

TOWN OF LUDLOW, VERMONT

Financial Statements

Year Ended June 30, 2020

Table of Contents

Independent Auditor’s Report	1-2
Management Discussion & Analysis	3-8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	9
Statement of Activities.....	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.....	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	14
Proprietary Funds:	
Statement of Net Position – Proprietary Fund.....	15
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund.....	16
Statement of Cash Flows – Proprietary Fund.....	17
Notes to Financial Statements	18-40
Required Supplementary Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	41-51
Schedule of the Town’s Proportionate Share of the Net Pension Liability.....	52
Schedule of the Town’s Pension Contributions.....	53
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	54-55

Independent Auditor's Report

To the Select Board
Town of Ludlow
Ludlow, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ludlow, Vermont as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Ludlow, Vermont's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Except for the matter described in the "Basis for Adverse Opinion on the General Fund and Governmental Activities" paragraph, we believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on the General Fund and Governmental Activities

Management has not recorded a general infrastructure asset in the governmental activities and, accordingly, has not recorded this capital expenditure and liability in the general fund. Accounting principles generally accepted in the United States of America require that this general infrastructure asset be capitalized, which would increase the assets and net position of the governmental activities. These principles also require capital expenditures be recorded in the year the expenditures were incurred, which would increase the expenses and liabilities and decrease the fund balance of the general fund.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the “Basis for Qualified Opinion on the General Fund and Governmental Activities ” paragraph, the financial statements referred to above present fairly, in all material respects the financial position of the General Fund and Governmental Activities of the Town of Ludlow, Vermont as of June 30, 2020, and the changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Town of Ludlow, Vermont, as of June 30, 2020, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information, schedule of the Town’s proportionate share of net pension liability, and schedule of the Town’s pension contributions on pages 3-8 and 41-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020, on our consideration of the Town of Ludlow, Vermont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Ludlow, Vermont’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Ludlow, Vermont’s internal control over financial reporting and compliance.

Telling & Hillman, P.C.

Telling & Hillman, P.C.
License #092.0131564
Middlebury, Vermont
December 7, 2020

TOWN OF LUDLOW, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2020

The following is a discussion and analysis of the Town of Ludlow, Vermont's financial performance for the fiscal year ended June 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town uses governmental and proprietary funds.

Governmental funds

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

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

Proprietary funds

Proprietary funds are used by the Town to report functions of business-type activities in the government-wide financial statements. The Town maintains one proprietary funds that is an enterprise fund. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for the Ambulance Fund.

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

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 fund financial statements

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$7,177,016 (i.e., net position), a change of \$(53,468) in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total revenue of \$5,534,455, a change of \$(122,133) in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total expenses of \$5,418,591, a change of \$(312,777) in comparison to the prior year.
- As of the close of the current fiscal year, the business-type activities reported total revenue of \$507,486, a change of \$28,029 in comparison to the prior year.
- As of the close of the current fiscal year, the business-type activities reported total expenses of \$676,818, a change of \$69,887 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental funds reported a combined ending fund balance of \$2,017,589, a change of \$148,658 in comparison to the prior year.
- As of the close of the current fiscal year, the general fund's fund balance was \$443,875, a change of \$136,040 in comparison to the prior year. The key element of this change is a decrease in capital outlay expenditures.
- As of the close of the current fiscal year, the ambulance fund's net position was \$356,933, a change of \$(169,332) in comparison to the prior year. The key element of this change is an increase in operating and maintenance expense.

Government-wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	<u>Net Position</u>					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 2,762,001	\$ 2,699,485	\$ 165,342	\$ 267,774	\$ 2,927,343	\$ 2,967,259
Capital assets	7,306,274	7,323,539	266,998	320,826	7,573,272	7,644,365
Total assets	<u>10,068,275</u>	<u>10,023,024</u>	<u>432,340</u>	<u>588,600</u>	<u>10,500,615</u>	<u>10,611,624</u>
Deferred outflows of resources	<u>357,070</u>	<u>353,632</u>	<u>36,623</u>	<u>36,270</u>	<u>393,693</u>	<u>389,902</u>
Total assets and deferred outflows of resources	<u>\$ 10,425,345</u>	<u>\$ 10,376,656</u>	<u>\$ 468,963</u>	<u>\$ 624,870</u>	<u>\$ 10,894,308</u>	<u>\$ 11,001,526</u>
Current liabilities	\$ 678,250	\$ 636,023	\$ 2,652	\$ 5,855	\$ 680,902	\$ 641,878
Long-term liabilities	2,791,687	2,700,761	107,980	90,232	2,899,667	2,790,993
Total liabilities	<u>3,469,937</u>	<u>3,336,784</u>	<u>110,632</u>	<u>96,087</u>	<u>3,580,569</u>	<u>3,432,871</u>
Deferred inflows of resources	<u>135,325</u>	<u>335,653</u>	<u>1,398</u>	<u>2,518</u>	<u>136,723</u>	<u>338,171</u>
Net position						
Net investment in capital assets	5,361,884	5,242,749	266,998	320,826	5,628,882	5,563,575
Restricted	921,430	1,007,659	-	-	921,430	991,656
Unrestricted	536,769	453,811	89,935	205,439	626,704	675,253
Total net position	<u>6,820,083</u>	<u>6,704,219</u>	<u>356,933</u>	<u>526,265</u>	<u>7,177,016</u>	<u>7,230,484</u>
Total liabilities, deferred inflows & net position	<u>\$ 10,425,345</u>	<u>\$ 10,376,656</u>	<u>\$ 468,963</u>	<u>\$ 624,870</u>	<u>\$ 10,894,308</u>	<u>\$ 11,001,526</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$7,177,016, a change of \$(53,468) from the prior year.

The largest portion of net position, \$5,628,882, reflects our investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$921,430, represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position amounted to \$626,704.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for services	\$ 429,151	\$ 472,049	\$ 486,792	\$ 456,061	\$ 915,943	\$ 928,110
Operating grants	102,205	98,516	-	-	102,205	98,516
Capital grants	118,628	407,571	-	-	118,628	407,571
General revenues:						
Property taxes	4,455,886	4,181,042	-	-	4,455,886	4,181,042
Investment income	44,024	61,297	1,338	2,321	45,362	63,618
Miscellaneous	384,561	436,113	19,356	21,075	403,917	457,188
Total revenues	<u>5,534,455</u>	<u>5,656,588</u>	<u>507,486</u>	<u>479,457</u>	<u>6,041,941</u>	<u>6,136,045</u>
Program expenses:						
Governmental activities:						
General government	1,458,669	1,368,382	-	-	1,458,669	1,368,382
Municipal transit	207,836	251,029	-	-	207,836	251,029
Public safety	1,336,080	1,266,587	-	-	1,336,080	1,266,587
Highway and streets	1,066,867	1,448,176	-	-	1,066,867	1,448,176
Sanitation and recycling	392,795	375,855	-	-	392,795	375,855
Culture and recreation	379,209	407,183	-	-	379,209	407,183
Special articles	250,686	260,876	-	-	250,686	260,876
Intergovernmental	152,664	139,334	-	-	152,664	139,334
Cemetery	99,941	137,749	-	-	99,941	137,749
Interest	73,844	76,197	-	-	73,844	76,197
Business-type activities						
Ambulance	-	-	676,818	606,931	676,818	606,931
Total expenses	<u>5,418,591</u>	<u>5,731,368</u>	<u>676,818</u>	<u>606,931</u>	<u>6,095,409</u>	<u>6,338,299</u>
Change in net position	115,864	(74,780)	(169,332)	(127,474)	(53,468)	(202,254)
Net position – beginning of year	<u>6,704,219</u>	<u>6,778,999</u>	<u>526,265</u>	<u>653,739</u>	<u>7,230,484</u>	<u>7,432,738</u>
Net position – end of year	<u>\$ 6,820,083</u>	<u>\$ 6,704,219</u>	<u>\$ 356,933</u>	<u>\$ 526,265</u>	<u>\$ 7,177,016</u>	<u>\$ 7,230,484</u>

Governmental activities

Governmental activities for the year resulted in a change in net position of \$115,864. Key elements of this change are as follows:

General fund operations, as discussed further in section below	\$ 136,040
Permanent trust fund activity	(7,987)
Nonmajor fund activity	20,605
Change in unearned property tax revenue	90,238
Acquisition of fixed assets	649,829
Loss on disposal of fixed assets	(17,018)
Depreciation expense	(650,074)
Change in employee benefits	(242,169)
Long-term debt transactions	136,400
Total	<u>\$ 115,864</u>

Business-type activities

Business-type activities for the year resulted in a change in net position of \$(169,332). The key element of this change is an increase in operating and maintenance expense.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

Governmental funds

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balance of \$2,017,589 a change of \$148,658 in comparison with the prior year. Key elements of this change are as follows:

General fund operations	\$	136,040
Permanent trust funds		(7,987)
Special revenue funds		20,605
Total	\$	<u>148,658</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$300,557, while total fund balance was \$443,875. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 300,557	\$ 70,426	\$ 230,131	5.5%
Total fund balance	\$ 443,875	\$ 307,835	\$ 136,040	8.1%

The total fund balance of the general fund changed by \$136,040 during the current fiscal year. Key factors in this change are as follows:

Revenue in excess of budget	\$	248,518
Expenditures less than budget		53,273
Loan proceeds		(238,600)
Transfers in		72,849
Total	\$	<u>136,040</u>

General Fund Budgetary Highlights

The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on pages 41-51 compares actual results for the fiscal year 2020 to the approved budget for the General Fund. The Town has an overall positive budgetary performance of \$136,040.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

Total investment in capital assets for governmental and business-type activities at year end amounted to \$7,573,272 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, vehicles, construction in progress, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

<u>Capital Asset Additions</u>	
2020 truck	\$ 180,881
Commonwealth Ave paving	114,208
Air packs	77,779
F-550 truck	57,629
Okemo Ridge / O'Connor Hill paving	54,605
Trailside Ridge paving	38,713
Okemo slope stabilization	36,025
West Street pavilion	16,791
Straw blower	10,458

Additional information on capital assets can be found in the Notes to the Financial Statements.

Long-term debt

At the end of the current fiscal year, total bonded and note debt outstanding was \$1,944,390, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

FACTORS BEARING ON THE TOWN'S FUTURE

At the time these financial statements were prepared and audited, the Town was aware of the following circumstances that could affect its future financial health.

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and impact on individuals served by the Town, both of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Town's citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Municipal Office
Town of Ludlow
PO Box 359
Ludlow, VT 05149

TOWN OF LUDLOW, VERMONT
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,265,285	\$ -	\$ 1,265,285
Cash - restricted	28,445	-	28,445
Investments - restricted	690,067	-	690,067
Accounts receivable - other	42,615	139,261	181,876
State aid receivable	91,633	-	91,633
Federal aid receivable	7,396	-	7,396
Delinquent taxes, interest, and penalties receivable	413,347	-	413,347
Prepaid expenses	143,268	-	143,268
Due from Village	79,945	-	79,945
Due from General Fund	-	26,081	26,081
Total current assets	<u>2,762,001</u>	<u>165,342</u>	<u>2,927,343</u>
Non-current assets:			
Land, building, and equipment (net)	<u>7,306,274</u>	<u>266,998</u>	<u>7,573,272</u>
Total assets	10,068,275	432,340	10,500,615
Deferred outflows of resources			
Pensions	<u>357,070</u>	<u>36,623</u>	<u>393,693</u>
Total assets and deferred outflows of resources	<u>\$ 10,425,345</u>	<u>\$ 468,963</u>	<u>\$ 10,894,308</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 306,319	\$ -	\$ 306,319
Accrued liabilities	34,250	2,652	36,902
Due to Ambulance Fund	26,081	-	26,081
Bonds and notes payable, current portion	<u>311,600</u>	<u>-</u>	<u>311,600</u>
Total current liabilities	<u>678,250</u>	<u>2,652</u>	<u>680,902</u>
Long term liabilities:			
Bonds and notes payable, less current portion	1,632,790	-	1,632,790
Compensated absences	179,953	7,576	187,529
Net pension liability - proportionate share	<u>978,944</u>	<u>100,404</u>	<u>1,079,348</u>
Total long-term liabilities	<u>2,791,687</u>	<u>107,980</u>	<u>2,899,667</u>
Total liabilities	<u>3,469,937</u>	<u>110,632</u>	<u>3,580,569</u>
Deferred inflows of resources			
Unearned revenue - bike path	4,319	-	4,319
Prepaid property taxes	117,380	-	117,380
Pensions	<u>13,626</u>	<u>1,398</u>	<u>15,024</u>
Total deferred inflows of resources	<u>135,325</u>	<u>1,398</u>	<u>136,723</u>
Net Position			
Net investment in capital assets	5,361,884	266,998	5,628,882
Restricted	921,430	-	921,430
Unrestricted	<u>536,769</u>	<u>89,935</u>	<u>626,704</u>
Total net position	<u>6,820,083</u>	<u>356,933</u>	<u>7,177,016</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 10,425,345</u>	<u>\$ 468,963</u>	<u>\$ 10,894,308</u>

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

TOWN OF LUDLOW, VERMONT
Statement of Activities
Year Ended June 30, 2020

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Primary Government		
		Services	Grants	Grants	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 1,458,669	\$ 124,499	\$ -	\$ -	\$ (1,334,170)	\$ -	\$ (1,334,170)
Municipal transit	207,836	6,621	-	-	(201,215)	-	(201,215)
Public safety	1,336,080	90,426	-	1,663	(1,243,991)	-	(1,243,991)
Highway and streets	1,066,867	7,492	102,205	110,133	(847,037)	-	(847,037)
Sanitation and recycling	392,795	167,023	-	-	(225,772)	-	(225,772)
Culture and recreation	379,209	18,505	-	6,832	(353,872)	-	(353,872)
Special articles	250,686	-	-	-	(250,686)	-	(250,686)
Intergovernmental	152,664	-	-	-	(152,664)	-	(152,664)
Cemetery	99,941	14,585	-	-	(85,356)	-	(85,356)
Interest	73,844	-	-	-	(73,844)	-	(73,844)
Total governmental activities	<u>5,418,591</u>	<u>429,151</u>	<u>102,205</u>	<u>118,628</u>	<u>(4,768,607)</u>	<u>-</u>	<u>(4,768,607)</u>
Business-type activities							
Ambulance	676,818	486,792	-	-	-	(190,026)	(190,026)
Total business-type activities	<u>676,818</u>	<u>486,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(190,026)</u>	<u>(190,026)</u>
Total primary government	<u>\$ 6,095,409</u>	<u>\$ 915,943</u>	<u>\$ 102,205</u>	<u>\$ 118,628</u>	<u>(4,768,607)</u>	<u>(190,026)</u>	<u>(4,958,633)</u>
General revenues							
Real property taxes					4,455,886	-	4,455,886
Donations					1,238	-	1,238
Investment earnings					44,024	1,338	45,362
Miscellaneous					383,323	19,356	402,679
Total general revenues					<u>4,884,471</u>	<u>20,694</u>	<u>4,905,165</u>
Change in net position					<u>115,864</u>	<u>(169,332)</u>	<u>(53,468)</u>
Net position - beginning of year					<u>6,704,219</u>	<u>526,265</u>	<u>7,230,484</u>
Net position - end of year					<u>\$ 6,820,083</u>	<u>\$ 356,933</u>	<u>\$ 7,177,016</u>

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

TOWN OF LUDLOW, VERMONT
Balance Sheet - Governmental Funds
June 30, 2020

	<u>Permanent Trust Funds</u>				Total Governmental Funds
	<u>General</u>	<u>Trustees of Public Funds</u>	<u>Agan Fund</u>	<u>Non-major Funds</u>	
Assets					
Cash and cash equivalents	\$ 1,258,284	\$ -	\$ -	\$ 7,001	\$ 1,265,285
Cash - restricted	50	28,395	-	-	28,445
Investments - restricted	-	396,074	293,993	-	690,067
Accounts receivable - other	42,615	-	-	-	42,615
State aid receivable	91,633	-	-	-	91,633
Federal aid receivable	7,396	-	-	-	7,396
Delinquent taxes, interest, and penalties receivable	413,347	-	-	-	413,347
Prepaid expenses	143,268	-	-	-	143,268
Due from Village	79,945	-	-	-	79,945
Due from other funds	-	-	-	848,251	848,251
Total assets	\$ 2,036,538	\$ 424,469	\$ 293,993	\$ 855,252	\$ 3,610,252
Liabilities					
Accounts payable	\$ 306,319	\$ -	\$ -	\$ -	\$ 306,319
Accrued liabilities	34,250	-	-	-	34,250
Due to other funds	848,251	-	-	-	848,251
Due to Ambulance Fund	26,081	-	-	-	26,081
Total liabilities	<u>1,214,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,214,901</u>
Deferred inflows of resources					
Unearned revenue - taxes	256,063	-	-	-	256,063
Unearned revenue - bike path	4,319	-	-	-	4,319
Prepaid property taxes	117,380	-	-	-	117,380
Total deferred inflows of resources	<u>377,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>377,762</u>
Fund Balance					
Nonspendable	143,268	-	-	-	143,268
Restricted	50	424,469	254,283	167,628	846,430
Committed	-	-	75,000	-	75,000
Assigned	-	-	-	729,171	729,171
Unassigned	300,557	-	(35,290)	(41,547)	223,720
Total fund balance	<u>443,875</u>	<u>424,469</u>	<u>293,993</u>	<u>855,252</u>	<u>2,017,589</u>
Total liabilities, deferred inflows of resources, and fund balance	\$ 2,036,538	\$ 424,469	\$ 293,993	\$ 855,252	\$ 3,610,252

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

TOWN OF LUDLOW, VERMONT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

	<u>Total Governmental Funds</u>	<u>Long-term Assets, Liabilities</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Position</u>
Assets				
Cash and cash equivalents	\$ 1,265,285	\$ -	\$ -	\$ 1,265,285
Cash - restricted	28,445	-	-	28,445
Investments - restricted	690,067	-	-	690,067
Accounts receivable - other	42,615	-	-	42,615
State aid receivable	91,633	-	-	91,633
Federal aid receivable	7,396	-	-	7,396
Delinquent taxes, interest, and penalties receivable	413,347	-	-	413,347
Prepaid expenses	143,268	-	-	143,268
Due from Village	79,945	-	-	79,945
Due from other funds	848,251	-	(848,251)	-
Capital assets, net of accumulated depreciation	-	7,306,274	-	7,306,274
Total assets	<u>3,610,252</u>	<u>7,306,274</u>	<u>(848,251)</u>	<u>10,068,275</u>
Deferred outflows of resources				
Pensions	-	357,070	-	357,070
Total assets and deferred outflows of resources	<u>\$ 3,610,252</u>	<u>\$ 7,663,344</u>	<u>\$ (848,251)</u>	<u>\$ 10,425,345</u>
Liabilities				
Accounts payable	\$ 306,319	\$ -	\$ -	\$ 306,319
Accrued liabilities	34,250	-	-	34,250
Due to other funds	848,251	-	(848,251)	-
Due to Ambulance Fund	26,081	-	-	26,081
Bonds payable and notes payable	-	1,944,390	-	1,944,390
Compensated absences	-	179,953	-	179,953
Net pension liability - proportionate share	-	978,944	-	978,944
Total liabilities	<u>1,214,901</u>	<u>3,103,287</u>	<u>(848,251)</u>	<u>3,469,937</u>
Deferred inflows of resources				
Unearned revenue - taxes	256,063	(256,063)	-	-
Unearned revenue - bike path	4,319	-	-	4,319
Prepaid property taxes	117,380	-	-	117,380
Pensions	-	13,626	-	13,626
Total deferred inflows or resources	<u>377,762</u>	<u>(242,437)</u>	<u>-</u>	<u>135,325</u>
Fund balance/net position				
Total fund balance/net position	<u>2,017,589</u>	<u>4,802,494</u>	<u>-</u>	<u>6,820,083</u>
Total liabilities, deferred inflows of resources, and fund balance/net position	<u>\$ 3,610,252</u>	<u>\$ 7,663,344</u>	<u>\$ (848,251)</u>	<u>\$ 10,425,345</u>

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

TOWN OF LUDLOW, VERMONT
Statement of Revenues, Expenditures,
And Changes in Fund Balance - Governmental Funds
Year Ended June 30, 2020

	Permanent Trust Funds				Total Governmental Funds
	General	Trustees of Public Funds	Agan Fund	Non-major Funds	
Revenues					
Property taxes, interest, and penalties	\$ 4,365,648	\$ -	\$ -	\$ -	\$ 4,365,648
Town clerk fees	86,550	-	-	-	86,550
Federal and state grant revenue	228,325	-	-	-	228,325
Investment income	12,414	9,224	16,462	5,924	44,024
Departmental income	625,649	-	-	-	625,649
Donations	538	700	-	-	1,238
Miscellaneous	38,253	-	-	54,530	92,783
Total revenues	5,357,377	9,924	16,462	60,454	5,444,217
Expenditures					
General government	1,251,681	1,550	22,823	-	1,276,054
Municipal transit	150,540	-	-	-	150,540
Public safety	1,139,854	-	-	-	1,139,854
Highway and streets	1,007,439	-	-	-	1,007,439
Sanitation and recycling	373,897	-	-	-	373,897
Cemetery	84,974	-	-	-	84,974
Culture and recreation	326,449	-	-	-	326,449
Intergovernmental	152,664	-	-	-	152,664
Special articles	250,686	-	-	-	250,686
Capital outlay, net	322,758	-	-	-	322,758
Debt service:					
Bond and note principal	282,400	-	-	-	282,400
Interest and other charges	73,844	-	-	-	73,844
Total expenditures	5,417,186	1,550	22,823	-	5,441,559
Excess/(deficiency) of revenues over/(under) expenditures	(59,809)	8,374	(6,361)	60,454	2,658
Other financing sources (uses)					
Loan proceeds	146,000	-	-	-	146,000
Transfers in	49,849	-	-	-	49,849
Transfers (out)	-	(10,000)	-	(39,849)	(49,849)
Total other financing sources (uses)	195,849	(10,000)	-	(39,849)	146,000
Change in fund balance	136,040	(1,626)	(6,361)	20,605	148,658
Fund balance - beginning of year	307,835	426,095	300,354	834,647	1,868,931
Fund balance - end of year	\$ 443,875	\$ 424,469	\$ 293,993	\$ 855,252	\$ 2,017,589

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

TOWN OF LUDLOW, VERMONT
Reconciliation of Governmental Funds Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
Year Ended June 30, 2020

	<u>Total Governmental Funds</u>	<u>Long-term Revenues, Expenses</u>	<u>Capital Related Funds</u>	<u>Long-term Debt Transactions</u>	<u>Statement of Activities Totals</u>
Revenues					
Property taxes, interest, and penalties	\$ 4,365,648	\$ 90,238	\$ -	\$ -	\$ 4,455,886
Town clerk fees	86,550	-	-	-	86,550
Federal and state grant revenue	228,325	-	-	-	228,325
Investment income	44,024	-	-	-	44,024
Departmental income	625,649	-	-	-	625,649
Donations	1,238	-	-	-	1,238
Miscellaneous	92,783	-	-	-	92,783
Total revenues	<u>5,444,217</u>	<u>90,238</u>	<u>-</u>	<u>-</u>	<u>5,534,455</u>
Expenditures/Expenses					
General government	1,276,054	182,615	-	-	1,458,669
Municipal transit	150,540	57,296	-	-	207,836
Public safety	1,139,854	196,226	-	-	1,336,080
Highway and streets	1,007,439	386,499	(327,071)	-	1,066,867
Sanitation and recycling	373,897	18,898	-	-	392,795
Cemetery	84,974	14,967	-	-	99,941
Culture and recreation	326,449	52,760	-	-	379,209
Intergovernmental	152,664	-	-	-	152,664
Special articles	250,686	-	-	-	250,686
Capital outlay, net	322,758	-	(322,758)	-	-
Debt service:					
Bond and note principal	282,400	-	-	(282,400)	-
Interest and other charges	73,844	-	-	-	73,844
Total expenditures/expenses	<u>5,441,559</u>	<u>909,261</u>	<u>(649,829)</u>	<u>(282,400)</u>	<u>5,418,591</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>2,658</u>	<u>(819,023)</u>	<u>649,829</u>	<u>282,400</u>	<u>115,864</u>
Other financing sources (uses)					
Loan proceeds	<u>146,000</u>	<u>-</u>	<u>-</u>	<u>(146,000)</u>	<u>-</u>
Net change for the year	<u>\$ 148,658</u>	<u>\$ (819,023)</u>	<u>\$ 649,829</u>	<u>\$ 136,400</u>	<u>\$ 115,864</u>

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

TOWN OF LUDLOW, VERMONT
Statement of Net Position
Proprietary Fund
June 30, 2020

	Ambulance Fund
Assets	
Current assets:	
Due from General Fund	\$ 26,081
Accounts receivable, net of allowance for doubtful accounts of \$50,000	139,261
Total current assets	165,342
Noncurrent assets	
Capital assets, net of accumulated depreciation	266,998
Total assets	432,340
Deferred outflows of resources	
Pensions	36,623
Total assets and deferred outflows of resources	\$ 468,963
Liabilities	
Current liabilities	
Accrued liabilities	\$ 2,652
Noncurrent liabilities	
Compensated absences	7,576
Net pension liability	100,404
Total noncurrent liabilities	107,980
Total liabilities	110,632
Deferred inflows of resources	
Pensions	1,398
Net position	
Invested in capital assets	266,998
Unrestricted	89,935
Total net position	356,933
Total liabilities, deferred inflows of resources, and net position	\$ 468,963

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

TOWN OF LUDLOW, VERMONT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2020

	<u>Ambulance Fund</u>
<i>Operating revenues</i>	
Charges for services	\$ 486,792
Miscellaneous	<u>19,356</u>
<i>Total operating revenues</i>	<u>506,148</u>
 <i>Operating expenses</i>	
Operations and maintenance	622,990
Depreciation expense	<u>53,828</u>
<i>Total operating expenses</i>	<u>676,818</u>
 <i>Income (loss) from operations</i>	 <u>(170,670)</u>
 <i>Nonoperating revenues</i>	
Investment income	<u>1,338</u>
 Change in net position	 <u>(169,332)</u>
 <i>Net position - beginning of year</i>	 <u>526,265</u>
 <i>Net position - end of year</i>	 \$ <u><u>356,933</u></u>

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

TOWN OF LUDLOW, VERMONT
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2020

	<u>Ambulance Fund</u>
<i>Cash flows provided by (used in) operating activities:</i>	
Cash received from customers	\$ 484,424
Cash payments to suppliers for goods and services	(165,230)
Cash payments to employees for services and benefits	(429,923)
<i>Net cash (used in) operating activities</i>	<u>(110,729)</u>
<i>Cash flows (used in) noncapital financing activities:</i>	
(Increase) in interfund loans receivable	<u>(15,993)</u>
<i>Cash flows provided by investing activities:</i>	
Investment income	<u>1,338</u>
Net decrease in cash and cash equivalents	(125,384)
<i>Cash and cash equivalents - beginning of year</i>	<u>125,384</u>
<i>Cash and cash equivalents - end of year</i>	<u><u>\$ -</u></u>
<i>Reconciliation of operating (loss) to net cash (used in) operating activities:</i>	
Operating (loss)	\$ (170,670)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:	
Depreciation	53,828
(Increase) in accounts receivable	(21,724)
Decrease in prepaid expenses	14,766
Decrease in deferred outflows of resources	(353)
Increase in net pension liability	21,628
(Decrease) in deferred inflows of resources	(1,120)
(Decrease) in accrued liabilities	(3,204)
(Decrease) in compensated absences	(3,880)
<i>Net cash (used in) operating activities</i>	<u><u>\$ (110,729)</u></u>

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

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

a) Reporting Entity

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

b) Basis of Presentation

Government-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the Town's governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Adjustments have been made to minimize the effect of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental and business-type activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of good or services offered by the programs, and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate entity. The operations of each fund are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures as appropriate.

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

b) Basis of Presentation (continued)

Governmental Funds

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and account groups are grouped, in the financial statements in this report, as follows:

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

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

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

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

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

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

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

Proprietary Funds

Enterprise Funds – Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise – where the intent of the governing body is that of the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All revenue and expense not meeting this definition are reported as non-operating revenue and expenses. The Town reports the following major enterprise fund:

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

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

c) Measurement Focus

Accounting and financial reporting treatment is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Government-wide financial statements and the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

d) Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Town's policy concerning which to apply first varies with the intended use and with associated legal requirements, many of which are described elsewhere in these Notes.

e) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including potential contingent liabilities, net pension liability, and useful lives of long-lived assets.

f) Cash and Cash Equivalents

For the purpose of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

g) Investments

Investments are stated at fair value. Fair value of investments is based on quoted market prices. For additional information regarding types of investments and basis of valuation see Note 4 – Deposits and Investments.

h) Receivables

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

i) Capital Assets

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

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

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

Estimated useful lives, in year, for depreciable assets are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land improvements	\$ 1,000	Straight line	5-40 years
Buildings and improvements	\$ 1,000	Straight line	5-40 years
Equipment and vehicles	\$ 1,000	Straight line	3-30 years
Roads and bridges	\$ 1,000	Straight line	5-40 years

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

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

j) Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows resources," represents and acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one type of transaction which arises under the modified accrual basis of accounting and one type which arises under the accrual basis of accounting that qualify for reporting in this category.

The Town reports unearned revenues on its governmental funds balance sheets. Unearned revenues consist of property taxes and grant money for the bike path which are deferred and recognized as an inflow of resources in the period that the amounts become available.

The Town reports prepaid property taxes on its governmental funds balance sheet as a deferral related to a future period.

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

k) Internal Balances

The operations of the Town include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowing. The Town typically loans resources between funds for the purpose of providing cash flow. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and business-type activities). Eliminations have been made for all interfund receivables and payables between the funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the Town's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 7 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

l) Accrued Compensated Absences

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

These employees will be compensated for these credits upon retirement. Accrued compensated absences in these funds are recorded as expenditures in the year they are paid.

m) Other Benefits

Town employees participate in the Vermont Municipal Employees' Retirement System.

n) Long-Term Liabilities

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

n) Net Position/Fund Balance

In the government-wide and proprietary funds financial statements, net position is classified in the following categories:

Net investment in capital assets – This category groups all capital assets into one component of net position. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the Town.

In the fund basis statements there are five classifications of fund balance:

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

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

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

n) Net Position/Fund Balance (continued)

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

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

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

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

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

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

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

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

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

Ending fund balance reported on governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance	\$	2,017,589
Assets		
Long-term:		
Capital assets net of related depreciation		7,306,274
Deferred outflows of resources:		
Pensions		357,070
Long-term:		
Bonds and notes payable		(1,944,390)
Compensated absences		(179,953)
Net pension liability – proportionate share		(978,944)
Deferred inflows of resources:		
Unearned revenue – taxes		256,063
Pensions		<u>(13,626)</u>
Ending net position reported in Statement of Position for governmental activities	\$	<u><u>6,820,083</u></u>

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

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

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

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

iv) Pension differences:

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

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

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

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

Total revenues and other funding sources of governmental funds	\$	5,590,217
<p>Revenue in the statement of activities that do not provide current financial resources (property taxes not collected within 60 days of fiscal year end) are not reported as revenue in the funds. This amount represents a decrease in unearned property taxes.</p>		
		90,238
<p>Loan proceeds provide current financial resources to governmental funds, but issuing debt increase long-term liabilities in the Statement of Net Position.</p>		
		<u>(146,000)</u>
Total revenues of governmental activities in the Statement of Activities	\$	<u>5,534,455</u>
Total expenditures reported in governmental funds	\$	5,441,559
<p>In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences earned were more than the amount used during the year.</p>		
		45,648
<p>When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Loss on disposal of assets		17,018
Expenditures for capital outlay		(649,829)
Current year depreciation		650,074
<p>Repayment of bond and capital lease principal is an expenditure in the governmental funds but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p>		
		(282,400)
<p>Governmental funds report town pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
		<u>196,521</u>
Total expenses of governmental activities in the Statement of Activities	\$	<u>5,418,591</u>

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 3. Stewardship, Compliance, and Accountability

At the annual meeting, the Select Board presents a general fund budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by the Town meeting establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues.

A fund deficit of \$26,799 exists in the Armory Building Fund as of June 30, 2020 resulting from the purchase and renovation of the Armory building.

In addition, the Camp Quest fund had an \$11,666 deficit balance as June 30, 2020 due to the timing of running this program. Both deficits are expected to be covered from revenues to be received in future years.

Note 4. Deposits and Investments

Deposits

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

Insured by FDIC	\$	500,000
Uninsured – collateralized		640,032
Total bank balances	\$	<u>1,140,032</u>

Investment Securities

The fair value of investments at June 30, 2020 are as follows:

<u>Investment Security Type</u>		<u>Carrying and Fair Value</u>
Cash equivalents	\$	62,225
Fixed income		241,681
Equities – corporate stock		156,217
Mutual funds		80,912
Exchange-traded products		149,032
	\$	<u>690,067</u>

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

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 4. Deposits and Investments (continued)

Fair value measurements of the Town's investments are as follows at June 30, 2020:

1. Cash equivalents: valued at \$62,225, based on quoted market prices (Level 1 inputs).
2. Corporate stock securities: valued at \$156,217, based on quoted market prices (Level 1 inputs).
3. Mutual funds: valued at \$80,912, based on quoted market prices (Level 1 inputs).
4. Exchange-traded products: valued at \$149,032, based on quoted market prices (Level 1 inputs).
5. Corporate bonds: valued at \$241,681, based on a matrix pricing model (Level 1 inputs).

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

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

Investment income – the components of governmental funds investment income for fiscal year 2020 were as follows:

	General Fund	Trustees of Public Funds	Agan Fund	Non-major Funds	Total
Interest and dividends	\$ 12,414	\$ 1,308	\$ 6,300	\$ 5,924	\$ 25,946
Unrealized gains	-	7,916	(6,090)	-	1,826
Realized gains	-	-	16,252	-	16,252
	\$ 12,414	\$ 9,224	\$ 16,462	\$ 5,924	\$ 44,024

Note 5. Capital Assets

Governmental activities capital assets for the year ended June 30, 2020 was as follows:

	6/30/19 Balance	Additions	Retirements Reclassify	6/30/20 Balance
Capital assets that are not depreciated:				
Land	\$ 25,600	\$ -	\$ -	\$ 25,600
Total	25,600	-	-	25,600
Capital assets that are depreciated:				
Land improvements	173,628	-	-	173,628
Buildings and improvements	5,063,929	16,791	-	5,080,720
Roads and bridges	4,030,066	280,081	-	4,310,147
Vehicles and equipment	4,286,507	352,957	(109,083)	4,530,381
Total	13,554,130	649,829	(109,083)	14,094,876
Less accumulated depreciation:				
Land improvements	(65,089)	(8,199)	-	(73,288)
Buildings and improvements	(2,093,022)	(128,498)	-	(2,221,520)
Roads and bridges	(1,676,224)	(199,114)	-	(1,875,338)
Vehicles and equipment	(2,421,856)	(314,263)	92,063	(2,644,056)
Total	(6,256,191)	(650,074)	92,063	(6,814,202)
Governmental activities capital assets, net	\$ 7,323,539	\$ (245)	\$ (17,020)	\$ 7,306,274

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 5. Capital Assets (continued)

Depreciation expense was charged as follows:

General government	\$	78,009
Highway and streets		338,038
Public safety		123,514
Sanitation and recycling		13,002
Culture and recreation		39,004
Cemetery		13,002
Municipal transit		45,505
	\$	<u>650,074</u>

Proprietary funds capital assets activities for the year ended June 30, 2020 was as follows:

	6/30/19 Balance	Additions	Retirements Reclassify	6/30/20 Balance
Capital assets that are depreciated:				
Vehicles	\$ 578,137	\$ -	\$ -	\$ 578,137
Equipment	163,416	-	-	163,416
Total	<u>741,553</u>	<u>-</u>	<u>-</u>	<u>741,553</u>
Less accumulated depreciation:				
Vehicles	(313,486)	(41,965)	-	(355,451)
Equipment	(107,241)	(11,863)	-	(119,104)
Total	<u>(420,727)</u>	<u>(53,828)</u>	<u>-</u>	<u>(474,555)</u>
Business-type activities capital assets, net	<u>\$ 320,826</u>	<u>\$ (53,828)</u>	<u>\$ -</u>	<u>\$ 266,998</u>

Note 6. Long-term Bonds and Notes Payable

During the year ended June 30, 2020, the following changes occurred in the long-term liabilities:

	6/30/19 Balance	Additions	Reductions	6/30/20 Balance
Governmental Activities				
Bonds payable	\$ 1,726,790	\$ -	\$ (186,800)	\$ 1,539,990
Notes payable	354,000	146,000	(95,600)	404,400
Compensated absences	134,305	45,648	-	179,953
Net pension liability	768,066	210,878	-	978,944
Total governmental activities long-term liabilities	<u>\$ 2,983,161</u>	<u>\$ 402,526</u>	<u>\$ (282,400)</u>	<u>\$ 3,103,287</u>
Business-type Activities				
Compensated absences	\$ 11,456	\$ -	\$ (3,880)	\$ 7,576
Net pension liability	78,776	21,628	-	100,404
Total business-type activities long-term liabilities	<u>\$ 90,232</u>	<u>\$ 21,628</u>	<u>\$ (3,880)</u>	<u>\$ 107,980</u>

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

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

Long-term bonds and notes payable consist of the following at June 30, 2020:

Description	Issue Date	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2020
Governmental activities:	12/1/12	12/1/23	4.210%-4.690%	\$ 240,000	\$ 80,000
Bond payable - VMBB	12/1/11	12/1/20	2.275%-2.619%	150,000	15,000
Bond payable - VMBB	11/15/14	11/15/26	3.835%-4.680%	280,000	245,000
Bond payable – VMBB	11/15/13	11/15/24	1.098%-3.308%	176,000	73,330
Bond payable - VMBB	11/15/13	11/1/28	0.800%-4.300%	482,000	289,202
Bond payable – VMBB	12/1/12	11/1/31	1.300%-4.600%	1,055,000	615,000
Bond payable – VMBB	8/1/17	11/1/34	3.000%	252,458	222,458
					1,539,990
Notes payable – PUB	6/9/16	6/9/21	2.500%	40,000	8,000
Notes payable – PUB	6/8/17	6/8/22	2.450%	98,400	32,800
Notes payable – PUB	6/7/18	6/8/22	2.050%	18,000	9,000
Notes payable – PUB	6/8/17	6/8/22	2.050%	49,000	19,600
Notes payable – PUB	6/20/18	6/20/23	3.100%	193,000	115,800
Notes payable – PUB	6/7/19	6/7/24	3.100%	21,500	17,200
Notes payable – PUB	11/8/18	11/8/23	3.350%	70,000	56,000
	7/8/19	7/8/24	3.000%	146,000	146,000
					404,400
					1,944,390
			Less: current portion		(311,600)
			Long-term portion		\$ 1,632,790

Scheduled maturities of notes and bonds payable are as follows as June 30, 2020:

Years ended June 30	Principal	Interest	Total
2021	\$ 311,600	\$ 70,818	\$ 382,418
2022	288,600	60,541	349,141
2023	257,900	51,372	309,272
2024	219,300	40,386	259,686
2025	180,995	34,221	215,216
2026-2030	548,537	86,084	634,621
2031-2035	137,458	15,845	153,303
	\$ 1,944,390	\$ 359,267	\$ 2,303,657

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 7. Interfund Balances and Activity

Interfund balances and activity at June 30, 2020 and for the fiscal year then ended, were as follows:

Fund	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenses
Governmental Funds				
General Fund	\$ -	\$ 874,332	\$ 155,749	\$ (105,900)
Trustee of Public Funds	-	-	-	(10,000)
Non-major Funds	848,251	-	113,400	(153,249)
Proprietary Funds				
Ambulance Fund	26,081	-	-	-
Total	<u>\$ 874,332</u>	<u>\$ 8,74,332</u>	<u>\$ 269,149</u>	<u>\$ (26,149)</u>

The Town has combined some of the cash resources of its governmental and proprietary funds for accounting and reporting purposes. That portion of the pooled cash balance is reported in the specific fund as inter-fund balance.

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

Note 8. Pensions

Vermont Municipal Employees' Retirement System

Plan description

The Vermont Municipal Employees' Retirement System (VMERS) – a cost-sharing, multiple-employer defined benefit pension plan administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2019, the retirement plan consisted of 379 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125. The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association. All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 8. Pensions (continued)

Summary of system provisions

Membership	Full-time employees of participating municipalities. Municipality elects coverage under Group A, B, C, or D provisions.
Creditable Service	Service as a member plus purchased service.
Average Final Compensation (AFC)	Group A – average annual compensation during the highest 5 consecutive years. Group B and C – average annual compensation during highest 3 consecutive years. Group D – average annual compensation during highest 2 consecutive years.
Service Retirement Allowance	
Eligibility	Group A – the earlier of age 65 with 5 years of service or age 55 with 35 years of service. Group B – the earlier of age 62 with 5 years of service or age 55 with 30 years of service. Group C and D – age 55 with 5 years of service.
Amount	Group A – 1.4% of AFC x service. Group B – 1.7% of AFC x service as Group B member plus percentage earned as a group A member x AFC. Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC. Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B, or C member x AFC. Maximum benefit is 60% of AFC for Group A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions.
Early Retirement Allowance	
Eligibility	Age 55 with 5 years of service for Group A and B; age 50 with 20 years of service for Group D.
Amount	Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Group A and B members, and payable without reduction to Group D members.

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 8. Pensions (continued)

Summary of system provisions (continued)

Vested Retirement Allowance

Eligibility	5 years of service.
Amount	Allowance beginning at normal retirement aged based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments" described below.

Disability Retirement Allowance

Eligibility	5 years of service and disability as determined by Retirement Board.
Amount	Immediate allowance based on AFC and service to date of disability; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefits

Eligibility	Death after 5 years of service.
Amount	For Groups A, B, and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.

Optional Benefit and Death After Retirement

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

Refund of Contribution

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

Post-Retirement Adjustments

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

Member Contributions

Group A – 2.75%
Group B – 5.125%
Group C – 10.25%
Group D – 11.60%

TOWN OF LUDLOW, VERMONT
Notes to the Financial Statements

Note 8. Pensions (continued)

Summary of system provisions (continued)

Employer Contributions	Group A – 4.25%
	Group B – 5.75%
	Group C – 7.50%
	Group D – 10.10%
Retirement Stipend	\$25 per month payable at the option of the Board of Retirees

Benefits provided: VMERS provides retirement, disability, and death benefits. Details of benefits can be obtained at www.vermonttreasurer.gov/retirement/muni-group-plans and www.vermonttreasurer.gov/retirement/muni-group-comparison.

Contributions: Per Title 24 Chapter 125 of the Vermont Statutes, contribution requirements of the active employees and the participating Town are established and may be amended by the Retirement Board. Employees and the Town contributions vary based on group classification (Group A, B, C, or D).

	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>
Employees' contributions	2.75%	5.125%	10.25%	11.60%
Town's contributions	4.25%	5.75%	7.50%	10.10%

Further information on contributions can be obtained at www.vermonttreasurer.gov/retirement/muni-group-comparisons.

The Town's contractually required contribution rate for the year ended June 30, 2020 was the percentage of annual payroll from the above table, which is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$124,703 for the year ended June 30, 2020.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2020, the Town reported net pension liability of \$1,079,348. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2019, the Town's proportion was 0.62213%.

For the year ended June 30, 2019 the Town recognized pension expense of \$309,622 for the total governmental activities and \$31,756 for the Ambulance Fund.

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 8. Pensions (continued)

At June 30, 2020, the Town reported deferred outflows and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 139,840	\$ 9,329
Changes of assumptions	36,037	-
Difference between projected and actual investment earnings	73,515	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	19,598	5,695
Town's contributions subsequent to the measurement date	<u>124,703</u>	<u>-</u>
Total	<u>\$ 393,693</u>	<u>\$ 15,024</u>

The \$124,703 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, 2020. Other amounts reported as deferred outflows and deferred inflows or resources related to pensions will be recognized in pension expense as follows:

Year ended:	
2020	\$ 98,274
2021	53,482
2022	62,238
2023	39,972
2024 and thereafter	-
Total	<u>\$ 253,966</u>

Employer contribution history for the Town as of June 30, 2019 is as follows:

FY 19	\$ 119,533
FY 18	105,441
FY 17	97,010

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 8. Pensions (continued)

Significant actuarial assumptions and methods

2.50%

5.00% per year

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

Mortality:

Death in active service: Group A, B, and C – 98% of RP-2006 Mortality Tables, blended 60% Blue Collar Employee and 40% Healthy Employee with generational projection using scale SSA-2017.

Group D – 100% of RP-2006 Blue Collar Mortality Table with generational projection using scale SSA-2017.

Healthy post-retirement: Group A, B, and C – 98% of RP-2006 Mortality Table, blended 60% Blue Collar Annuitant and 40% Healthy Annuitant with generational projection using scale SSA-2017.

Group D – 100% of RP-2006 Blue Collar Annuitant Table with generational projection using scale SSA-2017.

Disabled post-retirement: All groups – RP-2006 Disabled Mortality Table with generational projection using scale SSA-2017.

Spouse's age: Females three years younger than males

Cost-of-living adjustments: 1.15% for Group A members and 1.30% for Groups B, C, and D members. The January 1, 2019 and January 1, 2020 COLAs are 1.30% and 0.80%, respectively, for all groups.

Actuarial cost method: Entry Age Actuarial Cost Method. Entry Age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued 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.

Assets: The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.

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

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 8. Pensions (continued)

Long-term expected rate of return: The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major class included in the pension plan's target asset allocation at June 30, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected</u>
Global Equity	29.0%	6.90%
US Equity – Large Cap	4.0	5.94
US Equity – Small/Mid Cap	3.0	6.72
Non-US Equity – Large Cap	5.0	6.81
Non-US Equity – Small Cap	2.0	7.31
Emerging Markets Debt	4.0	4.26
Core Bond	14.0	1.79
Non-Core Bonds	6.0	3.22
Short Quality Credit	5.0	1.81
Private Credit	5.0	6.00
US TIPS	3.0	1.45
Core Real Estate	5.0	4.26
Non-Core Real Estate	3.0	5.76
Private Equity	10.0	10.81
Infrastructure/Farmland	2.0	4.89
Total	100.0%	

Discount rate: The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employees will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised of an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 of 7.50%, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.50%) and one percent higher (8.50%):

	<u>1% Decrease (6.50%)</u>	<u>Current discount rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Town's proportionate share of the net pension liability	\$ 1,769,969	\$ 1,079,348	\$ 507,643

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

Note 8. Pensions (continued)

Pension plan fiduciary net position

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

<http://finance.vermont.gov/reports-and-publications/CAFR>

Note 9. Property Taxes

Property taxes attach as an enforceable lien on property as of July 1. Town taxes levied in July are payable in installments on August 15th, November 15th, February 15th, and May 15th, and become delinquent on May 16th. Property taxes are recognized as revenue in the period for which they levied, which is the fiscal year during which tax payments are due, provided the taxes are received within sixty (60) days after year-end. The remaining receivables are reported as unearned revenue, a deferred inflow of resources.

The tax rates for fiscal year 2020 were:

Town tax rate	\$	0.3201
Education tax rate – resident		1.6956
Education tax rate – nonresident		1.6433

Note 10. Related Parties

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

Note 11. Contingencies

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and impact on individuals served by the Town, both of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

Note 12. Designated Net Position – Ambulance Fund

The unrestricted net position balance in the Ambulance Fund as June 30, 2020 includes \$33,988 that has been designated by the Select Board for ambulance equipment.

TOWN OF LUDLOW, VERMONT

Notes to the Financial Statements

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

At June 30, 2020, the Town's individual non-major fund balances were restricted or assigned for the following purposes:

	Restricted	Assigned
Bike/walk path fund	\$ 30,005	\$ -
Zoning fees fund	3,382	-
Reappraisal fund	87,749	-
Vault preservation fund	33,498	-
Ludlow enterprise fund	2,960	-
Drug enforcement fund	2,987	-
Anthony C. Marro memorial fund for ambulances	7,001	-
Black River senior center capital fund	46	-
Public safety equipment fund	-	2,538
Stearns pit fund	-	22,342
Recreation facilities fund	-	34,703
Highway equipment fund	-	78,899
Landfill fund	-	98,179
Police equipment fund	-	22,397
Town hall renovations	-	44,114
Cemetery capital reserve	-	33,394
Community center capital fund	-	29,076
Special fire equipment fund	-	267,650
Municipal transit fund	-	95,879
Total	\$ <u>167,628</u>	\$ <u>729,171</u>

Note 14. Subsequent Events

Management has evaluated events and transactions that occurred between June 30, 2020 and December 7, 2020, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

TOWN OF LUDLOW, VERMONT
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes:			
Property taxes - general	\$ 4,207,933	\$ 4,158,515	\$ (49,418)
Pilot program	-	39,302	39,302
Railroad tax	1,000	674	(326)
State of Vermont hold harmless	-	18,269	18,269
Tax sale	400	14,946	14,546
Total property taxes	<u>4,209,333</u>	<u>4,231,706</u>	<u>22,373</u>
Property tax interest and penalties:			
Current interest	38,000	39,117	1,117
Delinquent interest	30,000	23,157	(6,843)
Delinquent penalties	50,000	71,668	21,668
Total property tax interest and penalties	<u>118,000</u>	<u>133,942</u>	<u>15,942</u>
Interest and dividends	<u>11,953</u>	<u>12,414</u>	<u>461</u>
Grant income	<u>-</u>	<u>118,628</u>	<u>118,628</u>
Departmental income:			
Administration	74,058	105,373	31,315
Buildings and grounds	16,400	11,381	(5,019)
Cemetery	10,350	14,585	4,235
Town clerk	78,915	86,550	7,635
Town treasurer	61,000	92,270	31,270
Debt management	5,821	39,605	33,784
Fire department	3,000	8,686	5,686
Community center	2,430	2,386	(44)
Municipal transit	9,800	6,621	(3,179)
Highway	142,500	109,697	(32,803)
Insurance	38,000	42,449	4,449
Listers	3,520	3,699	179
Planning and zoning	41,027	31,864	(9,163)
Police department	87,927	81,740	(6,187)
Parks and recreation	25,300	18,505	(6,795)
Sanitation and recycling	169,525	167,023	(2,502)
Miscellaneous	-	38,253	38,253
Total departmental income	<u>769,573</u>	<u>860,687</u>	<u>91,114</u>
Total revenue	<u>5,108,859</u>	<u>5,357,377</u>	<u>248,518</u>

See the independent auditor's report.

TOWN OF LUDLOW, VERMONT
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<i>Expenditures</i>			
Administration			
Salaries:			
Manager	56,400	54,388	2,012
Clerks	79,600	83,044	(3,444)
Recording secretary	1,230	1,542	(312)
Select Board	8,000	7,500	500
Health officer	500	893	(393)
Benefits:			
Pension	4,950	8,207	(3,257)
Insurance	39,580	38,919	661
FICA	11,200	11,701	(501)
Manager car allowance	8,360	738	7,622
Audit	7,000	7,210	(210)
League of Cities and Towns (VLCT)	3,376	3,376	-
Computer	500	1,731	(1,231)
Memberships	200	354	(154)
Equipment	1,000	866	134
Legal	2,000	16,933	(14,933)
Supplies	5,000	4,879	121
Advertising	800	734	66
Town report	5,000	3,980	1,020
Training/conferences	1,000	183	817
Mileage	700	-	700
Health/safety programs	1,000	846	154
Telephone/internet	2,900	2,622	278
Copier lease	2,600	1,825	775
Web page maintenance	3,000	900	2,100
Tax, interest, and penalty abatement	-	2,621	(2,621)
Miscellaneous	-	16,436	(16,436)
Grant expense	-	42,172	(42,172)
Total administration	<u>245,896</u>	<u>314,600</u>	<u>(68,704)</u>

See the independent auditor's report.

TOWN OF LUDLOW, VERMONT
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Buildings and grounds			
Salaries:			
Janitor	54,250	61,412	(7,162)
Maintenance	3,000	4,750	(1,750)
Benefits:			
Pension	3,435	3,710	(275)
Insurance	32,400	29,935	2,465
FICA	4,380	5,062	(682)
Fuel oil	15,000	15,539	(539)
Equipment	750	714	36
Parks/bandstands	300	102	198
Utilities	24,500	30,373	(5,873)
Supplies	4,500	4,215	285
Gas	3,500	9,845	(6,345)
Telephone	150	-	150
Uniforms	800	663	137
Repairs and maintenance - equipment	22,750	3,619	19,131
Repairs and maintenance - facilities	3,500	6,124	(2,624)
Town Hall renovations	500	-	500
Total buildings and grounds	<u>173,715</u>	<u>176,063</u>	<u>(2,348)</u>
Town clerk/treasurer			
Salaries:			
Town clerk/treasurer	79,300	79,000	300
Assistant clerk	45,880	43,502	2,378
BCA/Town meetings	3,000	1,281	1,719
Bank account charges	250	228	22
Trustees of public funds	900	600	300
Licenses	3,000	2,375	625
Benefits:			
Pensions	8,542	7,486	1,056
Insurance	53,000	46,955	6,045
FICA	9,875	9,515	360
Computer	400	381	19
Vault preservation	1,500	3,480	(1,980)
Equipment/supplies	15,500	15,434	66
Training/conferences	200	30	170
Telephone	1,200	1,009	191
Total town clerk/treasurer	<u>222,547</u>	<u>211,276</u>	<u>11,271</u>

See the independent auditor's report.

TOWN OF LUDLOW, VERMONT
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Community center			
Salaries:			
Buildings and grounds assistant	43,650	39,696	3,954
Staff labor	5,000	1,486	3,514
Benefits:			
Pension	2,920	3,330	(410)
Insurance	11,900	10,878	1,022
FICA	3,725	3,150	575
Telephone	500	489	11
Uniforms	650	581	69
Utilities	32,000	33,160	(1,160)
Supplies/maintenance	15,000	15,019	(19)
Cafeteria grease trap cleaning	500	-	500
Miscellaneous	300	2,260	(1,960)
Total community center	<u>116,145</u>	<u>110,049</u>	<u>6,096</u>
Planning services			
Salaries:			
Administrative officer	49,000	49,369	(369)
Planning board	1,900	625	1,275
Development review board	6,000	6,000	-
Administrative assistant	23,000	26,471	(3,471)
Recording secretary	2,460	1,545	915
Benefits:			
Pension	4,370	4,539	(169)
Insurance	44,700	43,408	1,292
FICA	6,350	6,428	(78)
Mapping services	1,165	312	853
Computer	500	301	199
SWCRPC	2,454	2,454	-
Equipment/supplies	5,322	2,889	2,433
Legal	1,000	1,823	(823)
Advertising	4,500	2,484	2,016
Training/conference	200	-	200
Telephone	900	478	422
E-911	400	197	203
Mileage	100	-	100
Municipal planning grant	11,027	557	10,470
Total planning services	<u>165,348</u>	<u>149,880</u>	<u>15,468</u>

See the independent auditor's report.

TOWN OF LUDLOW, VERMONT
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Listers			
Salaries	65,000	55,200	9,800
FICA	4,985	4,223	762
Supplies	1,500	3,429	(1,929)
Computer	750	1,120	(370)
Licenses	4,500	4,500	-
Postage	700	220	480
Equipment/supplies	600	213	387
Training/conferences	400	70	330
Telephone	1,500	1,126	374
Property map update	3,200	3,350	(150)
Mileage	75	-	75
Reappraisal	-	109,566	(109,566)
Professional services	11,700	19,394	(7,694)
Total listers	<u>94,910</u>	<u>202,411</u>	<u>(107,501)</u>
Police department			
Salaries:			
Police duty	353,600	344,570	9,030
Special officers	3,000	2,781	219
Traffic control	11,000	10,986	14
Overtime	33,000	29,310	3,690
Dispatchers	222,200	204,031	18,169
Part time dispatchers	12,000	13,154	(1,154)
Dispatch overtime	26,000	28,530	(2,530)
Custodial	800	-	800
Vehicle maintenance labor	700	888	(188)
Benefits:			
Pension	55,000	52,624	2,376
Insurance	215,100	210,070	5,030
FICA	50,750	49,375	1,375
Uniform cleaning allowance	3,600	-	3,600
Building utilities	5,900	5,202	698
Repairs and maintenance	18,000	14,626	3,374
Computer services	18,500	13,646	4,854
Services/advertising	-	1,946	(1,946)
Equipment/supplies	9,600	9,713	(113)
Uniforms	5,000	5,689	(689)
Training	3,500	3,687	(187)
Telephone	13,000	6,093	6,907
Gas/oil	11,500	9,507	1,993
Grant expense	-	1,517	(1,517)
Total police department	<u>1,071,750</u>	<u>1,017,945</u>	<u>53,805</u>

See the independent auditor's report.

TOWN OF LUDLOW, VERMONT
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fire department			
Salaries:			
Chief	13,140	13,140	-
Payroll	48,000	50,076	(2,076)
Benefits:			
FICA	4,700	4,836	(136)
Insurance	8,323	13,258	(4,935)
Fuel oil	7,000	5,239	1,761
Utilities	7,000	6,878	122
Equipment/supplies	27,750	20,135	7,615
Training	1,400	-	1,400
Telephone	900	382	518
Repairs and maintenance	8,000	397	7,603
Diesel fuel/gas	3,500	1,735	1,765
Protective gear	12,000	1,230	10,770
Air pack maintenance	2,800	1,278	1,522
Grant expense	-	3,325	(3,325)
Total fire department	<u>144,513</u>	<u>121,909</u>	<u>22,604</u>
Municipal transit			
Salaries:			
Transportation supervisor	11,440	11,220	220
Driver salaries	74,000	24,674	49,326
Overtime	14,000	11,923	2,077
Part time drivers	25,000	32,686	(7,686)
Benefits:			
Pension	5,126	4,688	438
Insurance	32,300	30,978	1,322
FICA	9,850	6,425	3,425
Bus lease	10,800	8,183	2,617
Equipment/supplies	2,100	724	1,376
Training	-	12	(12)
Telephone/utilities	3,800	1,428	2,372
Repairs and maintenance	14,000	9,505	4,495
Diesel fuel	18,500	8,094	10,406
Total municipal transit	<u>220,916</u>	<u>150,540</u>	<u>70,376</u>

See the independent auditor's report.

TOWN OF LUDLOW, VERMONT
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Highway			
Salaries	267,500	263,614	3,886
Overtime	25,000	13,959	11,041
Benefits:			
Pension	17,400	12,890	4,510
Insurance	98,000	103,801	(5,801)
FICA	22,070	21,261	809
Garage fuel	3,000	2,874	126
Supplies	4,900	6,126	(1,226)
Utilities	4,800	3,826	974
Street lights	61,500	66,749	(5,249)
Winter sand	38,000	38,227	(227)
Winter salt	73,000	81,234	(8,234)
Winter supplies	7,500	3,846	3,654
Crushing gravel	3,000	3,876	(876)
Rentals	1,500	-	1,500
Surpac	15,000	13,548	1,452
Plant mix	4,000	4,783	(783)
Uniforms	3,000	2,208	792
Asphalt	2,000	1,159	841
Cold patch	900	705	195
Retreatment	111,000	77,183	33,817
Culverts	9,000	5,608	3,392
Bridges	5,000	-	5,000
Training	500	118	382
Mileage	2,500	3,096	(596)
Telephone, cell phones, pagers	1,550	1,390	160
Computer	200	-	200
Garage maintenance	4,000	3,060	940
Vehicle maintenance	50,000	43,730	6,270
Road signs/lines/rails	6,200	5,747	453
Municipal road permit fee	2,190	1,350	840
Road cut bond returns	1,500	-	1,500
Chloride	9,000	11,118	(2,118)
Grant expenses	8,172	12,241	(4,069)
Trees/brush	5,000	1,111	3,889
Summer construction	45,000	25,809	19,191
Fuel-diesel	24,000	24,679	(679)
Grant expense	-	146,513	(146,513)
Total highway	<u>936,882</u>	<u>1,007,439</u>	<u>(70,557)</u>

See the independent auditor's report.

TOWN OF LUDLOW, VERMONT
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Solid waste			
Salaries:			
Manager	47,400	51,533	(4,133)
Attendant	31,400	46,578	(15,178)
Labor	25,000	21,268	3,732
Benefits:			
Pensions	4,728	5,175	(447)
Insurance	33,700	31,111	2,589
FICA	7,980	9,133	(1,153)
Work offender program	500	50	450
Uniforms	1,000	1,160	(160)
Heating fuel	600	638	(38)
Equipment/supplies	1,800	1,650	150
Utilities	6,000	5,856	144
Recycle bags	27,000	23,945	3,055
Repairs and maintenance	7,350	3,971	3,379
Telephone	925	759	166
Miscellaneous	250	-	250
Total solid waste	<u>195,633</u>	<u>202,827</u>	<u>(7,194)</u>
Disposal			
Trucking fees	47,300	55,152	(7,852)
Construction and demolition	42,100	44,095	(1,995)
Processing fees	14,500	11,207	3,293
Disposal fees	58,200	60,616	(2,416)
Total disposal	<u>162,100</u>	<u>171,070</u>	<u>(8,970)</u>
Cemetery			
Salaries:			
Labor	47,000	41,431	5,569
Grounds foreman	3,792	4,212	(420)
Commission	4,000	4,000	-
Recording secretary	820	821	(1)
Benefits:			
Pension	1,500	1,043	457
Insurances	7,829	6,702	1,127
FICA	4,255	3,987	268
Gas/oil	1,800	1,238	562
Audit	600	1,030	(430)
Maintenance	600	1,718	(1,118)
Equipment/supplies	2,200	3,043	(843)

See the independent auditor's report.

TOWN OF LUDLOW, VERMONT
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cemetery (continued)			
Uniforms	300	473	(173)
Tree work/stump/brush	4,000	1,700	2,300
Utilities	2,300	2,220	80
Flowers	900	121	779
Training	100	-	100
Corner stones	1,000	-	1,000
Sand/top soil	2,000	300	1,700
Legal	1,000	113	887
Improvement projects	22,050	7,921	14,129
Truck maintenance	500	-	500
Small tractor/backhoe/bucket	3,000	2,901	99
Total cemetery	<u>111,546</u>	<u>84,974</u>	<u>26,572</u>
Parks and recreation			
Salaries:			
Director	52,008	51,881	127
Support staff	5,000	7,514	(2,514)
Camp staff	19,830	542	19,288
Summer labor	-	15,536	(15,536)
Year round staff	29,400	1,461	27,939
Referees/coaches	10,800	11,935	(1,135)
Benefits:			
Pension	3,150	3,761	(611)
Insurance	6,500	5,603	897
FICA	8,700	7,194	1,506
Fuel oil	900	1,465	(565)
Utilities	15,000	19,333	(4,333)
Equipment/supplies	5,600	6,764	(1,164)
Advertising	1,000	999	1
Training	705	376	329
Telephone	2,000	2,134	(134)
Fields	18,229	19,790	(1,561)
Summer camp supplies	8,900	1,250	7,650
Gasoline	250	80	170
Capital fund	-	636	(636)
Skate park maintenance	4,000	5,122	(1,122)
Tennis court maintenance	250	208	42
Concession stand	-	1,943	(1,943)
Concerts	3,750	2,850	900

See the independent auditor's report.

TOWN OF LUDLOW, VERMONT
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Parks and recreation (continued)			
Youth activities	4,000	4,472	(472)
Adult activities	1,200	981	219
Senior citizen activities	1,000	257	743
Little league	4,000	6,947	(2,947)
Babe Ruth	600	320	280
Playgrounds	1,850	406	1,444
Recreation to school	9,000	9,000	-
Youth athletic equipment	3,500	2,136	1,364
Team sports	-	257	(257)
Area park tickets paid	-	1,553	(1,553)
Miscellaneous	500	638	(138)
Transportation	4,000	-	4,000
Scholarships	3,000	585	2,415
Grant expense	-	20,471	(20,471)
Total parks and recreation	<u>228,622</u>	<u>216,400</u>	<u>12,222</u>
Intergovernmental			
County tax	66,836	67,607	(771)
County capital cost	37,000	35,057	1,943
3/5 highway tax	50,000	50,000	-
Total intergovernmental	<u>153,836</u>	<u>152,664</u>	<u>1,172</u>
Special articles			
Visiting Nurse Association of VT/NH	15,500	15,500	-
Fletcher Library utilities	14,000	11,759	2,241
Fletcher Library operations	25,000	25,000	-
Fletcher Library school books	2,500	1,137	1,363
Green-Up Vermont	100	50	50
Black River Museum utilities	14,000	14,963	(963)
SEVCA	2,440	2,440	-
Mental Health HCRS	-	2,537	(2,537)
Advocacy, Resources, and Community	800	800	-
Black River Senior Center meals	9,000	9,000	-
Black River Senior Center operations	20,000	17,690	2,310
Green Mountain RSVP	500	500	-
Windsor County youth services	600	600	-
LES/BRACC mentoring program	3,500	3,500	-
Ludlow Ambulance	60,000	60,000	-
Ludlow Streetscapes	1,800	1,800	-

See the independent auditor's report.

TOWN OF LUDLOW, VERMONT
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
TOWN OF LUDLOW, VERMONT

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Special articles (continued)			
Windsor County Partners	500	500	-
Black River Good Neighbors	4,000	-	4,000
Vermont Center for Independent Living	360	360	-
Friends of Ludlow Auditorium	2,000	2,000	-
Women's Freedom Center	800	800	-
Senior Solutions	750	750	-
Education operations	11,000	11,000	-
Okemo Valley TV	1,750	1,750	-
Black River Museum operations	25,000	25,000	-
BRACC	15,000	15,000	-
After school program	19,000	19,000	-
The Current (SEVT)	7,250	7,250	-
Total special articles	<u>257,150</u>	<u>250,686</u>	<u>6,464</u>
Insurance			
Unemployment	17,100	18,617	(1,517)
Workers' compensation	88,635	89,002	(367)
Municipal officers	2,461	2,290	171
Vehicle/fire/liability	76,312	75,824	488
Employment practices liability	13,019	11,718	1,301
Total insurance	<u>197,527</u>	<u>197,451</u>	<u>76</u>
Capital outlays	<u>416,700</u>	<u>322,758</u>	<u>93,942</u>
Debt service			
Principal	282,631	282,400	231
Interest	72,092	73,844	(1,752)
Total debt service	<u>354,723</u>	<u>356,244</u>	<u>(1,521)</u>
Total expenditures	<u>5,470,459</u>	<u>5,417,186</u>	<u>53,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(361,600)</u>	<u>(59,809)</u>	<u>301,791</u>
Other financing sources (uses)			
Loan proceeds	384,600	146,000	(238,600)
Transfers in (out)	(23,000)	49,849	72,849
Total other financing sources (uses)	<u>361,600</u>	<u>195,849</u>	<u>(165,751)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ 136,040</u>	<u>\$ 136,040</u>

See the independent auditor's report

TOWN OF LUDLOW, VERMONT
Schedule of the Town's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2020

VMERS Pension Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net pension liability	0.62213%	0.60200%	0.59403%
Town's proportionate share of the net pension liability	\$ 1,079,348	\$ 846,842	\$ 719,701
Town's covered-employee payroll	\$ 1,798,610	\$ 1,770,271	\$ 1,728,224
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.01%	47.84%	41.64%

See the independent auditor's report

TOWN OF LUDLOW, VERMONT
Schedule of the Town's Pension Contributions
Year Ended June 30, 2020

VMERS Pension Plan

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

See the independent auditor's report

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*

To the Select Board
Town of Ludlow
Ludlow, Vermont

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business 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, 2020, which collectively comprise Town of Ludlow, Vermont's basic financial statements and have issued our report thereon dated December 7, 2020.

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 opinions 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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*.

Purpose of this Report

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

Telling & Hillman, P.C.

Telling & Hillman, P.C.
License #092.0131564
Middlebury, Vermont
December 7, 2020