

Audited Financial Statements and
Other Financial Information

Village of Ludlow, Vermont

June 30, 2023



Proven Expertise & Integrity

VILLAGE OF LUDLOW, VERMONT

CONTENTS

JUNE 30, 2023

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT DISCUSSION AND ANALYSIS	5 - 12
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	13 - 14
STATEMENT B - STATEMENT OF ACTIVITIES	15 - 16
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	17
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	18
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	19
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	21 - 22
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	23
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	24 - 25
NOTES TO FINANCIAL STATEMENTS	26 - 53

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	54
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	55
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	56
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSION	57
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	58

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	59
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	60
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	61
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	62
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	63
SPECIAL REVENUE FUNDS DESCRIPTION	64
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	65
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	66
CAPITAL PROJECTS FUNDS DESCRIPTION	67
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	68

SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	69
GENERAL CAPITAL ASSET DESCRIPTION	70
SCHEDULE I - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	71
SCHEDULE J - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	72
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 <i>GOVERNMENT AUDITING STANDARDS</i>	73 - 74



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Village of Ludlow
Ludlow, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund and the aggregate remaining fund information of the Village 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 Village 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, discretely presented component unit, each major fund and the aggregate remaining fund information of the Village 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 Village 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.

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 Village 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 Village 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 Village 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 55 through 58 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 Village 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 May 1, 2024 on our consideration of the Village of Ludlow, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Village 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 Village of Ludlow, Vermont's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
May 1, 2024

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

(UNAUDITED)

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

Financial Statement Overview

The Village of Ludlow'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 schedule, pension information 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 Village'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 Village'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 Village activities. The types of activities presented for the Village 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 Village's basic services are reported in governmental activities, which include general government and highways and streets.
- *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 Village of Ludlow include the Water and Sewer Fund. The Village Electric Light Department is a discretely presented as a component unit.

The government-wide financial statements include not only the Village itself (known as the primary government), but also legally separate entities for which the Village is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. This component unit includes the Village Electric Light Department. Village Electric Light, although also legally separate, functions for all practical purposes as a department of the Village and therefore has been included as an integral part of the primary government.

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 Village 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 Village of Ludlow can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Most of the basic services provided by the Village 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 Village's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Village.

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 Village of Ludlow presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Village's major governmental fund is the general 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 Village 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 Village of Ludlow maintains two proprietary funds, the Water and Sewer Fund. The Village Electric Light Department is discretely presented as a component unit. These funds are 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 - Pension 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 regard to nonmajor funds, capital asset activity 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 Village's governmental and business-type activities. The Village's total net position for governmental activities increased by \$121,087 from \$814,401 to \$935,488. For business-type activities, the Village's total net position increased by \$79,017 from \$8,429,089 to \$8,508,106.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for the governmental activities to a balance of \$370,872 at the end of the fiscal year. The business-type activities increased to \$2,081,435.

Table 1
Village of Ludlow, Vermont
Net Position
June 30

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Assets:				
Current Assets	\$ 538,738	\$ 351,204	\$ 2,912,712	\$ 2,556,847
Noncurrent Assets - Capital Assets	564,616	617,429	11,456,577	11,882,572
Total Assets	1,103,354	968,633	14,369,289	14,439,419
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	35,874	24,044	64,575	45,038
Total Deferred Outflows of Resources	35,874	24,044	64,575	45,038
Liabilities:				
Current Liabilities	37,626	40,705	247,893	694,693
Noncurrent Liabilities	106,997	60,576	4,991,094	4,657,973
Total Liabilities	144,623	101,281	5,238,987	5,352,666
Deferred Inflows of Resources:				
Deferred Revenues	55,191	45,204	679,705	645,478
Deferred Inflows Related to Pensions	3,926	31,791	7,066	57,224
Total Deferred Inflows of Resources	59,117	76,995	686,771	702,702
Net Position:				
Net Investment in Capital Assets	564,616	617,429	6,426,671	6,633,936
Unrestricted	370,872	196,972	2,081,435	1,795,153
Total Net Position	\$ 935,488	\$ 814,401	\$ 8,508,106	\$ 8,429,089

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2021</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 49,043	\$ 47,658	\$ 1,402,818	\$ 1,326,008
Operating grants and contributions	161,688	164,169	-	-
<i>General Revenues:</i>				
Taxes	435,150	419,489	-	-
Investment income	3,406	124	32,026	6,971
Miscellaneous	75,925	67,317	98,477	35,778
Total Revenues	<u>725,212</u>	<u>698,757</u>	<u>1,533,321</u>	<u>1,368,757</u>
Expenses				
General government	192,883	188,335	-	-
Highways and streets	411,242	312,572	-	-
Water	-	-	423,686	368,945
Sewer	-	-	1,030,618	896,236
Total Expenses	<u>604,125</u>	<u>500,907</u>	<u>1,454,304</u>	<u>1,265,181</u>
Change in Net Position	121,087	197,850	79,017	103,576
Net Position - July 1	<u>814,401</u>	<u>616,551</u>	<u>8,429,089</u>	<u>8,325,513</u>
Net Position - June 30	<u>\$ 935,488</u>	<u>\$ 814,401</u>	<u>\$ 8,508,106</u>	<u>\$ 8,429,089</u>

Revenues and Expenses

Revenues for the Village of Ludlow's governmental activities increased by 3.79%, while total expenses increased by 20.61%. The increase in revenues was primarily due to taxes and miscellaneous and the increase in expenses was due to highways and streets.

Revenues for the business-type activities increased by 12.02% while total expenses increased by 14.95%.

Financial Analysis of the Village's Fund Statements

Governmental funds: The financial reporting focus of the Village'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 Village'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
Village of Ludlow, Vermont
Fund Balances (Deficit) - Governmental Funds
June 30

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 39,883	\$ 27,481	\$ 12,402
Unassigned	160,886	110,768	50,118
Total General Fund	<u>\$ 200,769</u>	<u>\$ 138,249</u>	<u>\$ 62,520</u>
Nonmajor Funds:			
Special Revenue Funds:			
Assigned	\$ 241,026	\$ 123,024	\$ 118,002
Capital Project Funds			
Committed	344	340	4
Total Nonmajor Funds	<u>\$ 241,370</u>	<u>\$ 123,364</u>	<u>\$ 118,006</u>

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

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

The water fund had an increase in the net position of \$120,894 and the sewer fund had a decrease in net position of \$41,877 in 2023.

Budgetary Highlights

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

The general fund actual revenues exceed budgeted amounts by \$32,974. All revenue categories were within or exceeded budgeted amounts.

The general fund actual expenditures were under budgeted amounts by \$29,726. All expenditure categories were under budgeted amounts with the exception of general government.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Village decreased by \$478,808 from the prior year. The decrease is the result of net capital additions of \$15,142 and current year depreciation of \$493,950.

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

	2023	2022
Land and construction in progress	\$ 172,255	\$ 186,220
Buildings and Improvements	6,322,254	6,580,525
Machinery, equipment and vehicles	77,428	84,326
Infrastructure	5,449,256	5,648,930
Total	\$ 12,021,193	\$ 12,500,001

Debt

At June 30, 2023, the Village had \$5,029,906 in bonds payable versus last year's outstanding amount of \$5,248,636. Refer to Note 5 of the Notes to the Financial Statements for detailed information.

Economic Factors and Next Year's Budgets and Rates

The Village's unassigned fund balance is a level sufficient to sustain government operations for a period of approximately four months.

The 2023 - 2024 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2023 - 2024 as of the date this report was issued.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office at 37 Depot Street, Ludlow, Vermont 05149.

The Village of Ludlow, Vermont Electric Light Department audited financial statements are available at the Electric Department offices at 9 Pond Street, Ludlow, Vermont 05149.

STATEMENT A

VILLAGE OF LUDLOW, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,702,310	\$ 229,875	\$ 2,932,185	\$ 4,097,367
Accounts receivable (net of allowance for uncollectibles):				1,333,472
Taxes receivable	3,276	-	3,276	-
Unbilled revenue				73,660
Other	359	386,031	386,390	-
Prepaid items	39,883	-	39,883	24,008
Inventories	-	89,716	89,716	182,208
Internal balances	(2,207,090)	2,207,090	-	-
Total current assets	<u>538,738</u>	<u>2,912,712</u>	<u>3,451,450</u>	<u>5,710,715</u>
Noncurrent assets:				
Capital assets:				
Land, infrastructure and other assets not being depreciated	18,000	154,255	172,255	-
Land improvements, buildings and improvements, equipment, vehicles and infrastructure net of accumulated depreciation	546,616	11,302,322	11,848,938	-
Electric Light department	-	-	-	1,767,514
Total noncurrent assets	<u>564,616</u>	<u>11,456,577</u>	<u>12,021,193</u>	<u>1,767,514</u>
Investment in associated company	-	-	-	5,728,659
TOTAL ASSETS	<u>1,103,354</u>	<u>14,369,289</u>	<u>15,472,643</u>	<u>13,206,888</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	35,874	64,575	100,449	332,099
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>35,874</u>	<u>64,575</u>	<u>100,449</u>	<u>332,099</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,139,228</u>	<u>\$ 14,433,864</u>	<u>\$ 15,573,092</u>	<u>\$ 13,538,987</u>

STATEMENT A (CONTINUED)
VILLAGE OF LUDLOW, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total	Component Unit
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 18,480	\$ 2,342	\$ 20,822	\$ 1,257,561
Accrued expenses	-	-	-	428,118
Note payable	-	-	-	-
Due to other governments	18,685	22,658	41,343	-
Current portion of long-term obligations	461	222,893	223,354	39,667
Total current liabilities	<u>37,626</u>	<u>247,893</u>	<u>285,519</u>	<u>1,725,346</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations:				
Bonds payable	-	4,807,393	4,807,393	-
Notes from direct borrowings payable	-	-	-	118,996
Accrued compensated absences	8,749	6,854	15,603	-
Net pension liability	98,248	176,847	275,095	839,414
Total noncurrent liabilities	<u>106,997</u>	<u>4,991,094</u>	<u>5,098,091</u>	<u>958,410</u>
TOTAL LIABILITIES	<u>144,623</u>	<u>5,238,987</u>	<u>5,383,610</u>	<u>2,683,756</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	55,191	679,705	734,896	14,433
Deferred inflows related to pensions	3,926	7,066	10,992	52,029
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>59,117</u>	<u>686,771</u>	<u>745,888</u>	<u>66,462</u>
NET POSITION				
Net investment in capital assets	564,616	6,426,671	6,991,287	1,767,514
Unrestricted	370,872	2,081,435	2,452,307	9,021,255
TOTAL NET POSITION	<u>935,488</u>	<u>8,508,106</u>	<u>9,443,594</u>	<u>10,788,769</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 1,139,228</u>	<u>\$ 14,433,864</u>	<u>\$ 15,573,092</u>	<u>\$ 13,538,987</u>

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

VILLAGE 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			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total	
Governmental activities								
General government	\$ 192,883	\$ 49,043	\$ -	\$ -	\$ (143,840)	\$ -	\$ (143,840)	\$ -
Highways and streets	411,242	-	161,688	-	(249,554)	-	(249,554)	-
Total governmental activities	604,125	49,043	161,688	-	(393,394)	-	(393,394)	-
Business-type activities:								
Water fund	423,686	448,661	-	-	-	24,975	24,975	-
Sewer fund	1,030,618	954,157	-	-	-	(76,461)	(76,461)	-
Total business-type activities	1,454,304	1,402,818	-	-	-	(51,486)	(51,486)	-
Total government	<u>\$ 2,058,429</u>	<u>\$ 1,451,861</u>	<u>\$ 161,688</u>	<u>\$ -</u>	<u>(393,394)</u>	<u>(51,486)</u>	<u>(444,880)</u>	<u>-</u>
Component unit:								
Electric Light department	\$ 9,328,600	\$ 7,997,434	\$ -	\$ -	-	-	-	(1,331,166)
Total component unit	<u>\$ 9,328,600</u>	<u>\$ 7,997,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,331,166)</u>

STATEMENT B (CONTINUED)
VILLAGE OF LUDLOW, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities	Business- type Activities	Total	Component Unit
Changes in net position:				
Net (expense) revenue	(393,394)	(51,486)	(444,880)	(1,331,166)
General revenue:				
Taxes:				
Property taxes, levied for general purposes	435,150	-	435,150	-
Interest income	3,406	32,026	35,432	683,163
Miscellaneous	75,925	98,477	174,402	283,401
Total general revenues	514,481	130,503	644,984	966,564
Change in net position	121,087	79,017	200,104	(364,602)
NET POSITION - JULY 1	814,401	8,429,089	9,243,490	11,153,371
NET POSITION - JUNE 30	\$ 935,488	\$ 8,508,106	\$ 9,443,594	\$ 10,788,769

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

VILLAGE OF LUDLOW, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,702,310	\$ -	\$ 2,702,310
Accounts receivable (net of allowance for uncollectibles):			
Taxes receivable	3,276	-	3,276
Other	359	-	359
Prepaid items	39,883	-	39,883
Due from other funds	-	241,370	241,370
TOTAL ASSETS	<u>\$ 2,745,828</u>	<u>\$ 241,370</u>	<u>\$ 2,987,198</u>
LIABILITIES			
Accounts payable	\$ 18,480	\$ -	\$ 18,480
Due to other governments	18,685	-	18,685
Due to other funds	2,448,460	-	2,448,460
TOTAL LIABILITIES	<u>2,485,625</u>	<u>-</u>	<u>2,485,625</u>
DEFERRED INFLOWS OF RESOURCES			
Ludlow Electric prepayment	55,191	-	55,191
Deferred tax revenues	4,243	-	4,243
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>59,434</u>	<u>-</u>	<u>59,434</u>
FUND BALANCES			
Nonspendable	39,883	-	39,883
Restricted	-	-	-
Committed	-	344	344
Assigned	-	241,026	241,026
Unassigned	160,886	-	160,886
TOTAL FUND BALANCES	<u>200,769</u>	<u>241,370</u>	<u>442,139</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,745,828</u>	<u>\$ 241,370</u>	<u>\$ 2,987,198</u>

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

VILLAGE OF LUDLOW, VERMONT

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

	Total Governmental Funds
Total Fund Balances	\$ 442,139
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	564,616
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	4,243
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	35,874
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(9,210)
Net pension liability	(98,248)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	(3,926)
Net position of governmental activities	\$ 935,488

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

VILLAGE OF LUDLOW, VERMONT

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

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 435,150	\$ -	\$ 435,150
Intergovernmental	46,697	114,991	161,688
Permits, licenses and fees	9,043	-	9,043
Charges for services	40,000	-	40,000
Miscellaneous revenues	76,316	3,015	79,331
TOTAL REVENUES	<u>607,206</u>	<u>118,006</u>	<u>725,212</u>
EXPENDITURES			
Current:			
General government	185,303	-	185,303
Highways and streets	359,383	-	359,383
TOTAL EXPENDITURES	<u>544,686</u>	<u>-</u>	<u>544,686</u>
NET CHANGE IN FUND BALANCES	62,520	118,006	180,526
FUND BALANCES - JULY 1	<u>138,249</u>	<u>123,364</u>	<u>261,613</u>
FUND BALANCES - JUNE 30	<u>\$ 200,769</u>	<u>\$ 241,370</u>	<u>\$ 442,139</u>

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

VILLAGE OF LUDLOW, VERMONT

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 180,526</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Depreciation expense	<u>(52,813)</u>
<p>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.</p>	
	<u>11,830</u>
<p>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:</p>	
Accrued compensated absences	2,004
Net pension liability	<u>(48,325)</u>
	<u>(46,321)</u>
<p>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.</p>	
	<u>27,865</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 121,087</u></u>

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

VILLAGE OF LUDLOW, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023 AND DECEMBER 31, 2022

	Enterprise Fund			Discrete
	June 30, 2023			Comp. Unit
	Water Fund	Sewer Fund	Total	Electric Light Dept.
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 229,875	\$ 229,875	\$ 4,097,367
Accounts receivable (net of allowance for uncollectibles)	155,297	230,734	386,031	1,333,472
Unbilled revenues	-	-	-	73,660
Prepaid items	-	-	-	24,008
Inventories	48,316	41,400	89,716	182,208
Due from other funds	478,499	1,728,591	2,207,090	-
Total current assets	<u>682,112</u>	<u>2,230,600</u>	<u>2,912,712</u>	<u>5,710,715</u>
Capital assets:				
Land and other nondepreciable assets	152,920	1,335	154,255	-
Buildings and improvements	2,252,172	8,386,440	10,638,612	-
Machinery, equipment and vehicles	77,415	174,245	251,660	-
Infrastructure	3,707,267	3,144,859	6,852,126	-
Electric light department	-	-	-	8,340,508
Total capital assets	<u>6,189,774</u>	<u>11,706,879</u>	<u>17,896,653</u>	<u>8,340,508</u>
Less: accumulated depreciation	<u>(2,111,527)</u>	<u>(4,328,549)</u>	<u>(6,440,076)</u>	<u>(6,572,994)</u>
Net capital assets	<u>4,078,247</u>	<u>7,378,330</u>	<u>11,456,577</u>	<u>1,767,514</u>
Investment in associated company	-	-	-	5,728,659
TOTAL ASSETS	<u>4,760,359</u>	<u>9,608,930</u>	<u>14,369,289</u>	<u>13,206,888</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	<u>21,523</u>	<u>43,052</u>	<u>64,575</u>	<u>332,099</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>21,523</u>	<u>43,052</u>	<u>64,575</u>	<u>332,099</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,781,882</u>	<u>\$ 9,651,982</u>	<u>\$ 14,433,864</u>	<u>\$ 13,538,987</u>

STATEMENT G (CONTINUED)
VILLAGE OF LUDLOW, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023 AND DECEMBER 31, 2022

	Enterprise Fund			Discrete Comp. Unit
	June 30, 2023			12/31/22
	Water Fund	Sewer Fund	Total	Electric Light Dept.
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 2,125	\$ 217	\$ 2,342	\$ 1,257,561
Accrued expenses	-	-	-	428,118
Due to other governments	9,643	13,015	22,658	-
Note payable	-	-	-	-
Current portion of long-term liabilities	91,529	131,364	222,893	39,667
Total current liabilities	<u>103,297</u>	<u>144,596</u>	<u>247,893</u>	<u>1,725,346</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations:				
Bonds payable	1,661,866	3,145,527	4,807,393	-
Notes from direct borrowings payable	-	-	-	118,996
Accrued compensated absences	2,079	4,775	6,854	-
Net pension liability	58,943	117,904	176,847	839,414
Total noncurrent liabilities	<u>1,722,888</u>	<u>3,268,206</u>	<u>4,991,094</u>	<u>958,410</u>
TOTAL LIABILITIES	<u>1,826,185</u>	<u>3,412,802</u>	<u>5,238,987</u>	<u>2,683,756</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	234,900	444,805	679,705	14,433
Deferred inflows related to pension	2,357	4,709	7,066	52,029
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>237,257</u>	<u>449,514</u>	<u>686,771</u>	<u>66,462</u>
NET POSITION				
Net investment in capital assets	2,324,977	4,101,694	6,426,671	1,767,514
Unrestricted	393,463	1,687,972	2,081,435	9,021,255
TOTAL NET POSITION	<u>2,718,440</u>	<u>5,789,666</u>	<u>8,508,106</u>	<u>10,788,769</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 4,781,882</u>	<u>\$ 9,651,982</u>	<u>\$ 14,433,864</u>	<u>\$ 13,538,987</u>

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

VILLAGE OF LUDLOW, VERMONT

STATEMENT OF CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023 AND DECEMBER 31, 2022

	Enterprise Fund			Discrete
	June 30, 2023			Comp. Unit
	Water Fund	Sewer Fund	Total	Electric Light Dept.
OPERATING REVENUES				
Charges for services	\$ 448,661	\$ 954,157	\$ 1,402,818	\$ 7,997,434
Other	2,683	-	2,683	-
TOTAL OPERATING REVENUES	451,344	954,157	1,405,501	7,997,434
OPERATING EXPENSES				
Salaries and benefits	117,605	288,671	406,276	-
Contract services	14,335	105,447	119,782	-
Purchased power and distribution	-	-	-	7,021,917
Customer accounts	-	-	-	310,765
Administration and general	-	-	-	1,437,624
Office expenses	1,856	50	1,906	-
Maintenance	51,198	42,090	93,288	-
Supplies	25,448	34,995	60,443	-
Utilities	15,061	40,434	55,495	-
Insurance	7,848	22,760	30,608	-
Depreciation	146,338	294,799	441,137	180,634
Taxes	-	-	-	372,471
Other	7,804	119,431	127,235	-
TOTAL OPERATING EXPENSES	387,493	948,677	1,336,170	9,323,411
OPERATING INCOME	63,851	5,480	69,331	(1,325,977)
NONOPERATING REVENUES (EXPENSES)				
Bond interest forgiven	12,047	19,979	32,026	-
Other nonoperating income	80,551	-	80,551	283,401
Investment income (loss)	638	14,605	15,243	683,163
Interest (expense)	(36,193)	(81,941)	(118,134)	(5,189)
TOTAL NONOPERATING REVENUES (EXPENSES)	57,043	(47,357)	9,686	961,375
CHANGE IN NET POSITION	120,894	(41,877)	79,017	(364,602)
NET POSITION - JULY 1	2,597,546	5,831,543	8,429,089	11,153,371
NET POSITION - JUNE 30	\$ 2,718,440	\$ 5,789,666	\$ 8,508,106	\$ 10,788,769

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

VILLAGE OF LUDLOW, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023 AND DECEMBER 31, 2022

	Enterprise Funds			Discrete
	June 30, 2022			Comp. Unit
	Water Fund	Sewer Fund	Total	Electric Light Dept.
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 464,154	\$ 976,492	\$ 1,440,646	\$ 7,996,017
Internal activity - receipts (payments) from/to other funds	(201,049)	(149,516)	(350,565)	-
Payments to suppliers	(113,572)	(356,765)	(470,337)	(8,034,092)
Payments to employees	(112,462)	(276,878)	(389,340)	(1,111,098)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>37,071</u>	<u>193,333</u>	<u>230,404</u>	<u>(1,149,173)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income (loss)	638	14,605	15,243	677,060
Purchase of investments	-	-	-	(341,620)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>638</u>	<u>14,605</u>	<u>15,243</u>	<u>335,440</u>
CASH FLOWS FROM NON-CAPITAL INVESTING ACTIVITIES:				
Non-operating income	80,551	-	80,551	283,401
NET CASH PROVIDED (USED) BY NON-CAPITAL INVESTING ACTIVITIES:	<u>80,551</u>	<u>-</u>	<u>80,551</u>	<u>283,401</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital asset purchases	(3,700)	(11,442)	(15,142)	(678,371)
Bond negative interest forgiveness	12,047	19,979	32,026	-
Principal payments on bonds and notes payable	(90,414)	(128,316)	(218,730)	(39,672)
Interest payments on bonds and notes payable	(36,193)	(81,941)	(118,134)	(5,189)
NET CASH PROVIDED BY (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(118,260)</u>	<u>(201,720)</u>	<u>(319,980)</u>	<u>(723,232)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	6,218	6,218	(1,253,564)
CASH AND CASH EQUIVALENTS - JULY 1	-	223,657	223,657	5,350,931
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>	<u>\$ 229,875</u>	<u>\$ 229,875</u>	<u>\$ 4,097,367</u>

SCHEDULE I (CONTINUED)
VILLAGE OF LUDLOW, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023 AND DECEMBER 31, 2022

	Enterprise Funds			Discrete
	June 30, 2022			Comp. Unit
	Water Fund	Sewer Fund	Total	Electric Light Dept.
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 63,851	\$ 5,480	\$ 69,331	\$ (1,325,977)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	146,338	294,799	441,137	180,634
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	1,772	(854)	918	45,345
(Increase) decrease in unbilled revenue	-	-	-	(20,265)
(Increase) decrease in prepaid items	-	-	-	(1,429)
(Increase) decrease in inventories	-	-	-	(56,411)
(Increase) decrease in due from other funds	(201,049)	(149,516)	(350,565)	-
(Increase) decrease in deferred outflows related to pension	(6,842)	(12,695)	(19,537)	(98,120)
Increase (decrease) in accounts payable	1,675	(1,081)	594	72,235
Increase (decrease) in accrued expenses	(940)	(2,492)	(3,432)	(84,231)
Increase (decrease) in customer deposits liability	-	-	-	(21,870)
Increase (decrease) in due to other governments	9,243	12,015	21,258	-
Increase (decrease) in accrued compensated absences	(286)	(68)	(354)	-
Increase (decrease) in net pension liability	28,989	57,996	86,985	394,860
Increase (decrease) in deferred revenues	11,038	23,189	34,227	-
(Increase) decrease in deferred inflows related to pension	(16,718)	(33,440)	(50,158)	(233,944)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 37,071</u>	<u>\$ 193,333</u>	<u>\$ 230,404</u>	<u>\$ (1,149,173)</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid during the year for:				
Interest	<u>\$ 36,193</u>	<u>\$ 81,941</u>	<u>\$ 118,134</u>	<u>\$ 5,189</u>

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Village of Ludlow was incorporated under the laws of the State of Vermont. The Village operates under the Trustee-manager form of government and provides the following services: general government and highway and streets.

The Village'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).

The Village's combined financial statements include all accounts and all operations of the Village. We determined the Village has a component unit, Village of Ludlow, Vermont - Electric Light Department as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61. The Village of Ludlow, Vermont - Electric Light Department is discretely presented in the Village's financial statement. The discretely presented component unit has a December 31, 2021 fiscal year end.

The Village of Ludlow, Vermont - Electric Light Department is a chartered utility providing retail electric power to the residents of the Village of Ludlow and the nearby surrounding area. The Electric Light Department is under the jurisdiction of the Federal Energy Regulatory Commission (FERC) and the Vermont Public Service Board (VPSB) with respect to their rates and accounting. The primary criteria used in determining the separate nature of the Electric Light Department is its special accounting and report practices required by various regulatory authorities.

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

VILLAGE OF LUDLOW, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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,

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's Water and Sewer Fund is categorized as business-type activities. All other activities of the Village 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) 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 Village's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Village 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 Village'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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Village 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 Village as an entity and the change in the Village's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Village 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 Village:

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 Village:

Major fund:

- a. The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Nonmajor funds:

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, infrastructure and/or equipment.

VILLAGE 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 Village:

- 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. These activities for the Village of Ludlow include the Water and Sewer Fund. The Village Electric Light Department is discretely presented as a component unit.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

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 proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

Budget

The Village'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. In the second half of the year the Village prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A Village meeting of the residents of the Village 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 inhabitants of the Village.

Deposits and Investments

The Village'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 Village's policy to value investments at fair value. None of the Village's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Village Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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

Receivables

Receivables include amounts due for Enterprise funds primarily. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts in the water fund and sewer fund is estimated to be \$1,000 each as of June 30, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$386,390 for the year ended June 30, 2023.

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.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method).

The water and sewer fund inventory consists of operational supplies on hand at the end of the year and other maintenance non-expendable supplies.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Capital Assets

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

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

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Village.

Estimated useful lives are as follows:

Buildings and improvements	10 - 50 years
Infrastructure	20 - 50 years
Machinery and equipment	3 - 25 years
Vehicles	3 - 25 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 debt consists of bonds payable, accrued compensated absences and net pension liability.

VILLAGE OF LUDLOW, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 funds is the same in the fund statements as it is in the government-wide statements.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Village 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 Balance

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 Village 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 Village. The inhabitants of the Village through Village meetings are the highest level of decision-making authority of the Village. Commitments may be established, modified or rescinded only through a Village meeting vote.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the taxpayers and is expressed by the Trustees.

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

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

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's fiduciary net position have 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.

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 Village has only one type of this item, deferred outflows related to pensions. This item is reported in the statement of net position.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 revenues and prepaid revenues from Ludlow Electric, 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 qualifies 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

The Village's property tax for the current year was levied on February 16, 2022 on the assessed value listed as of April 1, annually, for all real property located in the Village. Taxes were due in four installments on August 27, November 15, February 15 and May 16. Interest accrues at 1% per month until three months following the final payment at which point 1½% per month for each month thereafter. An additional 8% penalty is added to the entire unpaid principal tax balance after May 16.

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

Program Revenues

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

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Village does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Village'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 Village's investment policies, which follow state statutes, authorize the Village 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 Village funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Village 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 Village does not have a policy covering custodial credit risk.

At June 30, 2023, the Village's cash balance of \$2,932,185 was comprised of bank deposits and cash equivalents amounting to \$2,958,394. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Village's cash and cash equivalents balance. All of these deposits were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Account Type	Bank Balance
Checking accounts	\$2,958,394

Investments:

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

At June 30, 2023, the Village's had no investments.

Credit risk - Statutes for the State of Vermont authorize the Village 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 Village does not have an investment policy on credit risk. Generally, the Village invests excess funds in savings accounts and various certificates of deposit.

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	\$ -	\$ 2,448,460
Enterprise Funds	2,207,090	-
Nonmajor Special Revenue Funds	241,026	-
Nonmajor Capital Projects Funds	344	-
	\$ 2,448,460	\$ 2,448,460

VILLAGE OF LUDLOW, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

The result of amounts owed between funds are considered to be in the course of normal operations by the Village. 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.

NOTE 4 - CAPITAL ASSETS

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

	Balance, 7/1/22	Additions	Disposals	Balance, 6/30/23
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 18,000	\$ -	\$ -	\$ 18,000
	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>18,000</u>
Depreciated assets:				
Machinery, equipment and vehicles	36,493	-	-	36,493
Infrastructure	1,198,176	-	-	1,198,176
	<u>1,234,669</u>	<u>-</u>	<u>-</u>	<u>1,234,669</u>
Less: accumulated depreciation for:				
Machinery, equipment and vehicles	(33,373)	(954)	-	(34,327)
Infrastructure	(601,867)	(51,859)	-	(653,726)
	<u>(635,240)</u>	<u>(52,813)</u>	<u>-</u>	<u>(688,053)</u>
Net governmental capital assets	<u>\$ 617,429</u>	<u>\$ (52,813)</u>	<u>\$ -</u>	<u>\$ 564,616</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 152,920	\$ -	\$ -	\$ 152,920
Construction in progress	15,300	1,335	(15,300)	1,335
	<u>\$ 168,220</u>	<u>\$ 1,335</u>	<u>\$ (15,300)</u>	<u>\$ 154,255</u>
Depreciated assets:				
Buildings and improvements	10,638,612	-	-	10,638,612
Machinery and equipment	163,886	8,207	-	172,093
Vehicles	79,567	-	-	79,567
Infrastructure	6,831,226	20,900	-	6,852,126
	<u>17,713,291</u>	<u>29,107</u>	<u>-</u>	<u>17,742,398</u>
Less: accumulated depreciation for:				
Buildings and improvements	(4,058,087)	(258,271)	-	(4,316,358)
Machinery and equipment	(85,946)	(10,885)	-	(96,831)
Vehicles	(76,301)	(3,266)	-	(79,567)
Infrastructure	(1,778,605)	(168,715)	-	(1,947,320)
	<u>(5,998,939)</u>	<u>(441,137)</u>	<u>-</u>	<u>(6,440,076)</u>
Net business-type capital assets	<u>\$ 11,882,572</u>	<u>\$ (410,695)</u>	<u>\$ (15,300)</u>	<u>\$ 11,456,577</u>

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

NOTE 4 - CAPITAL ASSETS (CONTINUED)

<u>Depreciation expense:</u>	
General government	\$ 954
Highway and streets	51,859
Total governmental fund depreciation	<u>52,813</u>
Water	146,338
Sewer	294,799
Total business-type fund depreciation	<u>441,137</u>
Total depreciation expense	<u>\$ 493,950</u>

NOTE 5 - LONG-TERM DEBT

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

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
<u>Business-type activities:</u>					
<u>Water</u>					
Bond payable	\$ 1,843,684	\$ -	\$ (90,414)	\$ 1,753,270	\$ 91,404
<u>Sewer</u>					
Bond payable	3,404,952	-	(128,316)	3,276,636	131,109
	<u>\$ 5,248,636</u>	<u>\$ -</u>	<u>\$ (218,730)</u>	<u>\$ 5,029,906</u>	<u>\$ 222,513</u>

The following is a summary of outstanding bonds:

Bonds payable:

Water

ARRA Bond for water upgrades for \$706,000. Annual principal, interest and administrative fee payments of \$47,454 with a fixed interest rate of 1% per annum and administrative fees calculated at 2% per annum. The final payment is due in May 2032.	\$ 369,484
USDA Bond for water system upgrades for \$1,974,800. Semi-annual principal and interest payments totaling \$37,581 with a fixed interest rate of 2.25% per annum. The final payment is due in June 2035.	1,030,214
Vermont State Revolving Loan Fund for Water upgrades. Total available funds are \$440,000 with \$0 having been drawn. Payments commence one year following completion of project with annual principal and administrative fee payments. Administrative fee payments are 2% per annum.	353,572

VILLAGE OF LUDLOW, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Sewer

USDA Sewer Bond for \$750,200. Semi-annual principal and interest payments with a fixed interest rate of 3.00% per annum. The final payment is due in December 2040.	515,500
Vermont State Revolving Loan Fund. Total available funds are \$2,950,000 with \$2,415,382 having been drawn. Payments commence one year following completion of project with annual principal and administrative fee payments. Administrative fee payments are 2% per annum.	2,219,203
Vermont State Revolving Loan Fund for Sewer upgrades. Total available funds are \$550,000 with \$0 having been drawn. Payments commence one year following completion of project with annual principal and administrative fee payments. Administrative fee payments are 2% per annum.	<u>541,933</u>
	<u>\$ 5,029,906</u>

The following is a summary of outstanding bonds payable principal and interest requirements for the fiscal years ending June 30:

Business-type activities:

<u>Water</u>	<u>Water Bonds</u>		<u>Sewer Bonds</u>		<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 91,404	\$ 26,588	\$ 131,109	\$ 15,301	\$ 264,402
2025	93,733	25,042	133,965	14,611	267,351
2026	96,223	23,458	136,884	13,901	270,466
2027	98,575	21,935	139,869	13,169	273,548
2028	100,991	20,172	142,922	12,415	276,500
2029-2033	580,195	74,417	832,688	49,945	1,537,245
2034-2038	441,641	33,804	919,148	27,371	1,421,964
2039-2043	210,420	2,454	709,464	4,109	926,447
2044-2048	21,387	-	63,633	-	85,020
2049-2053	18,701	-	66,954	-	85,655
	<u>\$ 1,753,270</u>	<u>\$ 227,870</u>	<u>\$ 3,276,636</u>	<u>\$ 150,822</u>	<u>\$ 5,408,598</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for business-type activities for the year ended June 30, 2023 was \$118,134.

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

NOTE 5 - LONG-TERM DEBT (CONTINUED)

All bonds and notes from direct borrowings payable are direct obligations of the Village, for which its full faith and credit are pledged. The Village is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Village or for business-type activities from user fees.

NOTE 6 - 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	\$ 11,214	\$ -	\$ (2,004)	\$ 9,210	\$ 461
Net pension liability	49,923	-	48,325	98,248	-
Total	<u>\$ 61,137</u>	<u>\$ -</u>	<u>\$ 46,321</u>	<u>\$ 107,458</u>	<u>\$ 461</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 7,588	\$ -	\$ (734)	\$ 6,854	\$ -
Net pension liability	89,862	86,985	-	176,847	-
Total	<u>\$ 97,450</u>	<u>\$ 86,985</u>	<u>\$ (734)</u>	<u>\$ 183,701</u>	<u>\$ -</u>

Please see Notes 11 and 14 for detailed information on the other long-term obligations.

NOTE 7 - NET INVESTMENT IN CAPITAL ASSETS

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

	Governmental Activities	Business-type Activities
Invested in capital assets	\$ 1,252,669	\$ 17,896,653
Accumulated depreciation	(688,053)	(6,440,076)
Outstanding capital related debt	-	(5,029,906)
	<u>\$ 564,616</u>	<u>\$ 6,426,671</u>

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

NOTE 8 - NONSPENDABLE FUND BALANCE

At June 30, 2023, the Village had the following nonspendable fund balance:

General fund:	
Prepaid items	<u>\$ 39,883</u>

NOTE 9 - COMMITTED FUND BALANCES

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

Nonmajor Capital Projects Funds (Schedule G)	<u>\$ 344</u>
--	------------------------

NOTE 10 - ASSIGNED FUND BALANCES

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

Nonmajor Special Revenue Funds (Schedule E)	<u>\$ 241,026</u>
---	------------------------

NOTE 11 - ACCRUED COMPENSATED ABSENCES

The Village's policies regarding vacation time permits employees to accumulate vacation time. The Village's policies also permit employees to accumulate earned but unused comp time and sick leave, but these are not paid out upon termination. The liability for these compensated absences is recorded as long-term obligations 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. As of June 30, 2023, the Village's liability for compensated absences is \$16,064.

NOTE 12 - RISK MANAGEMENT

The Village 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 natural disasters for which the Village carries commercial insurance. There have been no significant reductions in coverage from the prior year and amounts of settlements have not exceeded insurance coverage in the past three years. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village.

In addition, the Village is a member of the Vermont League of Cities and Villages (VLCT). The VLCT has set up two insurance trusts; the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multi-line insurance; the Vermont League of Cities and Villages Employment Resource Benefits Trust (VERB) for unemployment, life, disability and other ancillary coverage. PACIF and VERB are nonprofit corporations

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

NOTE 12 - RISK MANAGEMENT (CONTINUED)

formed to provide insurance and risk management programs for Vermont cities and Villages and is owned by the participating members. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

To provide insurance coverage, PACIF has established a self-funded insurance trust. It provides extensive coverage for losses to member municipalities for property damage, auto accidents, injured employees, public official liability and employment practices liability. Members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

To provide unemployment insurance coverage, VERB has established a self-funded fully insured program. Contributions fund unemployment claims and are based on payroll expense and the claim experience from the best four years out of the last five. Other benefits available include dental insurance, vision plans, flexible spending accounts, life insurance, disability insurance and long-term care insurance. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VERB is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

NOTE 13 - 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 Village's financial position.

The Village participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Village'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.

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

NOTE 14 - 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 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 \(vermont.gov\)](#).

VILLAGE OF LUDLOW, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service or age 55 with 35 years of service	Age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula – normal service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC

VILLAGE OF LUDLOW, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2022 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.500% of gross salary	5.875% of gross salary	1.000% of gross salary	12.350% of gross salary
Employer Contributions	5.000% of gross salary	6.500% of gross salary	8.250% of gross salary	10.850% of gross salary

Employee contributions are withheld pre-income tax by the Village and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2023 totaled \$18,452. The Village contributed \$20,415 for the year ended June 30, 2023. The Village's total payroll for the year ended June 30, 2023 for all employees covered under this plan was \$314,801.

Pension Liabilities

At June 30, 2023, the Village reported a liability of \$275,095 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

VILLAGE OF LUDLOW, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

pension liabilities was determined by an actuarial valuation as of June 30, 2021. The Village's proportion of the net pension liabilities were based on a projection of the Village's long-term share of contributions to each pension plan relative to the projected contributions of all participating Villages, actuarially determined.

At June 30, 2022, the Village's proportion was 0.09716% for VMERS, which was a decrease of 0.004600% 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 Village recognized pension expense of \$7,201 for the VMERS plan. At June 30, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,659	\$ -
Changes of assumptions	14,064	-
Net difference between projected and actual earnings on pension plan investments	44,662	-
Changes in proportion and differences between contributions and proportionate share of contributions	649	10,992
Contributions subsequent to the measurement date	20,415	-
Total	\$ 100,449	\$ 10,992

\$20,415 reported as deferred outflows of resources related to pensions resulting from Village 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:

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

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

		VMERS Plan
Plan year ended June 30:		
2023	\$	22,100
2024		16,206
2025		4,289
2026		26,446
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.

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.

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

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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

VILLAGE OF LUDLOW, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 Projected Benefit Cost Method is used. Normal contribution rates for each Group are equal to rates from the prior year, adjusted for increases or decreases in rates due to assumption changes or plan provision changes.

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

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

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%
Private Equity	10.00%	6.50%
Emerging Markets Debt	4.00%	3.50%
Private and Alternative Credit	10.00%	4.75%
Non-Core Real Estate	4.00%	6.00%
Core Fixed Income	19.00%	0.00%
Core Real Estate	3.00%	3.50%
US TIPS	3.00%	-0.50%
Infrastructure/Farmland	4.00%	4.25%

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

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

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

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

The following presents the Village’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 Village’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	\$ 412,215	\$ 275,095	\$ 162,305

Pension Plan Fiduciary Net Position

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

VILLAGE OF LUDLOW, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - 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 Village'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 16 - RELATED ORGANIZATION

The Village received services from the Town of Ludlow. The Village has an ongoing financial responsibility to the Town of Ludlow as defined in GASB 14, paragraph 71.

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

VILLAGE 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	\$ 138,249	\$ 138,249	\$ 138,249	\$ -
Resources (Inflows):				
Property taxes	434,858	434,858	435,150	292
Intergovernmental	43,000	43,000	46,697	3,697
Permits, licenses and fees	5,850	5,850	9,043	3,193
Charges for services	40,000	40,000	40,000	-
Miscellaneous revenues	50,704	50,704	76,316	25,612
Amounts Available for Appropriation	712,661	712,661	745,455	32,794
Charges to Appropriations (Outflows):				
Current:				
General government	181,594	181,594	185,303	(3,709)
Highways and streets	386,448	386,448	359,383	27,065
Debt service:				
Principal	6,370	6,370	-	6,370
Total Charges to Appropriations	574,412	574,412	544,686	29,726
Budgetary Fund Balance, June 30	\$ 138,249	\$ 138,249	\$ 200,769	\$ 62,520

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

VILLAGE OF LUDLOW, VERMONT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
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>						
Proportion of the net pension liability	0.10%	0.10%	0.10%	0.11%	0.11%	0.00%
Proportionate share of the net pension liability	\$ 275,095	\$ 139,785	\$ 139,785	\$ 175,708	\$ 137,858	\$ 117,161
Covered payroll	\$ 323,963	\$ 303,978	\$ 292,780	\$ 271,078	\$ 281,339	\$ -
Proportionate share of the net pension liability as a percentage of its covered payroll	84.92%	45.99%	93.96%	64.82%	49.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	89.29%	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.

VILLAGE OF LUDLOW, VERMONT

SCHEDULE OF CONTRIBUTIONS - PENSION
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	\$ 20,415	\$ 19,438	\$ 18,239	\$ 19,459	\$ 16,771	\$ 17,165
Contributions in relation to the contractually required contribution	<u>(20,415)</u>	<u>(19,438)</u>	<u>(18,239)</u>	<u>(19,459)</u>	<u>(16,771)</u>	<u>(17,165)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 314,081	\$ 323,963	\$ 303,978	\$ 292,780	\$ 271,078	\$ 281,339
Contributions as a percentage of covered payroll	6.50%	6.00%	6.00%	6.65%	6.19%	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.

VILLAGE 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 Projects Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

VILLAGE OF LUDLOW, VERMONT

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

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property taxes:			
Property taxes net of education	\$ 346,058	\$ 347,952	\$ 1,894
3/5 highway	60,000	60,000	-
Electric pilot	27,500	26,105	(1,395)
Pilot program	100	-	(100)
Penalties and interest	1,200	1,093	(107)
Intergovernmental:			
Highway state aid	43,000	46,697	3,697
Permits, licenses and fees:			
Zoning fees	3,000	2,293	(707)
Hearing fees	2,400	6,750	4,350
Bianchi fees	450	-	(450)
Charges for services:			
Wastewater office	40,000	40,000	-
Other income:			
Interest income	500	3,406	2,906
Insurance refund	48,204	45,443	(2,761)
Highway misc	1,500	26,606	25,106
Admin misc	500	861	361
Total revenues	<u>\$ 574,412</u>	<u>\$ 607,206</u>	<u>\$ 32,794</u>

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

SCHEDULE B

VILLAGE OF LUDLOW, VERMONT

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

	Final Budget	Actual	Variance Positive (Negative)
GENERAL GOVERNMENT			
Office	\$ 86,647	\$ 90,562	\$ (3,915)
General	1,750	998	752
Planning services	37,621	27,106	10,515
Insurance	55,576	66,637	(11,061)
	<u>181,594</u>	<u>185,303</u>	<u>(3,709)</u>
HIGHWAYS AND STREETS			
Streets	272,538	257,742	14,796
Garage	7,200	6,912	288
Summer construction	10,250	3,681	6,569
Retreatment	34,000	33,257	743
Winter roads	62,150	57,491	4,659
Dam control	310	300	10
	<u>386,448</u>	<u>359,383</u>	<u>27,065</u>
DEBT SERVICE			
Principal	6,370	-	6,370
	<u>6,370</u>	<u>-</u>	<u>6,370</u>
TOTAL DEPARTMENTAL OPERATIONS	<u><u>\$ 574,412</u></u>	<u><u>\$ 544,686</u></u>	<u><u>\$ 29,726</u></u>

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

VILLAGE OF LUDLOW, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Due from other funds	\$ 241,026	\$ 344	\$ 241,370
TOTAL ASSETS	\$ 241,026	\$ 344	\$ 241,370
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	344	344
Assigned	241,026	-	241,026
Unassigned	-	-	-
TOTAL FUND BALANCES	241,026	344	241,370
TOTAL LIABILITIES AND FUND BALANCES	\$ 241,026	\$ 344	\$ 241,370

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

VILLAGE 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
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental	\$ 114,991	\$ -	\$ 114,991
Interest income	3,011	4	3,015
TOTAL REVENUES	<u>118,002</u>	<u>4</u>	<u>118,006</u>
EXPENDITURES			
Other	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	118,002	4	118,006
FUND BALANCES - JULY 1	<u>123,024</u>	<u>340</u>	<u>123,364</u>
FUND BALANCES - JUNE 30	<u>\$ 241,026</u>	<u>\$ 344</u>	<u>\$ 241,370</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 fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

SCHEDULE E

VILLAGE OF LUDLOW, VERMONT

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

	ARPA Fund	Zoning Fee	Act 200	Total
ASSETS				
Due from other funds	\$ 232,936	\$ 4,440	\$ 3,650	\$ 241,026
TOTAL ASSETS	\$ 232,936	\$ 4,440	\$ 3,650	\$ 241,026
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	232,936	4,440	3,650	241,026
Unassigned	-	-	-	-
TOTAL FUND BALANCES	232,936	4,440	3,650	241,026
TOTAL LIABILITIES AND FUND BALANCES	\$ 232,936	\$ 4,440	\$ 3,650	\$ 241,026

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

SCHEDULE F

VILLAGE OF LUDLOW, VERMONT

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

	ARPA Fund	Zoning Fee	Act 200	Total
REVENUES				
Intergovernmental	\$ 114,991	\$ -	\$ -	\$ 114,991
Interest Income	2,909	56	46	3,011
TOTAL REVENUES	<u>117,900</u>	<u>56</u>	<u>46</u>	<u>118,002</u>
EXPENDITURES				
Other	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	117,900	56	46	118,002
FUND BALANCES - JULY 1	<u>115,036</u>	<u>4,384</u>	<u>3,604</u>	<u>123,024</u>
FUND BALANCES - JUNE 30	<u>\$ 232,936</u>	<u>\$ 4,440</u>	<u>\$ 3,650</u>	<u>\$ 241,026</u>

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

Capital Projects 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.

VILLAGE OF LUDLOW, VERMONT

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

	<u>Equipment</u>	<u>Total</u>
ASSETS		
Due from other funds	\$ 344	\$ 344
TOTAL ASSETS	<u>\$ 344</u>	<u>\$ 344</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	-	-
Committed	344	344
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>344</u>	<u>344</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 344</u>	<u>\$ 344</u>

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

VILLAGE OF LUDLOW, VERMONT

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

	<u>Equipment</u>	<u>Total</u>
REVENUES		
Interest Income	\$ 4	\$ 4
TOTAL REVENUES	<u>4</u>	<u>4</u>
EXPENDITURES		
Capital Outlay	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	4	4
FUND BALANCES - JULY 1	<u>340</u>	<u>340</u>
FUND BALANCES - JUNE 30	<u>\$ 344</u>	<u>\$ 344</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.

VILLAGE OF LUDLOW, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2023

	Land and Non-depreciable Assets	Buildings and Building Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 18,000	\$ -	\$ 36,493	\$ -	\$ 54,493
Highway	-	-	-	1,198,176	1,198,176
Water	152,920	2,252,172	77,415	3,707,267	6,189,774
Sewer	1,335	8,386,440	174,245	3,144,859	11,706,879
Total General Capital Assets	172,255	10,638,612	288,153	8,050,302	19,149,322
Less: Accumulated Depreciation	-	(4,316,357)	(210,724)	(2,601,048)	(7,128,129)
Net General Capital Assets	<u>\$ 172,255</u>	<u>\$ 6,322,255</u>	<u>\$ 77,429</u>	<u>\$ 5,449,254</u>	<u>\$ 12,021,193</u>

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

VILLAGE OF LUDLOW, VERMONT

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

	General Capital Assets 7/1/22	Additions	Deletions	General Capital Assets 6/30/23
General government	\$ 54,493	\$ -	\$ -	\$ 54,493
Highway	1,198,176	-	-	1,198,176
Water	6,186,074	3,700	-	6,189,774
Sewer	11,695,437	11,442	-	11,706,879
Total General Capital Assets	19,134,180	15,142	-	19,149,322
Less: Accumulated Depreciation	<u>(6,634,179)</u>	<u>(493,950)</u>	-	<u>(7,128,129)</u>
Net General Capital Assets	<u>\$ 12,500,001</u>	<u>\$ (478,808)</u>	<u>\$ -</u>	<u>\$ 12,021,193</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

Board of Trustees
Village 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, the aggregate remaining fund and discretely presented component unit information of the Village 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 Village of Ludlow, Vermont's basic financial statements and have issued our report thereon dated December 5, 2022. We did not audit the financial statements of the Village of Ludlow, Vermont - Electric Light Department which is presented as a discrete component unit. The financial records were furnished to us and our opinion, insofar as it relates to the amounts included for the Village of Ludlow, Vermont - Electric Light Department is based solely on those records.

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*. We noted certain other matters that we reported to management of the Village of Ludlow, Vermont in a separate letter dated May 1, 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 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.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
May 1, 2024