

Audited Financial Statements  
and Other Financial Information

**Town of Ludlow, Vermont**

June 30, 2023



*Proven Expertise & Integrity*

TOWN OF LUDLOW, VERMONT

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JUNE 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

Selectboard  
Town of Ludlow  
Ludlow, Vermont

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the 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, 2023 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Town of Ludlow, Vermont as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Ludlow, Vermont and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Ludlow, Vermont's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ludlow, Vermont's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Ludlow, Vermont's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 5 through 12 and 56 through 59 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.

#### *Supplementary Information*

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2024, 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 grants 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.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
March 5, 2024



**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Ludlow, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Town of Ludlow, Vermont's financial statements.

**Financial Statement Overview**

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

**Basic Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

### **Notes to the Financial Statements**

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

### **Required Supplementary Information**

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

### **Other Supplementary Information**

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

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased \$51,185 from \$6,869,320 to \$6,920,505. For the business-type activities, the Town's total net position increased by \$105,991 from \$140,158 to \$246,149.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased for the governmental activities by \$124,188 to a balance of \$449,876 at the end of the fiscal year. For the business-type activities, the unrestricted net position increased by \$157,768 to a balance of \$95,922.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2023</b>	<b>2022 (Restated)</b>	<b>2023</b>	<b>2022</b>
<b>Assets:</b>				
Current Assets	\$ 2,997,860	\$ 2,619,872	\$ 167,847	\$ 13,256
Noncurrent Assets - Capital Assets	6,865,946	6,955,759	150,227	202,004
<b>Total Assets</b>	<b>9,863,806</b>	<b>9,575,631</b>	<b>318,074</b>	<b>215,260</b>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to Pensions	583,352	397,770	91,552	68,763
<b>Total Deferred Outflows of Resources</b>	<b>583,352</b>	<b>397,770</b>	<b>91,552</b>	<b>68,763</b>
<b>Liabilities:</b>				
Current Liabilities	687,501	433,152	-	6,895
Noncurrent Liabilities	2,777,913	2,174,986	157,196	86,105
<b>Total Liabilities</b>	<b>3,465,414</b>	<b>2,608,138</b>	<b>157,196</b>	<b>93,000</b>
<b>Deferred Inflows of Resources:</b>				
Deferred Inflows Related to Pensions	61,239	495,943	6,281	50,865
<b>Total Deferred Inflows of Resources</b>	<b>61,239</b>	<b>495,943</b>	<b>6,281</b>	<b>50,865</b>
<b>Net Position:</b>				
Net Investment in Capital Assets	5,403,114	5,422,027	150,227	202,004
Restricted	1,067,515	873,229	-	-
Unrestricted	449,876	574,064	95,922	(61,846)
<b>Total Net Position</b>	<b>\$ 6,920,505</b>	<b>\$ 6,869,320</b>	<b>\$ 246,149</b>	<b>\$ 140,158</b>

### Revenues and Expenses

Revenues for the Town's governmental activities increased by 0.41%, while total expenses decreased by 0.82%. The large increase in revenues is capital grants and contributions and the largest decrease in expenses is intergovernmental. For the business-type activities, revenues increased by 92.92%, while total expenses increased by 52.99%.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 559,646	\$ 633,636	\$ 507,673	\$ 432,248
Operating grants and contributions	163,739	163,662	355,631	49,848
Capital grants and contributions	171,450	-	-	-
<i>General Revenues:</i>				
Taxes	27,117,499	27,295,234	-	-
Investment income	59,388	37,749	-	-
Sale of capital assets	-	-	20,000	-
Miscellaneous	398,332	224,187	96,971	26,029
Total Revenues	<u>28,470,054</u>	<u>28,354,468</u>	<u>980,275</u>	<u>508,125</u>
<b>Expenses</b>				
General government	1,216,477	1,112,769	-	-
Public safety	1,506,804	1,297,719	-	-
Highways and streets	1,816,909	1,712,354	-	-
Sanitation and recycling	382,674	403,138	-	-
Recreation and culture	257,529	203,924	-	-
Cemetery	161,800	127,697	-	-
Intergovernmental	22,204,401	23,079,129	-	-
Social agencies	190,547	202,188	-	-
Other	45,353	19,845	-	-
Ambulance	-	-	1,186,369	775,468
Debt service - interest	50,877	59,484	-	-
Capital outlay	273,413	120,676	-	-
Total Expenses	<u>28,106,784</u>	<u>28,338,923</u>	<u>1,186,369</u>	<u>775,468</u>
Transfers	<u>(312,085)</u>	<u>(312,085)</u>	<u>312,085</u>	<u>312,085</u>
Change in Net Position	51,185	(296,540)	105,991	44,742
Net Position - July 1	<u>6,869,320</u>	<u>7,165,860</u>	<u>140,158</u>	<u>95,416</u>
Net Position - June 30	<u>\$ 6,920,505</u>	<u>\$ 6,869,320</u>	<u>\$ 246,149</u>	<u>\$ 140,158</u>

### **Financial Analysis of the Town's Fund Statements**

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

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

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 324,779	\$ 167,450	\$ 157,329
Committed	152,494	152,494	-
Unassigned (deficit)	<u>(78,423)</u>	<u>275,131</u>	<u>(353,554)</u>
Total General Fund	<u>\$ 398,850</u>	<u>\$ 595,075</u>	<u>\$ (196,225)</u>
Trustees of Public Funds:			
Restricted	<u>\$ 451,541</u>	<u>\$ 431,252</u>	<u>\$ 20,289</u>
Total Trustees of Public Funds	<u>\$ 451,541</u>	<u>\$ 431,252</u>	<u>\$ 20,289</u>
Agan Fund:			
Restricted	\$ 185,019	\$ 179,580	\$ 5,439
Committed	75,000	75,000	-
Total Agan Fund	<u>\$ 260,019</u>	<u>\$ 254,580</u>	<u>\$ 5,439</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 430,955	\$ 98,496	\$ 332,459
Assigned	197,181	131,582	65,599
Unassigned (deficit)	(11,667)	(11,667)	-
Capital Project Funds			
Committed	723,142	826,054	(102,912)
Unassigned (deficit)	<u>(26,299)</u>	<u>(26,550)</u>	<u>251</u>
Total Nonmajor Funds	<u>\$ 1,313,312</u>	<u>\$ 1,017,915</u>	<u>\$ 295,397</u>

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

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

The ambulance fund's net position increased by \$105,991 from the prior fiscal year, mainly due to budget article 10 for the purchase of a new ambulance and a transfer from the general fund.

## Budgetary Highlights

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

The general fund actual revenues exceeded budgeted amounts by \$346,941. This was the result of all revenue being receipted at or over budgeted amounts with the exception of miscellaneous revenues.

The general fund actual expenditures exceeded budget by \$543,166. All expenditure categories were expended equal to or over budget with the exception of highways and streets, sanitation and recycling and social agencies.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Town decreased by \$141,590 over the prior year. The decrease is the result of capital additions of \$579,592 less net disposals of \$31,308 and current year depreciation of \$689,874. Refer to Note 5 of the Notes to Financial Statements for detailed information.

	<u>2023</u>	<u>2022</u>
Land	\$ 25,600	\$ 25,600
Construction in Progress	333,467	59,917
Buildings and Improvements	2,270,973	2,342,861
Machinery, equipment and vehicles	1,822,897	1,959,849
Infrastructure	2,563,236	2,769,536
Total	<u>\$ 7,016,173</u>	<u>\$ 7,157,763</u>

### Debt

At June 30, 2023, the Town had \$1,462,832 in bonds and notes from direct borrowings payable outstanding versus \$1,533,732 last year, a decrease of 4.62%. Refer to Note 6 of the Notes to Financial Statements for detailed information.

## Currently Known Facts, Decisions or Conditions

### Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance has fallen to a level below what is considered adequate to sustain government operations, a period of approximately two months, The Town does maintain reserve accounts for capital and program needs.

## **Contacting the Town's Financial Management**

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



## TOWN OF LUDLOW, VERMONT

STATEMENT OF NET POSITION  
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 587,210	\$ 4,398	\$ 591,608
Investments	1,518,017	-	1,518,017
Accounts receivable (net of allowance for uncollectibles):			
Taxes receivable	321,019	-	321,019
Other	180,575	185,729	366,304
Due from other governments	43,980	-	43,980
Prepaid items	324,779	-	324,779
Internal balances	22,280	(22,280)	-
Total current assets	<u>2,997,860</u>	<u>167,847</u>	<u>3,165,707</u>
Noncurrent assets:			
Capital assets:			
Land, infrastructure and other assets not being depreciated	359,067	-	359,067
Land improvements, buildings and improvements, equipment, vehicles and infrastructure net of accumulated depreciation	<u>6,506,879</u>	<u>150,227</u>	<u>6,657,106</u>
Total noncurrent assets	<u>6,865,946</u>	<u>150,227</u>	<u>7,016,173</u>
<b>TOTAL ASSETS</b>	<u>9,863,806</u>	<u>318,074</u>	<u>10,181,880</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>583,352</u>	<u>91,552</u>	<u>674,904</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>583,352</u>	<u>91,552</u>	<u>674,904</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 10,447,158</u>	<u>\$ 409,626</u>	<u>\$ 10,856,784</u>

## TOWN OF LUDLOW, VERMONT

STATEMENT OF NET POSITION  
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 292,842	\$ -	\$ 292,842
Accrued liabilities	95,479	-	95,479
Current portion of long-term obligations	299,180	-	299,180
Total current liabilities	<u>687,501</u>	<u>-</u>	<u>687,501</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	885,332	-	885,332
Notes from direct borrowings payable	282,400	-	282,400
Accrued compensated absences	77,521	-	77,521
Net pension liability	1,532,660	157,196	1,689,856
Total noncurrent liabilities	<u>2,777,913</u>	<u>157,196</u>	<u>2,935,109</u>
<b>TOTAL LIABILITIES</b>	<u>3,465,414</u>	<u>157,196</u>	<u>3,622,610</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	61,239	6,281	67,520
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>61,239</u>	<u>6,281</u>	<u>67,520</u>
<b>NET POSITION</b>			
Net investment in capital assets	5,403,114	150,227	5,553,341
Restricted:			
Trustee of Public Funds	451,541	-	451,541
Agan Fund	185,019	-	185,019
Special revenue funds	430,955	-	430,955
Unrestricted	449,876	95,922	545,798
<b>TOTAL NET POSITION</b>	<u>6,920,505</u>	<u>246,149</u>	<u>7,166,654</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 10,447,158</u>	<u>\$ 409,626</u>	<u>\$ 10,856,784</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF LUDLOW, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities							
General government	\$ 1,216,477	\$ 170,477	\$ -	\$ -	\$ (1,046,000)	\$ -	\$ (1,046,000)
Public safety	1,506,804	177,504	-	-	(1,329,300)	-	(1,329,300)
Highways and streets	1,816,909	36,642	-	-	(1,780,267)	-	(1,780,267)
Sanitation and recycling	382,674	149,776	-	-	(232,898)	-	(232,898)
Recreation and culture	257,529	25,247	-	171,450	(60,832)	-	(60,832)
Cemetery	161,800	-	-	-	(161,800)	-	(161,800)
Intergovernmental	22,204,401	-	-	-	(22,204,401)	-	(22,204,401)
Social agencies	190,547	-	-	-	(190,547)	-	(190,547)
Other	45,353	-	163,739	-	118,386	-	118,386
Debt service - interest	50,877	-	-	-	(50,877)	-	(50,877)
Capital outlay	273,413	-	-	-	(273,413)	-	(273,413)
Total governmental activities	<u>28,106,784</u>	<u>559,646</u>	<u>163,739</u>	<u>171,450</u>	<u>(27,211,949)</u>	<u>-</u>	<u>(27,211,949)</u>
Business-type activities:							
Ambulance fund	<u>1,186,369</u>	<u>507,673</u>	<u>355,631</u>	<u>-</u>	<u>-</u>	<u>(323,065)</u>	<u>(323,065)</u>
Total business-type activities	<u>1,186,369</u>	<u>507,673</u>	<u>355,631</u>	<u>-</u>	<u>-</u>	<u>(323,065)</u>	<u>(323,065)</u>
Total government	<u>\$ 29,293,153</u>	<u>\$ 1,067,319</u>	<u>\$ 519,370</u>	<u>\$ 171,450</u>	<u>(27,211,949)</u>	<u>(323,065)</u>	<u>(27,535,014)</u>

## TOWN OF LUDLOW, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(27,211,949)</u>	<u>(323,065)</u>	<u>(27,535,014)</u>
General revenue:			
Taxes:			
Property taxes, levied for general purposes	27,117,499	-	27,117,499
Interest income	59,388	-	59,388
Sale of capital assets	-	20,000	20,000
Miscellaneous	398,332	96,971	495,303
Total general revenues	<u>27,575,219</u>	<u>116,971</u>	<u>27,692,190</u>
Transfers	(312,085)	312,085	-
Change in net position	51,185	105,991	157,176
NET POSITION - JULY 1, RESTATED	<u>6,869,320</u>	<u>140,158</u>	<u>7,009,478</u>
NET POSITION - JUNE 30	<u>\$ 6,920,505</u>	<u>\$ 246,149</u>	<u>\$ 7,166,654</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF LUDLOW, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023

	General Fund	Trustees of Public Funds	Agan Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 542,288	\$ 30,116	\$ 7,747	\$ 7,059	\$ 587,210
Investments	844,320	421,425	252,272	-	1,518,017
Accounts receivable (net of allowance for uncollectibles):					
Taxes receivable	321,019	-	-	-	321,019
Other	180,575	-	-	-	180,575
Due from other governments	43,980	-	-	-	43,980
Prepaid items	324,779	-	-	-	324,779
Due from other funds	60,246	-	-	1,344,219	1,404,465
<b>TOTAL ASSETS</b>	<b>\$ 2,317,207</b>	<b>\$ 451,541</b>	<b>\$ 260,019</b>	<b>\$ 1,351,278</b>	<b>\$ 4,380,045</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 292,842	\$ -	\$ -	\$ -	\$ 292,842
Accrued liabilities	95,479	-	-	-	95,479
Due to other funds	1,344,219	-	-	37,966	1,382,185
<b>TOTAL LIABILITIES</b>	<b>1,732,540</b>	<b>-</b>	<b>-</b>	<b>37,966</b>	<b>1,770,506</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred tax revenues	185,817	-	-	-	185,817
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>185,817</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>185,817</b>
<b>FUND BALANCES</b>					
Nonspendable	324,779	-	-	-	324,779
Restricted	-	451,541	185,019	430,955	1,067,515
Committed	152,494	-	75,000	723,142	950,636
Assigned	-	-	-	197,181	197,181
Unassigned (deficit)	(78,423)	-	-	(37,966)	(116,389)
<b>TOTAL FUND BALANCES</b>	<b>398,850</b>	<b>451,541</b>	<b>260,019</b>	<b>1,313,312</b>	<b>2,423,722</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,317,207</b>	<b>\$ 451,541</b>	<b>\$ 260,019</b>	<b>\$ 1,351,278</b>	<b>\$ 4,380,045</b>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF LUDLOW, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,423,722
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	6,865,946
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	185,817
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	583,352
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,057,132)
Notes from direct borrowings payable	(405,700)
Accrued compensated absences	(81,601)
Net pension liability	(1,532,660)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	<u>(61,239)</u>
Net position of governmental activities	<u>\$ 6,920,505</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF LUDLOW, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Trustees of Public Funds	Agan Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 27,117,499	\$ -	\$ -	\$ -	\$ 27,117,499
Intergovernmental	171,450	-	-	163,739	335,189
Permits, licenses and fees	102,937	-	-	-	102,937
Charges for services	456,709	-	-	-	456,709
Investment income, net of unrealized gains/(losses)	-	23,775	18,299	17,314	59,388
Miscellaneous revenues	284,206	5,000	-	109,126	398,332
<b>TOTAL REVENUES</b>	<b>28,132,801</b>	<b>28,775</b>	<b>18,299</b>	<b>290,179</b>	<b>28,470,054</b>
EXPENDITURES					
Current:					
General government	1,080,191	-	-	-	1,080,191
Public safety	1,352,296	-	-	-	1,352,296
Highways and streets	1,416,291	-	-	-	1,416,291
Sanitation and recycling	373,846	-	-	-	373,846
Recreation and culture	242,298	-	-	-	242,298
Cemetery	153,064	-	-	-	153,064
Intergovernmental	22,204,401	-	-	-	22,204,401
Social agencies	190,547	-	-	-	190,547
Other	-	8,486	12,860	24,007	45,353
Debt service:					
Principal	289,900	-	-	-	289,900
Interest	50,877	-	-	-	50,877
Capital outlay	853,005	-	-	-	853,005
<b>TOTAL EXPENDITURES</b>	<b>28,206,716</b>	<b>8,486</b>	<b>12,860</b>	<b>24,007</b>	<b>28,252,069</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(73,915)</b>	<b>20,289</b>	<b>5,439</b>	<b>266,172</b>	<b>217,985</b>
OTHER FINANCING SOURCES (USES)					
Bond and note proceeds	219,000	-	-	-	219,000
Transfers in	83,275	-	-	112,500	195,775
Transfers (out)	(424,585)	-	-	(83,275)	(507,860)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(122,310)</b>	<b>-</b>	<b>-</b>	<b>29,225</b>	<b>(93,085)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(196,225)</b>	<b>20,289</b>	<b>5,439</b>	<b>295,397</b>	<b>124,900</b>
<b>FUND BALANCES - JULY 1, RESTATED</b>	<b>595,075</b>	<b>431,252</b>	<b>254,580</b>	<b>1,017,915</b>	<b>2,298,822</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 398,850</b>	<b>\$ 451,541</b>	<b>\$ 260,019</b>	<b>\$ 1,313,312</b>	<b>\$ 2,423,722</b>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF LUDLOW, VERMONT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds (Statement E) \$ 124,900

Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:

Capital asset acquisitions	579,592
Capital asset disposals net of depreciation	(31,308)
Depreciation expense	<u>(638,097)</u>
	<u>(89,813)</u>

Deferred outflows of resources is a consumption of net assets by the government that are applicable to a future reporting period and therefore are not reported in the funds.

185,582

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.

289,900

Debt proceeds provide current financial resources to governmental funds, but long-term obligations in the Statement of Net Position.

(219,000)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued compensated absences	78,774
Net pension liability	<u>(753,862)</u>
	<u>(675,088)</u>

Deferred inflows of resources are an acquisition of net assets by the government that are applicable to a future reporting period and therefore are not reported in the funds.

434,704

Change in net position of governmental activities (Statement B)

\$ 51,185

See accompanying independent auditor's report and notes to financial statements.



## TOWN OF LUDLOW, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2023

	<u>Enterprise Fund</u> <u>Ambulance</u> <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,398
Accounts receivable (net of allowance for uncollectibles)	<u>185,729</u>
Total current assets	<u>190,127</u>
Capital assets:	
Machinery, equipment and vehicles	<u>653,046</u>
Total capital assets	653,046
Less: accumulated depreciation	<u>(502,819)</u>
Net capital assets	<u>150,227</u>
TOTAL ASSETS	<u>340,354</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	<u>91,552</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>91,552</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 431,906</u>
LIABILITIES	
Current liabilities:	
Due to other funds	<u>\$ 22,280</u>
Total current liabilities	<u>22,280</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Net pension liability	<u>157,196</u>
Total noncurrent liabilities	<u>157,196</u>
TOTAL LIABILITIES	<u>179,476</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	<u>6,281</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,281</u>
NET POSITION	
Net investment in capital assets	150,227
Unrestricted	<u>95,922</u>
TOTAL NET POSITION	<u>246,149</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 431,906</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF LUDLOW, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Enterprise Fund</u> <u>Ambulance</u> <u>Fund</u>
OPERATING REVENUES	
Intergovernmental revenue	\$ 100,425
Intergovernmental revenue - ambulance	255,206
Charges for services	507,673
Other	96,523
TOTAL OPERATING REVENUES	<u>959,827</u>
OPERATING EXPENSES	
Salaries and benefits	647,662
Contract services	57,407
Office expenses	4,206
Maintenance	25,669
Supplies	28,517
Utilities	11,146
Insurance	47,174
Depreciation	51,777
Capital outlay	255,206
Equipment	24,558
Other	18,320
TOTAL OPERATING EXPENSES	<u>1,171,642</u>
OPERATING INCOME	<u>(211,815)</u>
NONOPERATING REVENUES (EXPENSES)	
Transfers in	312,085
Sale of capital assets	20,000
Investment income (loss)	448
Interest (expense)	(14,727)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>317,806</u>
CHANGE IN NET POSITION	105,991
NET POSITION - JULY 1	<u>140,158</u>
NET POSITION - JUNE 30	<u>\$ 246,149</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF LUDLOW, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Enterprise Fund</u> <u>Ambulance</u> <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 883,328
Internal activity - receipts (payments) from/to other funds	(76,786)
Payments to suppliers	(478,770)
Payments to employees	(644,272)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(316,500)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income (loss)	448
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>448</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital asset (purchases)/disposals	20,000
Interest payments on bonds and notes payable	(14,727)
NET CASH PROVIDED BY (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>5,273</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Transfers in (out)	312,085
NET CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>312,085</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,306
CASH AND CASH EQUIVALENTS - JULY 1	<u>3,092</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 4,398</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ (211,815)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	51,777
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(76,499)
(Increase) decrease in deferred outflows related to pension	(22,789)
Increase (decrease) in accrued expenses	(6,567)
Increase (decrease) in deferred inflows related to pension	(44,584)
Increase (decrease) in due to other funds	(76,786)
Increase (decrease) in accrued compensated absences	(6,556)
Increase (decrease) in net pension liability	77,319
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (316,500)</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	<u>\$ 14,727</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

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

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

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

**Implementation of New Accounting Standards**

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 96 "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements..

Statement No. 99 "Omnibus 2022". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources,

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

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

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

In the government-wide Statement of Net position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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

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

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

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

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

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

1. Governmental Funds:

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

Major Funds

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

Nonmajor Funds

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

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds:

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

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.



TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Budget**

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the registered voters of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the registered voters of the Town.

**Deposits and Investments**

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

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

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

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

**Receivables**

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$410,284 for the year ended June 30, 2023.

**Prepaid Items**

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

**Interfund Receivables and Payables**

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

**Transactions Between Funds**

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

**Capital Assets**

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

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

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Estimated useful lives are as follows:

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

**Long-term Obligations**

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

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

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

**Pensions**

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

**Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation,

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Fund Balances**

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

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

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

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

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

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

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Deferred Outflows and Inflows of Resources**

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

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

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

Property taxes attach as an enforceable lien on property owned as of April 1st. Elected listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Agency of Education. Property taxes for the fiscal year ended June 30, 2023 were payable in three equal installments due on the third Friday in August, November and February.

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

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Program Revenues**

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

**Operating/Nonoperating Proprietary Fund Revenues**

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

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

**Deposits:**

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

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2023, the Town’s cash balance of \$591,608 was comprised of deposits amounting to \$877,430. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town’s cash and cash equivalents balance. Of these deposits, \$55,406 was insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$814,277 was collateralized with securities held by the financial institution in the Town’s name and \$7,747 was covered by the Securities Investor Protection Corporation (SIPC) and therefore were not exposed to custodial credit risk.

Account Type	Bank Balance
Checking accounts	\$ 818,675
Savings accounts	\$ 6,421
Money market accounts	38,427
Cash equivalents	13,907
	\$ 877,430

**Investments:**

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

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$844,320 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

The Town’s investments of \$673,697 were covered by the Securities Investor Protection Corporation (SIPC) and were not exposed to custodial credit risk.

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2023, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	> 5 Years
Debt securities:					
Corporate bonds	\$ 48,709	\$ -	\$ -	\$ 48,709	\$ -
Common stock	44,354	44,354	-	-	-
Mutual funds:					
Equities	162,139	162,139	-	-	-
Fixed income	256,677	256,677	-	-	-
Real Assets	7,037	7,037	-	-	-
Hedge Funds	12,473	12,473	-	-	-
Exchange traded funds	142,308	142,308	-	-	-
	<u>\$ 673,697</u>	<u>\$ 624,988</u>	<u>\$ -</u>	<u>\$ 48,709</u>	<u>\$ -</u>

**Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2023:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
June 30, 2023 Total			
<u>Investments by fair value level</u>			
Debt securities:			
Corporate bonds	\$ 48,709	\$ -	\$ -
Total debt securities	<u>48,709</u>	<u>-</u>	<u>-</u>
Equity securities:			
Common stock - domestic	44,354	44,354	-
Mutual funds - fixed	256,677	256,677	-
Mutual funds - equity	162,139	162,139	-
Real Assets	7,037	7,037	-
Hedge Funds	12,473	12,473	-
Exchange traded funds	142,308	142,308	-
Total equity securities	<u>624,988</u>	<u>624,988</u>	<u>-</u>
Total investments by fair value level	<u>673,697</u>	<u>\$ 624,988</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>			
Money market mutual funds	13,907		
Total cash equivalents measured at the NAV	<u>13,907</u>		
Total investments and cash equivalents measured at fair value	<u>\$ 687,604</u>		

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued using significant other observable inputs. The Town has no Level III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2023 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.



TOWN OF LUDLOW, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

Investment Type	Bond Credit Rating	Percentage of Total
Mutual Fund/Corporate Bond	A+	100.00%

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 60,246	\$ 1,344,219
Enterprise Funds	-	22,280
Nonmajor Special Revenue Funds	628,136	11,667
Nonmajor Capital Projects Funds	716,083	26,299
	\$ 1,404,465	\$ 1,404,465

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

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2023 consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ 83,275	\$ 424,585
Enterprise Funds	312,085	-
Nonmajor Special Revenue Funds	27,500	25,246
Nonmajor Capital Projects Funds	85,000	58,029
	\$ 507,860	\$ 507,860

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

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance, 7/1/22 (Restated)	Additions	Disposals	Balance, 6/30/23
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 25,600	\$ -	\$ -	\$ 25,600
Construction in progress	59,917	293,155	(19,605)	333,467
	85,517	293,155	(19,605)	359,067
Depreciated assets:				
Buildings and improvements	4,613,937	42,242	-	4,656,179
Machinery, equipment and vehicles	4,328,073	253,994	(156,544)	4,425,523
Infrastructure	5,502,269	9,806	-	5,512,075
	14,444,279	306,042	(156,544)	14,593,777
Less: accumulated depreciation for:				
Buildings and improvements	(2,271,076)	(114,130)	-	(2,385,206)
Machinery, equipment and vehicles	(2,570,228)	(307,861)	125,236	(2,752,853)
Infrastructure	(2,732,733)	(216,106)	-	(2,948,839)
	(7,574,037)	(638,097)	125,236	(8,086,898)
Net governmental capital assets	\$ 6,955,759	\$ (38,900)	\$ (50,913)	\$ 6,865,946
<u>Business-type activities</u>				
Depreciated assets:				
Machinery, equipment and vehicles	\$ 653,046	\$ -	\$ -	\$ 653,046
	653,046	-	-	653,046
Less: accumulated depreciation for:				
Machinery, equipment and vehicles	(451,042)	(51,777)	-	(502,819)
	(451,042)	(51,777)	-	(502,819)
Net business-type capital assets	\$ 202,004	\$ (51,777)	\$ -	\$ 150,227

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS (CONTINUED)

<u>Depreciation expense:</u>	
General government	\$ 81,484
Cemetery	8,736
Culture and recreation	15,231
Highway and streets	400,618
Public safety	123,200
Sanitation and recycling	8,828
Total governmental fund depreciation	<u>638,097</u>
Ambulance	<u>51,777</u>
Total business-type fund depreciation	<u>51,777</u>
Total depreciation expense	<u>\$ 689,874</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2023:

	<u>Balance, 7/1/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, 6/30/23</u>	<u>Current Portion</u>
<u>Governmental activities:</u>					
Bonds payable	\$ 1,228,932	\$ -	\$ (171,800)	\$ 1,057,132	\$ 171,800
Notes from direct borrowings payable	304,800	219,000	(118,100)	405,700	123,300
Total	<u>\$ 1,533,732</u>	<u>\$ 219,000</u>	<u>\$ (289,900)</u>	<u>\$ 1,462,832</u>	<u>\$ 295,100</u>

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

Governmental activities

Bonds payable:

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

VMBB Series 2012-1 issued in November 2013 for \$176,000. Annual principal payments of \$14,667 with semi-annual interest payments at a fixed interest rate ranging from 1.098%-3.308% per annum. The bond matures in November of 2024. 29,329

VMBB Series 2014-4 issued in November of 2014 for \$590,000 and refunded in 2017. Annual principal payments of \$35,000 with semi-annual interest payments at a fixed interest rate of 3.835%-4.680% per annum. The bond matures in November of 2026. 140,000

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT (CONTINUED)

<p>VMBB Series 2016-2 issued in December of 2012 for \$1,055,000. Annual principal payments of \$55,000 with semi-annual interest payments at a fixed interest rate of 1.300%-4.600% per annum. The bond matures in November 2031 with a final principal payment of \$10,000.</p>	450,000
<p>VMBB Series 2017-3 issued in August 2017 for \$300,000. Annual principal payments of \$15,000 and semi-annual interest payments at a fixed interest rate of 3.000% per annum. The bond matures in November 2034.</p>	225,000
<p>VMBB Series 2017-4 issued in November 2013 and refunded in 2017. Annual principal payments of \$32,133 and semi-annual interest payments at a fixed rate of 0.800%-4.300% per annum. The bond matures in November 2028.</p>	<u>192,803</u>
<p>Total governmental activities bonds payable</p>	<u>\$1,057,132</u>
Notes from direct borrowings payable:	
<p>Capital Equipment Note from People's United Bank secured on June 7, 2019 for \$21,500 for the purchase of a 2018 Pick-Up Truck. Annual principal payments of \$4,300 with annual interest payments at a fixed interest rate of 3.10% per annum. The final payment on the note is due June 7, 2024.</p>	\$ 4,300
<p>Capital Equipment Note from People's United Bank secured on July 8, 2019 for \$146,000 for the purchase of two 2019 Dump Trucks. Annual principal payments of \$29,200 with annual interest payments at a fixed interest rate of 3.00% per annum. The final payment on the note is due July 8, 2024.</p>	58,400
<p>Capital Equipment Note from People's United Bank secured on April 9, 2021 for \$90,000 for the purchase of a 2021 Western Star Dump Truck. Annual principal payments of \$18,000 with annual interest payments at a fixed interest rate of 2.00% per annum. The final payment on the note is due April 9, 2026.</p>	54,000
<p>Capital Equipment Note from People's United Bank secured on November 8, 2018 for \$70,000 for the purchase of a Caterpillar Wheel Loader. Annual principal payments of \$14,000 with annual interest payments at a fixed interest rate of 3.35% per annum. The final payment on the note is due November 8, 2023.</p>	14,000
<p>Capital Equipment Note from M&amp;T Bank secured on May 9, 2022 for \$70,000 for a John Deere tractor. Annual principal payments of \$14,000 with annual interest payments at a fixed interest rate of 2.50% per annum. The final payment on the note is due on May 9, 2027.</p>	56,000

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Capital Equipment Note from M&T Bank secured on February 13, 2023 for \$219,000 for a 2023 Western Star truck and a 1 ton Chevy truck John Deere tractor. Annual principal payments of \$43,800 with annual interest payments at a fixed interest rate of 4.86% per annum. The final payment on the note is due on February 13, 2028.

219,000

Total governmental activities notes from direct borrowings payable

\$ 405,700

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

Governmental activities:

	Bonds		Notes from Direct Borrowings		Total Debt Service
	Principal	Interest	Principal	Interest	
2024	\$ 171,800	\$ 37,155	\$ 123,300	\$ 15,827	\$ 348,082
2025	151,795	30,451	105,000	11,861	299,107
2026	137,133	24,230	75,800	8,496	245,659
2027	137,133	19,993	57,800	6,007	220,933
2028	102,133	15,957	43,800	2,129	164,019
2029-2033	282,138	33,124	-	-	315,262
2034-2038	75,000	6,878	-	-	81,878
	<u>\$ 1,057,132</u>	<u>\$ 167,788</u>	<u>\$ 405,700</u>	<u>\$ 44,320</u>	<u>\$ 1,674,940</u>

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

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2023 is as follows:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 160,375	\$ -	\$ (78,774)	\$ 81,601	\$ 4,080
Net pension liability	778,798	753,862	-	1,532,660	-
Total	<u>\$ 939,173</u>	<u>\$ 753,862</u>	<u>\$ (78,774)</u>	<u>\$ 1,614,261</u>	<u>\$ 4,080</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 6,556	\$ -	\$ (6,556)	\$ -	\$ -
Net pension liability	79,877	77,319	-	157,196	-
Total	<u>\$ 86,433</u>	<u>\$ 77,319</u>	<u>\$ (6,556)</u>	<u>\$ 157,196</u>	<u>\$ -</u>

Please see Notes 8 and 16 for detailed information on each of the other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation time permit non-union employees to accumulate earned but unused vacation leave. Non-union employees will accrue no more than ten days of vacation. Upon voluntary or other termination of employment with the Town, a non-union employee shall be paid an amount equal to accrued, unused vacation leave except in cases where the employee leaves employment as a result of misconduct. If a full-time, non-union employees' regular work hours are reduced to a part-time schedule, the municipality will pay the employee for all unused vacation hours that were accrued prior to the non-union employee's part-time status, except in cases of misconduct. The Town's policies regarding vacation and sick time permit police union employees to accumulate earned but unused vacation and sick leave. Police union employees will accrue no more than ten days of vacation from one anniversary year to another and is paid upon termination of employment with the Town. Police union employees will accrue one sick day per month with a maximum accrual of 120 days. Upon termination, police union employees will not be paid for any accumulated unused sick leave. The liability for vacation time is recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. The liability as of June 30, 2023 was \$81,601.

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for Town at June 30, 2023:

Governmental activities:	
Invested in capital assets	\$ 14,952,844
Accumulated depreciation	(8,086,898)
Outstanding capital related debt	<u>(1,462,832)</u>
	<u>\$ 5,403,114</u>
Business-type activities:	
Invested in capital assets	\$ 653,046
Accumulated depreciation	<u>(502,819)</u>
	<u>\$ 150,227</u>

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCE

At June 30, 2023, the Town had the following restricted net position and fund balances:

Trustees of Public Funds	\$ 451,541
Combined Library Fund	185,019
Nonmajor Special Revenue Funds (Schedule E)	<u>430,955</u>
	<u>\$ 1,067,515</u>

NOTE 11 - NONSPENDABLE FUND BALANCE

At June 30, 2023, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	<u>\$ 324,779</u>

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2023, the Town had the following committed fund balances:

General Fund	\$ 152,494
Agan Fund	75,000
Nonmajor Capital Projects Funds (Schedule G)	<u>723,142</u>
	<u>\$ 950,636</u>

TOWN OF LUDLOW, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2023, the Town had the following assigned fund balances:

Nonmajor Special Revenue Funds (Schedule E)	\$ <u>197,181</u>
---------------------------------------------	-------------------

NOTE 14 - DEFICIT FUND BALANCES

At June 30, 2023, the Town had the following deficit fund balances:

Nonmajor Special Revenue Funds:	
Camp quest	\$ 11,667
Nonmajor Capital Projects Funds:	
Capital development town property	26,299
	<u>\$ 37,966</u>

NOTE 15 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2023, the Town had the following expenditures over appropriations:

	Excess
General government	\$ 120,455
Public safety	49,806
Cultural and recreation	52,048
Cemetery	49,751
Capital outlay	442,505
	<u>\$ 714,565</u>

NOTE 16 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

**Plan Description**

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity



TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2021 (the most recent data available), the retirement system consisted of 16,158 participating members.

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

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

**Benefits Provided**

The pension plan is divided into four membership groups:

- Group A - general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B and C - general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D - sworn police officers, firefighters and emergency medical personnel

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

TOWN OF LUDLOW, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Normal service retirement eligibility	Age 65 with 5 years of service or age 55 with 35 years of service	Age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula – Normal Service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

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

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

TOWN OF LUDLOW, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Contributions**

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2021 are as follows:

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Employee Contributions	3.250% of gross salary	5.625% of gross salary	10.750% of gross salary	12.100% of gross salary
Employer Contributions	4.750% of gross salary	6.250% of gross salary	8.000% of gross salary	10.600% of gross salary

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2023 totaled \$183,067. The Town contributed \$183,270 for the year ended June 30, 2023. The Town's total payroll for the year ended June 30, 2023 for all employees covered under this plan was \$2,361,243.

**Pension Liabilities**

At June 30, 2023, the Town reported a liability of \$1,689,856 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2021. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2022, the Town's proportion was 0.55700% for VMERS, which was a decrease of 0.02298% from its proportion measured as of June 30, 2021 for VMERS.

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

For the year ended June 30, 2023, the Town recognized pension expense of \$143,522 for the VMERS plan. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 126,909	\$ -
Changes of assumptions	86,393	-
Net difference between projected and actual earnings on pension plan investments	274,349	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,983	67,520
Contributions subsequent to the measurement date	183,270	-
Total	\$ 674,904	\$ 67,520

\$183,270 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VMERS Plan
Plan year ended June 30:	
2023	\$ 135,758
2024	\$ 99,553
2025	\$ 26,350
2026	\$ 162,454
2027	-
Thereafter	-

**Significant Actuarial Assumptions and Methods**

The total pension liability for the June 30, 2022 measurement date was determined by rolling forward the total pension liability as of June 30, 2021 to June 30, 2022. The total pension liability was calculated using the following actuarial assumptions:

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

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Inflation:* 2.30%

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

*Deaths After Retirement:* Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

*Pre-Retirement:*

- Groups A/B/C - 40% PubG-2010 General Employee Amount-Weighted below-median and 60% of PubG-2010 General Employee Amount-Weighted, with generational projection using Scale MP-2019.
- Group D - PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2019.

*Healthy Post-Retirement - Retirees:*

- Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted below-median and 60% of PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.
- Group D - PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.

*Healthy Post-Retirement - Beneficiaries:*

- Groups A/B/C - 70% Pub-2010 Contingent Survivor Amount-Weighted below-median and 30% of Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019.
- Group D - Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019.

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Disabled Post-Retirement:*

- All Groups - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using Scale MP-2019.

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

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

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

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

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

*Cost-of-Living Adjustments:* Assumed to occur on January 1 following one year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2022 COLA is 2.00% for Group A members and 2.30% for Group B, C and D members. The January 1, 2023 COLA is 2.00% for Group A members and 3.00% for Group B, C and D members.

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

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

TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equities	24.00%	4.30%
Active Global Equities	5.00%	4.30%
US Equity - Large Cap	4.00%	3.25%
US Equity - Small/Mid Cap	3.00%	3.75%
Non-US Developed Market Equities	7.00%	5.00%
Emerging Market Debt	4.00%	3.50%
Core Fixed Income	19.00%	0.00%
Private and Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	3.00%	3.50%
Non-Core Real Estate	4.00%	6.00%
Private Equity	10.00%	6.50%
Infrastructure/Farmland	4.00%	4.25%

**Discount Rate**

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

TOWN OF LUDLOW, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
Town's proportionate share of the net pension liability	\$ 2,532,176	\$ 1,689,856	\$ 997,015

**Pension Plan Fiduciary Net Position**

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

NOTE 17 - RISK MANAGEMENT

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

NOTE 18 - CONTINGENCIES

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



TOWN OF LUDLOW, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 18 - CONTINGENCIES (CONTINUED)

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

NOTE 19 - COMPARATIVE DATA/RECLASSIFICATIONS

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

NOTE 20 - RELATED ORGANIZATION

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

NOTE 21 - RESTATEMENT

In 2023, the Town determined that certain transactions were recorded incorrectly or omitted in the previous year, therefore restatements were required to capital assets. The resulting restatement increased the beginning net position for governmental activities by \$59,917 from \$6,809,403 to \$6,869,320.

## Required Supplementary Information

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

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

## TOWN OF LUDLOW, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 595,075	\$ 595,075	\$ 595,075	\$ -
Resources (Inflows):				
Property taxes	26,998,509	26,998,509	27,117,499	118,990
Intergovernmental	-	-	171,450	171,450
Permits, licenses and fees	85,580	85,580	102,937	17,357
Charges for services	438,440	438,440	456,709	18,269
Miscellaneous revenues	299,931	299,931	284,206	(15,725)
Bond proceeds	219,000	219,000	219,000	-
Transfers from other funds	46,675	46,675	83,275	36,600
Amounts Available for Appropriation	<u>28,683,210</u>	<u>28,683,210</u>	<u>29,030,151</u>	<u>346,941</u>
Charges to Appropriations (Outflows):				
Current:				
General government	774,403	774,403	1,080,191	(305,788)
Public safety	1,302,490	1,302,490	1,352,296	(49,806)
Highways and streets	1,482,106	1,482,106	1,416,291	65,815
Sanitation and recycling	436,085	436,085	373,846	62,239
Culture and recreation	190,250	190,250	242,298	(52,048)
Cemetery	103,063	103,063	153,064	(50,001)
Intergovernmental	22,185,775	22,185,775	22,204,401	(18,626)
Social agencies	192,437	192,437	190,547	1,890
Debt service:				
Principal	289,900	289,900	289,900	-
Interest	41,335	41,335	50,877	(9,542)
Capital outlay	665,706	665,706	853,005	(187,299)
Transfers to other funds:				
Proprietary	312,085	312,085	312,085	-
Special revenue	27,500	27,500	27,500	-
Capital projects	85,000	85,000	85,000	-
Total Charges to Appropriations	<u>28,088,135</u>	<u>28,088,135</u>	<u>28,631,301</u>	<u>(543,166)</u>
Budgetary Fund Balance, June 30	<u>\$ 595,075</u>	<u>\$ 595,075</u>	<u>\$ 398,850</u>	<u>\$ (196,225)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

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

	2023	2022	2021	2020	2019	2018
<u>VMERS:</u>						
Proportion of the net pension liability	0.56%	0.58%	0.60%	0.62%	0.60%	0.59%
Proportionate share of the net pension liability	\$1,689,856	\$ 858,675	\$1,516,292	\$1,079,348	\$ 846,842	\$ 719,701
Covered payroll	\$2,170,777	\$2,083,777	\$1,798,610	\$1,770,271	\$1,728,224	\$1,728,224
Proportionate share of the net pension liability as a percentage of its covered payroll	77.85%	41.21%	84.30%	60.97%	49.00%	41.64%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%

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

See accompanying independent auditor's report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>VMERS:</u>						
Contractually required contribution	\$ 183,270	\$ 161,576	\$ 150,826	\$ 124,703	\$ 119,533	\$ 105,441
Contributions in relation to the contractually required contribution	<u>(183,270)</u>	<u>(161,576)</u>	<u>(150,826)</u>	<u>(124,703)</u>	<u>(119,533)</u>	<u>(105,441)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$2,361,243	\$2,170,777	\$2,083,777	\$1,798,610	\$1,770,271	\$1,728,224
Contributions as a percentage of covered payroll	7.76%	7.44%	7.24%	6.93%	6.75%	6.10%

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

See accompanying independent auditor's report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2023

**Changes of Assumptions**

VMERS Pension Plan:

The July 1, 2023 COLA assumption was increased from 2.00% to 3.00% for Groups B, C and D members.

See accompanying independent auditor's report and notes to financial statements.

## Other Supplementary Information

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

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

## TOWN OF LUDLOW, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property taxes:			
Property taxes net of education	\$ 26,763,509	\$ 26,842,653	\$ 79,144
State of VT hold harmless	-	13,436	13,436
Highway state aid	96,000	105,545	9,545
Pilot program	-	45,312	45,312
Penalties and interest	139,000	110,553	(28,447)
Intergovernmental:			
Skate park grant	-	171,450	171,450
Permits, licenses and fees:			
Town clerk fees	6,280	6,278	(2)
Cemetery	25,050	22,390	(2,660)
Dog licenses	2,000	1,504	(496)
Highway permits	2,250	23,125	20,875
State education collection	50,000	49,640	(360)
Charges for services:			
General government	77,100	67,444	(9,656)
Police department	85,290	113,873	28,583
Fire department	2,750	13,991	11,241
Solid waste	190,150	149,776	(40,374)
Community Center	2,200	3,623	1,423
Public works	38,000	36,642	(1,358)
Recreation	16,250	21,624	5,374
Planning	26,700	49,736	23,036
Other income:			
Interest income	39,031	48,903	9,872
Rent	22,700	22,330	(370)
Stearns pit	76,600	79,759	3,159
Coolidge solar payment	40,000	30,000	(10,000)
Proceeds from sale of assets	73,000	77	(72,923)
Tax sales	-	8,169	8,169
Miscellaneous grants	-	11,862	11,862
Other income	48,600	83,106	34,506
Note proceeds	219,000	219,000	-
Transfers in:			
Special revenue funds	46,675	83,275	36,600
Total revenues	<u>\$ 28,088,135</u>	<u>\$ 28,435,076</u>	<u>\$ 346,941</u>

See accompanying independent auditor's report and notes to financial statements.



## TOWN OF LUDLOW, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
<b>GENERAL GOVERNMENT</b>			
Administration	\$ 286,758	\$ 376,272	\$ (89,514)
Town Clerk/Treasurer	236,700	247,915	(11,215)
Planning services	168,460	192,458	(23,998)
Listers	82,485	74,909	7,576
Insurance	-	188,637	(188,637)
	<u>774,403</u>	<u>1,080,191</u>	<u>(305,788)</u>
<b>PUBLIC SAFETY</b>			
Police department	1,137,330	1,183,610	(46,280)
Fire department	165,160	168,686	(3,526)
	<u>1,302,490</u>	<u>1,352,296</u>	<u>(49,806)</u>
<b>HIGHWAYS AND STREETS</b>			
Buildings and grounds	199,105	232,641	(33,536)
Community Center	87,030	133,473	(46,443)
High school building	103,411	85,289	18,122
Highway department	1,092,560	964,888	127,672
	<u>1,482,106</u>	<u>1,416,291</u>	<u>65,815</u>
<b>SANITATION AND RECYCLING</b>			
Solid waste	256,485	233,081	23,404
Disposal	179,600	140,765	38,835
	<u>436,085</u>	<u>373,846</u>	<u>62,239</u>

## TOWN OF LUDLOW, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
<b>CULTURE AND RECREATION</b>			
Recreation department	190,250	242,298	(52,048)
	<u>190,250</u>	<u>242,298</u>	<u>(52,048)</u>
<b>CEMETERY</b>	<u>103,063</u>	<u>153,064</u>	<u>(50,001)</u>
<b>INTERGOVERNMENTAL</b>			
County tax	69,136	70,455	(1,319)
County capital tax	37,000	31,122	5,878
Highway tax	-	60,000	(60,000)
Education	22,079,639	22,042,824	36,815
	<u>22,185,775</u>	<u>22,204,401</u>	<u>(18,626)</u>
<b>SOCIAL AGENCIES</b>	<u>192,437</u>	<u>190,547</u>	<u>1,890</u>
<b>DEBT SERVICE</b>			
Principal	289,900	289,900	-
Interest	41,335	50,877	(9,542)
	<u>331,235</u>	<u>340,777</u>	<u>(9,542)</u>
<b>CAPITAL OUTLAY</b>			
Capital outlay	665,706	853,005	(187,299)
	<u>665,706</u>	<u>853,005</u>	<u>(187,299)</u>
<b>TRANSFERS TO OTHER FUNDS</b>			
Proprietary	312,085	312,085	-
Special revenue	27,500	27,500	-
Capital projects	85,000	85,000	-
	<u>424,585</u>	<u>424,585</u>	<u>-</u>
<b>TOTAL DEPARTMENTAL OPERATIONS</b>	<u>\$ 28,088,135</u>	<u>\$ 28,631,301</u>	<u>\$ (543,166)</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF LUDLOW, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 7,059	\$ 7,059
Due from other funds	628,136	716,083	1,344,219
<b>TOTAL ASSETS</b>	<u>\$ 628,136</u>	<u>\$ 723,142</u>	<u>\$ 1,351,278</u>
<b>LIABILITIES</b>			
Due to other funds	\$ 11,667	\$ 26,299	\$ 37,966
<b>TOTAL LIABILITIES</b>	<u>11,667</u>	<u>26,299</u>	<u>37,966</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	430,955	-	430,955
Committed	-	723,142	723,142
Assigned	197,181	-	197,181
Unassigned (deficit)	(11,667)	(26,299)	(37,966)
<b>TOTAL FUND BALANCES</b>	<u>616,469</u>	<u>696,843</u>	<u>1,313,312</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 628,136</u>	<u>\$ 723,142</u>	<u>\$ 1,351,278</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF LUDLOW, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 163,739	\$ -	\$ 163,739
Investment income, net of unrealized gains/(losses)	7,996	9,318	17,314
Other	84,175	24,951	109,126
TOTAL REVENUES	<u>255,910</u>	<u>34,269</u>	<u>290,179</u>
EXPENDITURES			
Other	24,007	-	24,007
TOTAL EXPENDITURES	<u>24,007</u>	<u>-</u>	<u>24,007</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>231,903</u>	<u>34,269</u>	<u>266,172</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	27,500	85,000	112,500
Transfers (Out)	(25,246)	(58,029)	(83,275)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,254</u>	<u>26,971</u>	<u>29,225</u>
NET CHANGE IN FUND BALANCES	234,157	61,240	295,397
FUND BALANCES - JULY 1, RESTATED	<u>382,312</u>	<u>635,603</u>	<u>1,017,915</u>
FUND BALANCES - JUNE 30	<u>\$ 616,469</u>	<u>\$ 696,843</u>	<u>\$ 1,313,312</u>

See accompanying independent auditor's report and notes to financial statements.

## Special Revenue Funds

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

TOWN OF LUDLOW, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2023

	<u>Camp Quest</u>	<u>Skate Park Fund</u>	<u>Bike/Walk Path</u>	<u>Building Permit</u>	<u>Parks and Recreation</u>	<u>Police Donations</u>	<u>Landfill</u>
<b>ASSETS</b>							
Due from other funds	\$ -	\$ 36,161	\$ 30,497	\$ 3,437	\$ 36,168	\$ 8,172	\$ 99,030
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 36,161</u>	<u>\$ 30,497</u>	<u>\$ 3,437</u>	<u>\$ 36,168</u>	<u>\$ 8,172</u>	<u>\$ 99,030</u>
<b>LIABILITIES</b>							
Due to other funds	\$ 11,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>11,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	99,030
Committed	-	-	-	-	-	-	-
Assigned	-	36,161	30,497	3,437	36,168	8,172	-
Unassigned	(11,667)	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>(11,667)</u>	<u>36,161</u>	<u>30,497</u>	<u>3,437</u>	<u>36,168</u>	<u>8,172</u>	<u>99,030</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
	<u>\$ -</u>	<u>\$ 36,161</u>	<u>\$ 30,497</u>	<u>\$ 3,437</u>	<u>\$ 36,168</u>	<u>\$ 8,172</u>	<u>\$ 99,030</u>

TOWN OF LUDLOW, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2023

	Black River Senior Center	Reappraisal Fund	Ludlow Enterprise	Drug Enforcement	ARPA Fund	Total
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles):	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	\$ 633	\$ 62,255	\$ 9,097	\$ 10,761	\$ 331,925	\$ 628,136
<b>TOTAL ASSETS</b>	<b>\$ 633</b>	<b>\$ 62,255</b>	<b>\$ 9,097</b>	<b>\$ 10,761</b>	<b>\$ 331,925</b>	<b>\$ 628,136</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,667
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,667</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	331,925	430,955
Committed	-	-	-	-	-	-
Assigned	633	62,255	9,097	10,761	-	197,181
Unassigned	-	-	-	-	-	(11,667)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>633</b>	<b>62,255</b>	<b>9,097</b>	<b>10,761</b>	<b>331,925</b>	<b>616,469</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 633</b>	<b>\$ 62,255</b>	<b>\$ 9,097</b>	<b>\$ 10,761</b>	<b>\$ 331,925</b>	<b>\$ 628,136</b>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	Camp Quest	Skate Park Fund	Bike/Walk Path	Building Permit	Parks and Recreation	Police Donations	Landfill
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	-	74	395	44	774	72	1,284
Other	-	36,087	-	-	-	8,025	-
TOTAL REVENUES	-	36,161	395	44	774	8,097	1,284
EXPENDITURES							
Other	-	-	-	-	24,007	-	-
TOTAL EXPENDITURES	-	-	-	-	24,007	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	36,161	395	44	(23,233)	8,097	1,284
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	25,000	-	-
Transfers (Out)	-	-	-	-	(15,000)	(2,496)	(750)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	10,000	(2,496)	(750)
NET CHANGE IN FUND BALANCES (DEFICITS)	-	36,161	395	44	(13,233)	5,601	534
FUND BALANCES (DEFICITS) - JULY 1	(11,667)	-	30,102	3,393	49,401	2,571	98,496
FUND BALANCES (DEFICITS) - JUNE 30	\$ (11,667)	\$ 36,161	\$ 30,497	\$ 3,437	\$ 36,168	\$ 8,172	\$ 99,030



TOWN OF LUDLOW, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Black River Senior Center</u>	<u>Reappraisal Fund</u>	<u>Ludlow Enterprise</u>	<u>Drug Enforcement</u>	<u>ARPA Fund</u>	<u>Total</u>
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 163,739	\$ 163,739
Interest Income	\$ 78	\$ 715	\$ 118	\$ 157	\$ 4,285	\$ 7,996
Other	-	30,455	2,000	7,608	-	84,175
TOTAL REVENUES	<u>78</u>	<u>31,170</u>	<u>2,118</u>	<u>7,765</u>	<u>168,024</u>	<u>255,910</u>
EXPENDITURES						
Other	-	-	-	-	-	24,007
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,007</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>78</u>	<u>31,170</u>	<u>2,118</u>	<u>7,765</u>	<u>168,024</u>	<u>231,903</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	2,500	-	-	-	-	27,500
Transfers (Out)	(7,000)	-	-	-	-	(25,246)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,254</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(4,422)	31,170	2,118	7,765	168,024	234,157
FUND BALANCES (DEFICITS) - JULY 1	<u>5,055</u>	<u>31,085</u>	<u>6,979</u>	<u>2,996</u>	<u>163,901</u>	<u>382,312</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 633</u>	<u>\$ 62,255</u>	<u>\$ 9,097</u>	<u>\$ 10,761</u>	<u>\$ 331,925</u>	<u>\$ 616,469</u>

See accompanying independent auditor's report and notes to financial statements.

## Capital Project Funds

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

TOWN OF LUDLOW, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS  
JUNE 30, 2023

	Fire Equipment	Stearns Pit	Highway Equipment	Cap Dev Town Property	Police Equipment	Town Hall Renovation
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	371,493	22,708	95,261	-	37,967	49,100
<b>TOTAL ASSETS</b>	<b><u>\$ 371,493</u></b>	<b><u>\$ 22,708</u></b>	<b><u>\$ 95,261</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 37,967</u></b>	<b><u>\$ 49,100</u></b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ 26,299	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>26,299</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	371,493	22,708	95,261	-	37,967	49,100
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(26,299)	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b><u>371,493</u></b>	<b><u>22,708</u></b>	<b><u>95,261</u></b>	<b><u>(26,299)</u></b>	<b><u>37,967</u></b>	<b><u>49,100</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b><u>\$ 371,493</u></b>	<b><u>\$ 22,708</u></b>	<b><u>\$ 95,261</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 37,967</u></b>	<b><u>\$ 49,100</u></b>

TOWN OF LUDLOW, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2023

	Vault Preservation	Cemetery Reserve	Community Center Reserve	BRHS Fund	Marro Ambulance	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 7,059	\$ 7,059
Due from other funds	91,794	8,017	29,622	10,121	-	716,083
<b>TOTAL ASSETS</b>	<b>\$ 91,794</b>	<b>\$ 8,017</b>	<b>\$ 29,622</b>	<b>\$ 10,121</b>	<b>\$ 7,059</b>	<b>\$ 723,142</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,299
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,299</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	91,794	8,017	29,622	10,121	7,059	723,142
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(26,299)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>91,794</b>	<b>8,017</b>	<b>29,622</b>	<b>10,121</b>	<b>7,059</b>	<b>696,843</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 91,794</b>	<b>\$ 8,017</b>	<b>\$ 29,622</b>	<b>\$ 10,121</b>	<b>\$ 7,059</b>	<b>\$ 723,142</b>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF LUDLOW, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2023

	Fire Equipment	Stearns Pit	Highway Equipment	Cap Dev Town Property	Police Equipment	Town Hall Renovation
REVENUES						
Interest Income	\$ 4,720	\$ 294	\$ 1,144	\$ -	\$ 476	\$ 772
Other	2,716	-	-	251	-	-
TOTAL REVENUES	<u>7,436</u>	<u>294</u>	<u>1,144</u>	<u>251</u>	<u>476</u>	<u>772</u>
EXPENDITURES						
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,436</u>	<u>294</u>	<u>1,144</u>	<u>251</u>	<u>476</u>	<u>772</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	30,000	-	30,000	-	5,000	10,000
Transfers (Out)	-	-	-	-	-	(15,235)
TOTAL OTHER FINANCING SOURCES (USES)	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>5,000</u>	<u>(5,235)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	37,436	294	31,144	251	5,476	(4,463)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>334,057</u>	<u>22,414</u>	<u>64,117</u>	<u>(26,550)</u>	<u>32,491</u>	<u>53,563</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 371,493</u>	<u>\$ 22,708</u>	<u>\$ 95,261</u>	<u>\$ (26,299)</u>	<u>\$ 37,967</u>	<u>\$ 49,100</u>

TOWN OF LUDLOW, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	Vault Preservation	Cemetery Reserve	Community Center Reserve	BRHS Fund	Marro Ambulance	Total
REVENUES						
Interest Income	\$ 1,192	\$ 105	\$ 491	\$ 116	\$ 8	\$ 9,318
Other	21,984	-	-	-	-	24,951
TOTAL REVENUES	<u>23,176</u>	<u>105</u>	<u>491</u>	<u>116</u>	<u>8</u>	<u>34,269</u>
EXPENDITURES						
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>23,176</u>	<u>105</u>	<u>491</u>	<u>116</u>	<u>8</u>	<u>34,269</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	5,000	5,000	-	85,000
Transfers (Out)	(15,619)	(16,000)	(11,175)	-	-	(58,029)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,619)</u>	<u>(16,000)</u>	<u>(6,175)</u>	<u>5,000</u>	<u>-</u>	<u>26,971</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	7,557	(15,895)	(5,684)	5,116	8	61,240
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>84,237</u>	<u>23,912</u>	<u>35,306</u>	<u>5,005</u>	<u>7,051</u>	<u>635,603</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 91,794</u>	<u>\$ 8,017</u>	<u>\$ 29,622</u>	<u>\$ 10,121</u>	<u>\$ 7,059</u>	<u>\$ 696,843</u>

See accompanying independent auditor's report and notes to financial statements.

## General Capital Assets

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

TOWN OF LUDLOW, VT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
 JUNE 30, 2023

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 19,600	\$ 2,971,975	\$ 105,906	\$ -	\$ 3,097,481
Cemetery	-	161,770	56,503	32,600	250,873
Culture and recreation	258,511	322,492	26,887	62,142	670,032
Highway and streets	75,956	197,693	2,088,244	5,291,075	7,652,968
Public safety	-	906,373	2,119,597	19,948	3,045,918
Sanitation and recycling	5,000	95,876	28,386	106,310	235,572
Ambulance	-	-	653,046	-	653,046
<b>Total General Capital Assets</b>	<b>359,067</b>	<b>4,656,179</b>	<b>5,078,569</b>	<b>5,512,075</b>	<b>15,605,890</b>
Less: Accumulated Depreciation	-	(2,385,206)	(3,255,672)	(2,948,839)	(8,589,717)
<b>Net General Capital Assets</b>	<b>\$ 359,067</b>	<b>\$ 2,270,973</b>	<b>\$ 1,822,897</b>	<b>\$ 2,563,236</b>	<b>\$ 7,016,173</b>

See accompanying independent auditor’s report and notes to financial statements.



## TOWN OF LUDLOW, VT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2023

	General Capital Assets 7/1/22 (Restated)	Additions	Deletions	General Capital Assets 6/30/23
General government	\$ 3,083,058	\$ 14,423	\$ -	\$ 3,097,481
Cemetery	234,873	16,000	-	250,873
Culture and recreation	438,515	231,517	-	670,032
Highway and streets	7,502,970	288,706	(138,708)	7,652,968
Public safety	3,034,808	28,946	(17,836)	3,045,918
Sanitation and recycling	235,572	-	-	235,572
Ambulance	653,046	-	-	653,046
Total General Capital Assets	15,182,842	579,592	(156,544)	15,605,890
Less: Accumulated Depreciation	(8,025,079)	(689,874)	125,236	(8,589,717)
Net General Capital Assets	<u>\$ 7,157,763</u>	<u>\$ (110,282)</u>	<u>\$ (31,308)</u>	<u>\$ 7,016,173</u>

See accompanying independent auditor's report and notes to financial statements.



Proven Expertise & Integrity

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

Selectboard  
Town of Ludlow  
Ludlow, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Ludlow, Vermont, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise Town of Ludlow, Vermont's basic financial statements and have issued our report thereon dated March 5, 2024.

Internal Control Over Financial Reporting

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Ludlow, Vermont's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Ludlow, Vermont in a separate letter dated January 15, 2024.

#### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
March 5, 2024