

**VILLAGE OF LUDLOW, VERMONT**

Independent Auditor's Report Pursuant  
to Governmental Auditing Standards  
and the Requirements of the Uniform Guidance

Year Ended June 30, 2020

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

To the Board of Trustees  
Village of Ludlow, Vermont  
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 Village of Ludlow, Vermont, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village of Ludlow, Vermont's basic financial statements, and have issued our report thereon dated November 11, 2020.

### **Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Village of Ludlow, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

Telling & Hillman, P.C.

Telling & Hillman, P.C.  
License # 092.0131564  
Middlebury, Vermont  
November 11, 2020

## **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Report on the Schedule of Federal Awards**

To the Board of Trustees  
Village of Ludlow, Vermont  
Ludlow, Vermont

### **Report on Compliance for Each Major Federal Program**

We have audited the Village of Ludlow, Vermont's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village of Ludlow, Vermont's major federal programs for the year ended June 30, 2020. The Village of Ludlow, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Village of Ludlow, Vermont's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Ludlow, Vermont's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Village of Ludlow, Vermont's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the Village of Ludlow, Vermont, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

#### **Report on Internal Control over Compliance**

Management of the Village of Ludlow, Vermont, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

In planning and performing our audit of compliance, we considered the Village of Ludlow, Vermont 's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Ludlow, Vermont 's internal control over compliance.

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

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

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Ludlow, Vermont , as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village of Ludlow, Vermont 's basic financial statements. We issued our report thereon dated November 11, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose

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Middlebury, Vermont  
November 11, 2020

**VILLAGE OF LUDLOW, VERMONT**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

<b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Environmental Protection Agency</b>			
Pass-through programs from:			
State of Vermont			
Clean Water State Revolving Funds	66.458		\$ 1,591,403
<b>U.S. Department of Transportation</b>			
National Priority Safety Programs	20.616		<u>1,517</u>
Total federal expenditures			<u>\$ 1,592,920</u>

See Notes to Schedule of Expenditures of Federal Awards.

**VILLAGE OF LUDLOW, VERMONT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

***Note 1- Basis of Presentation***

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Village of Ludlow, Vermont under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village of Ludlow, Vermont, it is not intended to and does not present the statement of revenues, expenditures, and changes in fund balance of the Village of Ludlow, Vermont.

***Note 2 - Summary of Certain Significant Accounting Policies***

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

***Note 3 - Subrecipients***

The Village of Ludlow, Vermont does not provided federal awards to subrecipients.

***Note 4 – Scope of Audit***

The Village is an independent municipal corporation. All federal grant operations of the Village are included in the scope of the single audit.

***Note 5 – Indirect Cost Rate***

The Village did not elect to use the 10% de minimus cost rate.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The Village's policy is not to charge federal award programs with indirect costs.



**VILLAGE OF LUDLOW, VERMONT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

**Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Village of Ludlow, Vermont were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Village of Ludlow, Vermont which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported.
5. The auditor's report on compliance for the major federal awards programs for Village of Ludlow, Vermont expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The program tested as a major program was:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
66.458	Clean Water State Revolving Funds

8. The threshold used to distinguish between type A and B programs was \$750,000.
9. Village of Ludlow, Vermont was determined to be a high-risk auditee.

**Findings – Financial Statement Audit**

**None**