmental activities. The capital asset balance for governmental activities was decreased by \$34,677 from \$7,306,274 to \$7,271,597.

In 2021, the Town also required a restatement to long-term debt for governmental activities and net position for governmental activities. The long-term debt balance for governmental activities was increased by \$47,542 from \$1,944,390 to \$1,991,932.

The resulting restatements decreased the total net position by \$82,219 from \$6,820,083 to \$6,737,864.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - General Fund - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information

TOWN OF LUDLOW, VERMONT

**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 443,875	\$ 443,875	\$ 443,875	\$ -
Resources (Inflows):				
Property taxes	4,456,613	4,456,613	4,565,388	108,775
Intergovernmental	24,000	24,000	-	(24,000)
Permits, licenses and fees	80,175	80,175	90,867	10,692
Charges for services	431,003	431,003	569,234	138,231
Miscellaneous revenues	812,620	812,620	523,014	(289,606)
Bond proceeds	90,000	90,000	90,000	-
Transfers from other funds	114,879	114,879	304,716	189,837
Amounts Available for Appropriation	<u>6,453,165</u>	<u>6,453,165</u>	<u>6,587,094</u>	<u>133,929</u>
Charges to Appropriations (Outflows):				
Current:				
General government	921,556	921,556	925,906	(4,350)
Public safety	1,272,646	1,272,646	1,170,117	102,529
Transportation	1,000	1,000	1,969	(969)
Highways and streets	1,424,334	1,424,334	1,310,909	113,425
Sanitation and recycling	381,792	381,792	422,652	(40,860)
Culture and recreation	205,598	205,598	174,850	30,748
Cemetery	114,086	114,086	70,483	43,603
Intergovernmental	166,136	166,136	163,968	2,168
Social agencies	191,987	191,987	179,099	12,888
Debt service:				
Principal	305,410	305,410	311,600	(6,190)
Interest	67,245	67,245	67,245	-
Capital outlay	799,000	799,000	689,640	109,360
Transfers to other funds:				
Library	66,000	66,000	66,000	-
Special revenue	7,500	7,500	7,500	-
Capital projects	85,000	85,000	85,000	-
Total Charges to Appropriations	<u>6,009,290</u>	<u>6,009,290</u>	<u>5,646,938</u>	<u>362,352</u>
Budgetary Fund Balance, June 30	\$ 443,875	\$ 443,875	\$ 940,156	\$ 496,281

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2021	2020	2019	2018
<u>VMERS:</u>				
Proportion of the net pension liability	0.60%	0.62%	0.60%	0.59%
Proportionate share of the net pension liability	\$ 1,516,292	\$ 1,079,348	\$ 846,842	\$ 719,701
Covered payroll	\$ 1,798,610	\$ 1,770,271	\$ 1,728,224	\$ 1,728,224
Proportionate share of the net pension liability as a percentage of its covered payroll	84.30%	60.97%	49.00%	41.64%
Plan fiduciary net position as a percentage of the total pension liability	74.52%	80.35%	82.60%	83.64%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT
 SCHEDULE OF CONTRIBUTIONS
 LAST 10 FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>VMERS:</u>				
Contractually required contribution	\$ 150,826	\$ 124,703	\$ 119,533	\$ 105,441
Contributions in relation to the contractually required contribution	<u>(150,826)</u>	<u>(124,703)</u>	<u>(119,533)</u>	<u>(105,441)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,083,777	\$ 1,798,610	\$ 1,770,271	\$ 1,728,224
Contributions as a percentage of covered payroll	7.24%	6.93%	6.75%	6.10%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2021

Changes of Assumptions

VMERS Pension Plan:

- The investment return assumption was lowered from 7.50% to 7.00%.
- The inflation assumption was lowered from 2.50% to 2.30%.
- The COLA assumption was lowered from 1.15% to 1.10% for Group A members and from 1.30% to 1.20% for Groups B, C and D members.
- The mortality assumptions were updated as follows with generational projection using scale MP-2019:
 - Pre- Retirement - Groups A/B/C - 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, Group D - PubG-2010 General Employee above-median
 - Healthy Post Retirement - Retirees - Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree
 - Healthy Post-Retirement - Beneficiaries - Groups A/B/C - 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor. Group D - Pub-2010 Contingent Survivor.
 - Disabled Retirees - All Groups - PubNS-2010 Non-Safety Disabled Retiree Mortality Table.
- The salary scale assumption was revised for varying service based rates from 0-10 years of service, then a single rate of 2.20% for all subsequent years, plus revised inflation of 2.30%.
- The active retirement rates were updated as follows:
 - Group A - Decreased the rates throughout all ages.
 - Group B - For females, slightly decreased the rates at younger ages and then increase the rates at later ages. For males, slightly decreased the rates at most ages.

TOWN OF LUDLOW, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

- Group C - Simplified the assumption to a unisex table that more accurately aligns with the actual experience for both males and females.
- Group D - For members with less than 20 years of service, increased the rates for ages 55-59.
- The inactive retirement assumption was updated to add a rate of 10% from early retirement age for each year until normal retirement age, then 100% at normal retirement age.
- The liability load of accumulated contributions for Inactive Members was removed. Liabilities for Inactive Members are now based on 100% of the accumulated contributions. Inactive Members who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.
- The termination rates were simplified for females to one set of slightly reduced rates for all females.

See accompanying independent auditors' report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF LUDLOW, VERMONT

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property taxes:			
Property taxes net of education	\$ 4,248,613	\$ 4,193,730	\$ (54,883)
Railroad tax	500	-	(500)
State of VT hold harmless	-	18,750	18,750
Highway state aid	96,000	129,620	33,620
Pilot program	-	44,881	44,881
Penalties and interest	111,500	178,407	66,907
Intergovernmental:			
State reimb appraisal	24,000	-	(24,000)
Permits, licenses and fees:			
Town clerk fees	2,075	9,483	7,408
Cemetery	25,550	29,423	3,873
Dog licenses	2,300	1,752	(548)
Highway permits	2,250	275	(1,975)
State education collection	48,000	49,934	1,934
Charges for services:			
General government	79,695	128,096	48,401
Police department	87,233	94,076	6,843
Fire department	3,500	2,090	(1,410)
Solid waste	162,675	198,245	35,570
Community Center	2,450	2,036	(414)
Public works	42,000	98,431	56,431
Recreation	24,850	14,233	(10,617)
Planning	28,600	32,027	3,427
Other income:			
Interest income	20,942	8,779	(12,163)
Rent	44,040	52,271	8,231
Stearns pit	74,426	43,370	(31,056)
Proceeds from sale of assets	25,400	35,100	9,700
Miscellaneous grants	422,150	207,503	(214,647)
Other income	225,662	175,991	(49,671)
Note proceeds	90,000	90,000	-
Transfers in:			
Special revenue funds	114,879	304,716	189,837
 Total revenues	 <u>\$ 6,009,290</u>	 <u>\$ 6,143,219</u>	 <u>\$ 133,929</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
GENERAL GOVERNMENT			
Administration	\$ 246,536	\$ 279,391	\$ (32,855)
Town Clerk/Treasurer	221,897	220,471	1,426
Planning services	163,038	161,435	1,603
Listers	98,325	76,381	21,944
Insurance	191,760	188,228	3,532
	<u>921,556</u>	<u>925,906</u>	<u>(4,350)</u>
PUBLIC SAFETY			
Police department	1,121,142	1,011,925	109,217
Fire department	151,504	158,192	(6,688)
	<u>1,272,646</u>	<u>1,170,117</u>	<u>102,529</u>
TRANSPORTATION			
Municipal transit system	1,000	1,969	(969)
	<u>1,000</u>	<u>1,969</u>	<u>(969)</u>
HIGHWAYS AND STREETS			
Buildings and grounds	160,660	181,127	(20,467)
Community Center	121,827	103,029	18,798
High school building	65,950	65,759	191
Highway department	1,075,897	960,994	114,903
	<u>1,424,334</u>	<u>1,310,909</u>	<u>113,425</u>
SANITATION AND RECYCLING			
Solid waste	214,892	229,954	(15,062)
Disposal	166,900	192,698	(25,798)
	<u>381,792</u>	<u>422,652</u>	<u>(40,860)</u>

SCHEDULE B (CONTINUED)
TOWN OF LUDLOW, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
CULTURE AND RECREATION			
Recreation department	205,598	174,850	30,748
	<u>205,598</u>	<u>174,850</u>	<u>30,748</u>
CEMETERY	<u>114,086</u>	<u>70,483</u>	<u>43,603</u>
INTERGOVERNMENTAL			
County tax	69,136	68,011	1,125
County capital tax	37,000	35,957	1,043
Highway tax	60,000	60,000	-
	<u>166,136</u>	<u>163,968</u>	<u>2,168</u>
SOCIAL AGENCIES	<u>191,987</u>	<u>179,099</u>	<u>12,888</u>
DEBT SERVICE			
Principal	305,410	311,600	(6,190)
Interest	67,245	67,245	-
	<u>372,655</u>	<u>378,845</u>	<u>(6,190)</u>
CAPITAL OUTLAY			
Capital outlay	799,000	689,640	109,360
	<u>799,000</u>	<u>689,640</u>	<u>109,360</u>
TRANSFERS TO OTHER FUNDS			
Proprietary	66,000	66,000	-
Special revenue	7,500	7,500	-
Capital projects	85,000	85,000	-
	<u>158,500</u>	<u>158,500</u>	<u>-</u>
TOTAL DEPARTMENTAL OPERATIONS	<u><u>\$ 6,009,290</u></u>	<u><u>\$ 5,646,938</u></u>	<u><u>\$ 362,352</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 7,001	\$ 7,001
Due from other funds	173,391	577,937	751,328
TOTAL ASSETS	<u>\$ 173,391</u>	<u>\$ 584,938</u>	<u>\$ 758,329</u>
LIABILITIES			
Due to other funds	\$ 11,667	\$ 26,550	\$ 38,217
TOTAL LIABILITIES	<u>11,667</u>	<u>26,550</u>	<u>38,217</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	98,348	-	98,348
Committed	-	584,938	584,938
Assigned	75,043	-	75,043
Unassigned	(11,667)	(26,550)	(38,217)
TOTAL FUND BALANCES	<u>161,724</u>	<u>558,388</u>	<u>720,112</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 173,391</u>	<u>\$ 584,938</u>	<u>\$ 758,329</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 30,218	\$ -	\$ 30,218
Charges for services	-	4,168	4,168
Investment income, net of unrealized gains/(losses)	374	1,002	1,376
Other	3,000	38,314	41,314
TOTAL REVENUES	<u>33,592</u>	<u>43,484</u>	<u>77,076</u>
EXPENDITURES			
Other	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>33,592</u>	<u>43,484</u>	<u>77,076</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	7,500	85,000	92,500
Transfers (Out)	(226,129)	(78,587)	(304,716)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(218,629)</u>	<u>6,413</u>	<u>(212,216)</u>
NET CHANGE IN FUND BALANCES	(185,037)	49,897	(135,140)
FUND BALANCES - JULY 1	<u>346,761</u>	<u>508,491</u>	<u>855,252</u>
FUND BALANCES - JUNE 30	<u>\$ 161,724</u>	<u>\$ 558,388</u>	<u>\$ 720,112</u>

See accompanying independent auditors' report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF LUDLOW, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Camp Quest	Bike/Walk Path	Building Permit	Parks and Recreation	Police Donations	Municipal Transit
ASSETS						
Due from other funds	\$ -	\$ 30,056	\$ 3,387	\$ 26,757	\$ 2,542	\$ -
TOTAL ASSETS	\$ -	\$ 30,056	\$ 3,387	\$ 26,757	\$ 2,542	\$ -
LIABILITIES						
Due to other funds	\$ 11,667	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	11,667	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	30,056	3,387	26,757	2,542	-
Unassigned	(11,667)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	(11,667)	30,056	3,387	26,757	2,542	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 30,056	\$ 3,387	\$ 26,757	\$ 2,542	\$ -

TOWN OF LUDLOW, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Landfill	Black River Senior Center	Reappraisal Fund	Ludlow Enterprise	Drug Enforcement	Total
ASSETS						
Due from other funds	\$ 98,348	\$ 2,548	\$ 792	\$ 5,969	\$ 2,992	\$ 173,391
TOTAL ASSETS	<u>\$ 98,348</u>	<u>\$ 2,548</u>	<u>\$ 792</u>	<u>\$ 5,969</u>	<u>\$ 2,992</u>	<u>\$ 173,391</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,667
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,667</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	98,348	-	-	-	-	98,348
Committed	-	-	-	-	-	-
Assigned	-	2,548	792	5,969	2,992	75,043
Unassigned	-	-	-	-	-	(11,667)
TOTAL FUND BALANCES (DEFICITS)	<u>98,348</u>	<u>2,548</u>	<u>792</u>	<u>5,969</u>	<u>2,992</u>	<u>161,724</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 98,348</u>	<u>\$ 2,548</u>	<u>\$ 792</u>	<u>\$ 5,969</u>	<u>\$ 2,992</u>	<u>\$ 173,391</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Camp Quest	Bike/Walk Path	Building Permit	Parks and Recreation	Police Donations	Municipal Transit
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	-	51	5	54	4	-
Other	-	-	-	-	-	-
TOTAL REVENUES	-	51	5	54	4	-
EXPENDITURES						
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	51	5	54	4	-
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	5,000	-	-
Transfers (Out)	-	-	-	(13,000)	-	(95,879)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(8,000)	-	(95,879)
NET CHANGE IN FUND BALANCES (DEFICITS)	-	51	5	(7,946)	4	(95,879)
FUND BALANCES (DEFICITS) - JULY 1	(11,667)	30,005	3,382	34,703	2,538	95,879
FUND BALANCES (DEFICITS) - JUNE 30	\$ (11,667)	\$ 30,056	\$ 3,387	\$ 26,757	\$ 2,542	\$ -

TOWN OF LUDLOW, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Landfill	Black River Senior Center	Reappraisal Fund	Ludlow Enterprise	Drug Enforcement	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 30,218	\$ -	\$ -	\$ 30,218
Interest Income	169	2	75	9	5	374
Other	-	-	-	3,000	-	3,000
TOTAL REVENUES	<u>169</u>	<u>2</u>	<u>30,293</u>	<u>3,009</u>	<u>5</u>	<u>33,592</u>
EXPENDITURES						
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>169</u>	<u>2</u>	<u>30,293</u>	<u>3,009</u>	<u>5</u>	<u>33,592</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	2,500	-	-	-	7,500
Transfers (Out)	-	-	(117,250)	-	-	(226,129)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>2,500</u>	<u>(117,250)</u>	<u>-</u>	<u>-</u>	<u>(218,629)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	169	2,502	(86,957)	3,009	5	(185,037)
FUND BALANCES (DEFICITS) - JULY 1	<u>98,179</u>	<u>46</u>	<u>87,749</u>	<u>2,960</u>	<u>2,987</u>	<u>346,761</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 98,348</u>	<u>\$ 2,548</u>	<u>\$ 792</u>	<u>\$ 5,969</u>	<u>\$ 2,992</u>	<u>\$ 161,724</u>

See accompanying independent auditors' report and notes to financial statements.

Capital Project Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF LUDLOW, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2021

	Fire Equipment	Stearns Pit	Highway Equipment	Cap Dev Town Property	Police Equipment
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	302,320	22,380	49,022	-	27,442
TOTAL ASSETS	\$ 302,320	\$ 22,380	\$ 49,022	\$ -	\$ 27,442
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	26,550	\$ -
TOTAL LIABILITIES	-	-	-	26,550	-
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	302,320	22,380	49,022	-	27,442
Assigned	-	-	-	-	-
Unassigned	-	-	-	(26,550)	-
TOTAL FUND BALANCES (DEFICITS)	302,320	22,380	49,022	(26,550)	27,442
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 302,320	\$ 22,380	\$ 49,022	\$ -	\$ 27,442

SCHEDULE G (CONTINUED)
TOWN OF LUDLOW, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2021

	Town Hall Renovation	Vault Preservation	Cemetery Reserve	Community Center Reserve	Marro Ambulance	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 7,001	\$ 7,001
Due from other funds	48,483	64,585	33,451	30,254	-	577,937
TOTAL ASSETS	\$ 48,483	\$ 64,585	\$ 33,451	\$ 30,254	\$ 7,001	\$ 584,938
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,550
TOTAL LIABILITIES	-	-	-	-	-	26,550
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	48,483	64,585	33,451	30,254	7,001	584,938
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(26,550)
TOTAL FUND BALANCES (DEFICITS)	48,483	64,585	33,451	30,254	7,001	558,388
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 48,483	\$ 64,585	\$ 33,451	\$ 30,254	\$ 7,001	\$ 584,938

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

COMBINING REVENUE, EXPENDITURE AND CHANGES IN
FUND BALANCE - NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Fire Equipment	Stearns Pit	Highway Equipment	Cap Dev Town Property	Police Equipment
REVENUES					
Charges for services	\$ 4,168	\$ -	\$ -	\$ -	\$ -
Interest Income	502	38	123	-	45
Other	-	-	-	-	-
TOTAL REVENUES	4,670	38	123	-	45
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,670	38	123	-	45
OTHER FINANCING SOURCES (USES)					
Transfers In	30,000	-	40,000	-	5,000
Transfers (Out)	-	-	(70,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	30,000	-	(30,000)	-	5,000
NET CHANGE IN FUND BALANCES (DEFICITS)	34,670	38	(29,877)	-	5,045
FUND BALANCES (DEFICITS) - JULY 1	267,650	22,342	78,899	(26,550)	22,397
FUND BALANCES (DEFICITS) - JUNE 30	\$ 302,320	\$ 22,380	\$ 49,022	\$ (26,550)	\$ 27,442

SCHEDULE H (CONTINUED)
TOWN OF LUDLOW, VERMONT

COMBINING REVENUE, EXPENDITURE AND CHANGES IN
FUND BALANCE - NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Town Hall Renovation	Vault Preservation	Cemetery Reserve	Community Center Reserve	Marro Ambulance	Total
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,168
Interest Income	81	103	57	53	-	1,002
Other	-	38,314	-	-	-	38,314
TOTAL REVENUES	81	38,417	57	53	-	43,484
EXPENDITURES						
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	81	38,417	57	53	-	43,484
OTHER FINANCING SOURCES (USES)						
Transfers In	5,000	-	-	5,000	-	85,000
Transfers (Out)	(712)	(4,000)	-	(3,875)	-	(78,587)
TOTAL OTHER FINANCING SOURCES (USES)	4,288	(4,000)	-	1,125	-	6,413
NET CHANGE IN FUND BALANCES (DEFICITS)	4,369	34,417	57	1,178	-	49,897
FUND BALANCES (DEFICITS) - JULY 1	44,114	30,168	33,394	29,076	7,001	508,491
FUND BALANCES (DEFICITS) - JUNE 30	\$ 48,483	\$ 64,585	\$ 33,451	\$ 30,254	\$ 7,001	\$ 558,388

See accompanying independent auditors' report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF LUDLOW, VT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2021

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 19,600	\$ 2,945,733	\$ 84,255	\$ -	\$ 3,049,588
Cemetery	-	145,770	63,899	32,600	242,269
Culture and recreation	1,000	322,492	26,887	62,142	412,521
Highway and streets	-	197,693	1,916,904	5,105,479	7,220,076
Public safety	-	906,373	2,050,850	19,948	2,977,171
Sanitation and recycling	5,000	95,876	28,386	106,310	235,572
Ambulance	-	-	618,511	-	618,511
Total General Capital Assets	25,600	4,613,937	4,789,692	5,326,479	14,755,708
Less: Accumulated Depreciation	-	(2,150,106)	(2,668,095)	(2,518,748)	(7,336,949)
Net General Capital Assets	\$ 25,600	\$ 2,463,831	\$ 2,121,597	\$ 2,807,731	\$ 7,418,759

See accompanying independent auditors' report and notes to financial statements.

TOWN OF LUDLOW, VT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2021

	General Capital Assets 7/1/20 (Restated)	Additions	Deletions	General Capital Assets 6/30/21
General government	\$ 3,042,691	\$ 8,280	\$ (1,383)	\$ 3,049,588
Cemetery	234,669	7,600	-	242,269
Culture and recreation	362,810	49,711	-	412,521
Highway and streets	6,766,667	554,511	(101,102)	7,220,076
Public safety	3,018,510	2,543	(43,882)	2,977,171
Mass Transit	415,202	-	(415,202)	-
Sanitation and recycling	235,572	-	-	235,572
Ambulance	745,551	7,500	(134,540)	618,511
Total General Capital Assets	14,821,672	630,145	(696,109)	14,755,708
Less: Accumulated Depreciation	(7,283,077)	(684,130)	630,258	(7,336,949)
Net General Capital Assets	<u>\$ 7,538,595</u>	<u>\$ (53,985)</u>	<u>\$ (65,851)</u>	<u>\$ 7,418,759</u>

See accompanying independent auditors' report and notes to financial statements.



Proven Expertise & Integrity

INDEPENDENT AUDITORS' 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

Selectboard
Town of Ludlow
Ludlow, Vermont

We have audited, in accordance with the 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, 2021 and the related notes to the financial statements, which collectively comprise Town of Ludlow, Vermont's basic financial statements and have issued our report thereon dated March 4, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Ludlow, Vermont'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ludlow, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Ludlow, Vermont'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 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal

control 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 of Ludlow, Vermont'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*. We noted certain other matters that we reported to management of the Town of Ludlow, Vermont in a separate letter dated February 22, 2022.

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 organization's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
March 4, 2022