



**City of Ludlow
Audited Financial Statements
June 30, 2018**

Van Gorder, Walker & Co., Inc.
Thursday, May 9, 2019

Audit Opinion

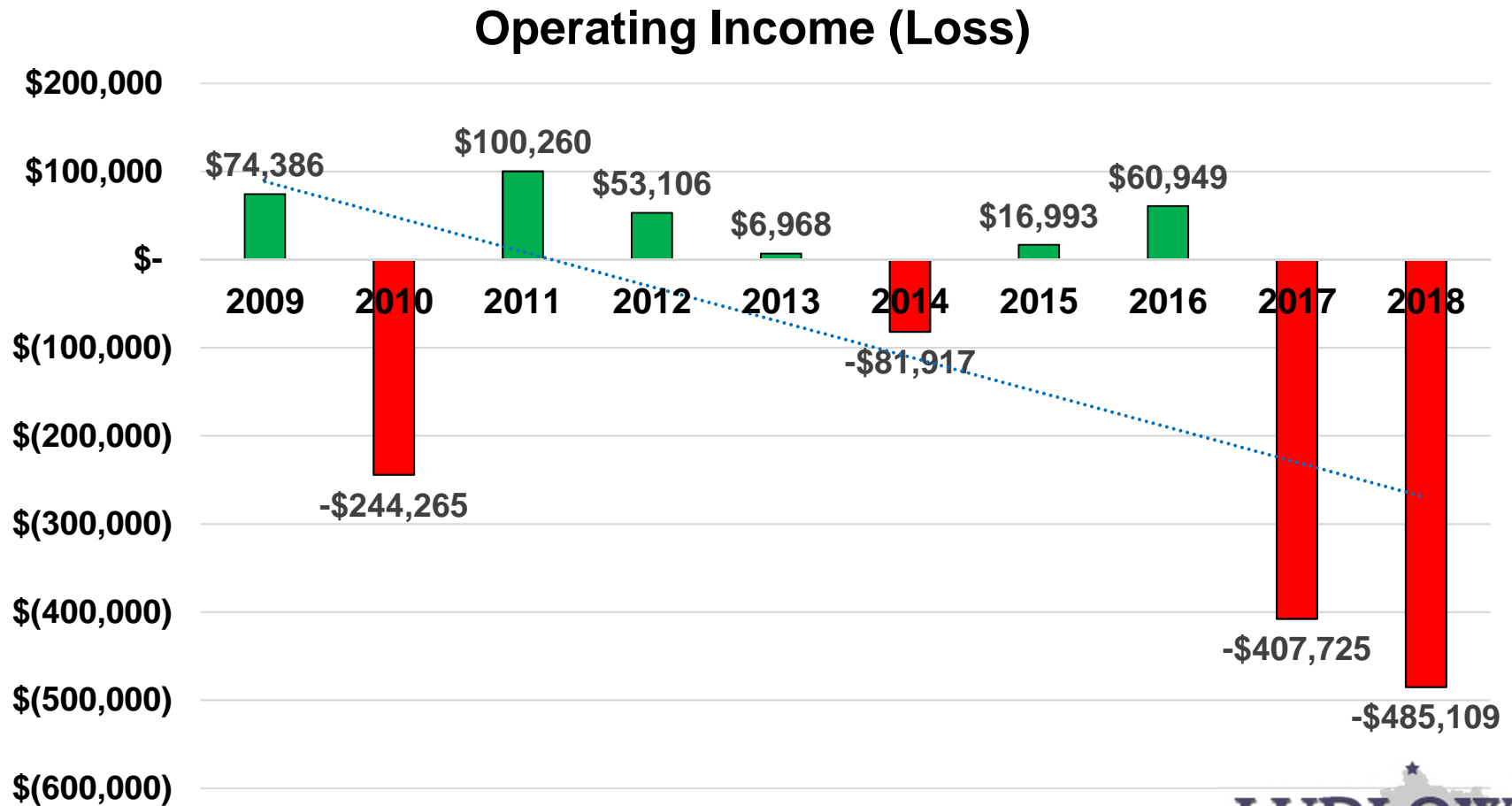
- ▶ In our opinion, the financial statements present fairly, in all material respects, the financial position of the City of Ludlow, Kentucky as of June 30, 2018 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



Compliance & Internal Control

- ▶ No Matters Involving Internal Control over Financial Reporting and Operations were Considered to be *Material Weaknesses* or *Significant Deficiencies* in Accordance with *Government Auditing Standards*
- ▶ No items of Non-Compliance with KRS statutes, grant agreements, loan agreements, etc. to report

Problem: Mounting Operating Losses



Management's Response

Immediate Actions Taken – Expense Reduction

- Eliminated three employee positions.
- Eliminated cell phones, services and amenities to the employees and buildings.
- Consolidated and changed phone and internet providers for lower costs.
- Changed health insurance providers.
- Increased employee contributions for family insurance packages.



Management's Response

Immediate Actions Taken – Revenue Generation

- Increased the Insurance premium tax by 2%.
- Signed a contract to provide fire and medical protection to the neighboring City of Bromley.
- Changed the EMS billing from a “soft” bill, to a “hard” billing service.
- Located uncollected franchise taxes owed to the City.
- Enforced collection of delinquent taxes, fees, fines and liens.
- Increased fees for dumpsters, storage units.



Management's Response

Future Actions to be Taken

- City plans to sell three or four pieces of land or properties.
- Meet with financial institutions to consolidate loans for a lower interest rate.
- Police will be trying to obtain contract with the City of Bromley to provide police service.
- Continuing pursuit of collection of all delinquent taxes.
- Sale of “Ernie’s” property to developer.



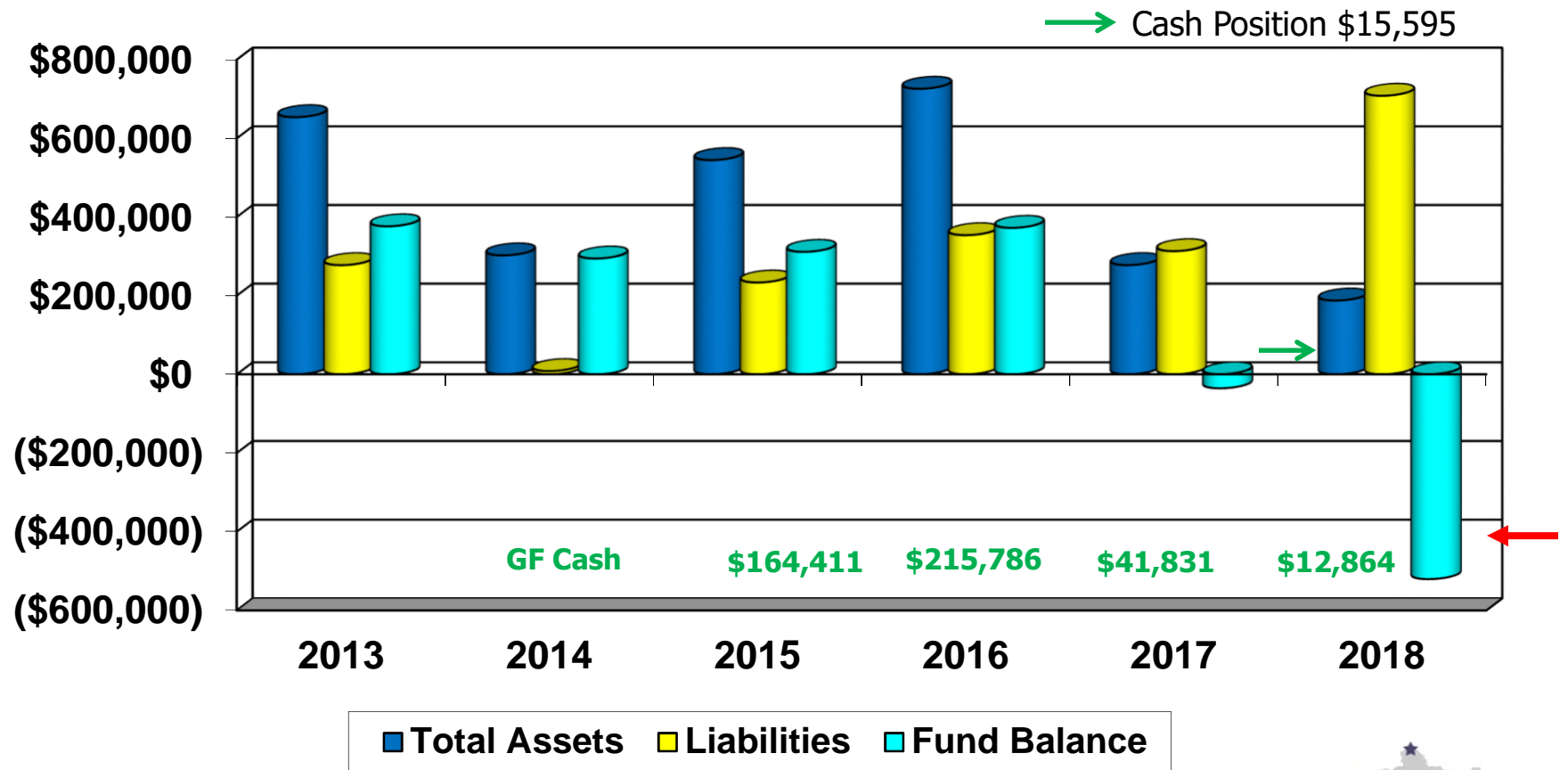
Auditor Recommendations

- ▶ We have reviewed Management's recovery plan and believe that the City can reverse this loss trend.
- ▶ We would highly recommend the following:
 - City Management and City Council should do all in their power to follow Management's recovery plan
 - The Finance Committee of the City Council should meet monthly to review both the budget to actual comparison for revenues and expenditures, and monitor the City's adherence to the recovery plan

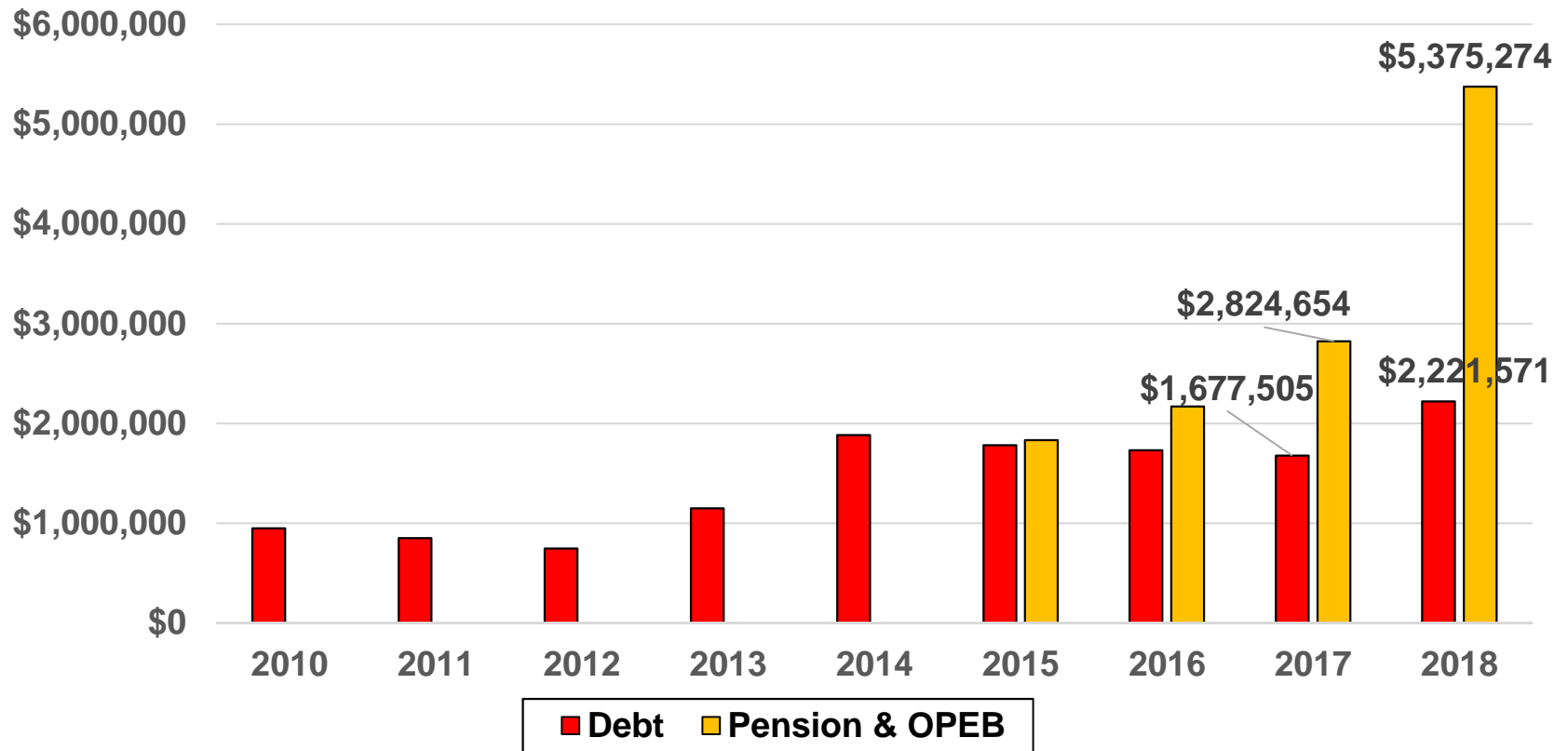
City of Ludlow

Governmental Funds – Fund Balance Comparison

As of June 30th



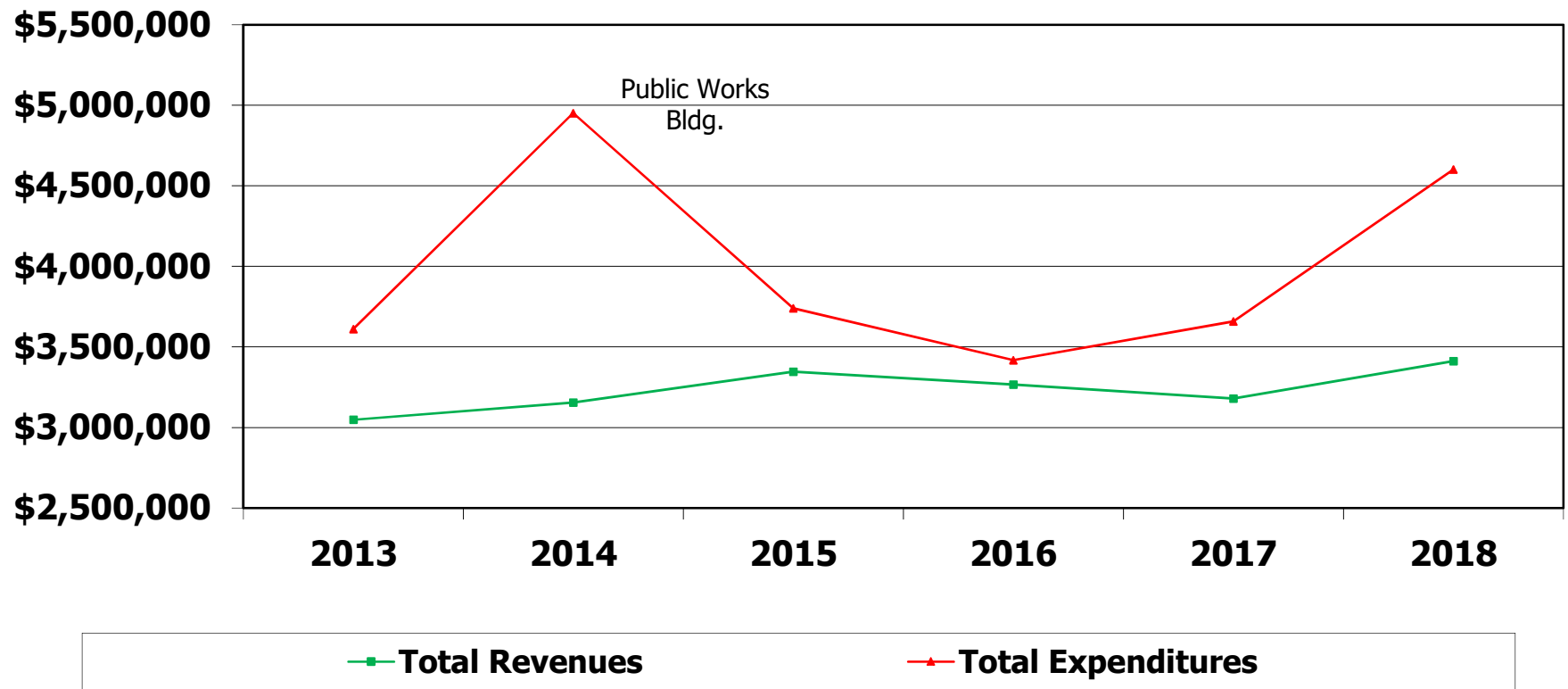
City of Ludlow Long Term Debt Summary



City of Ludlow

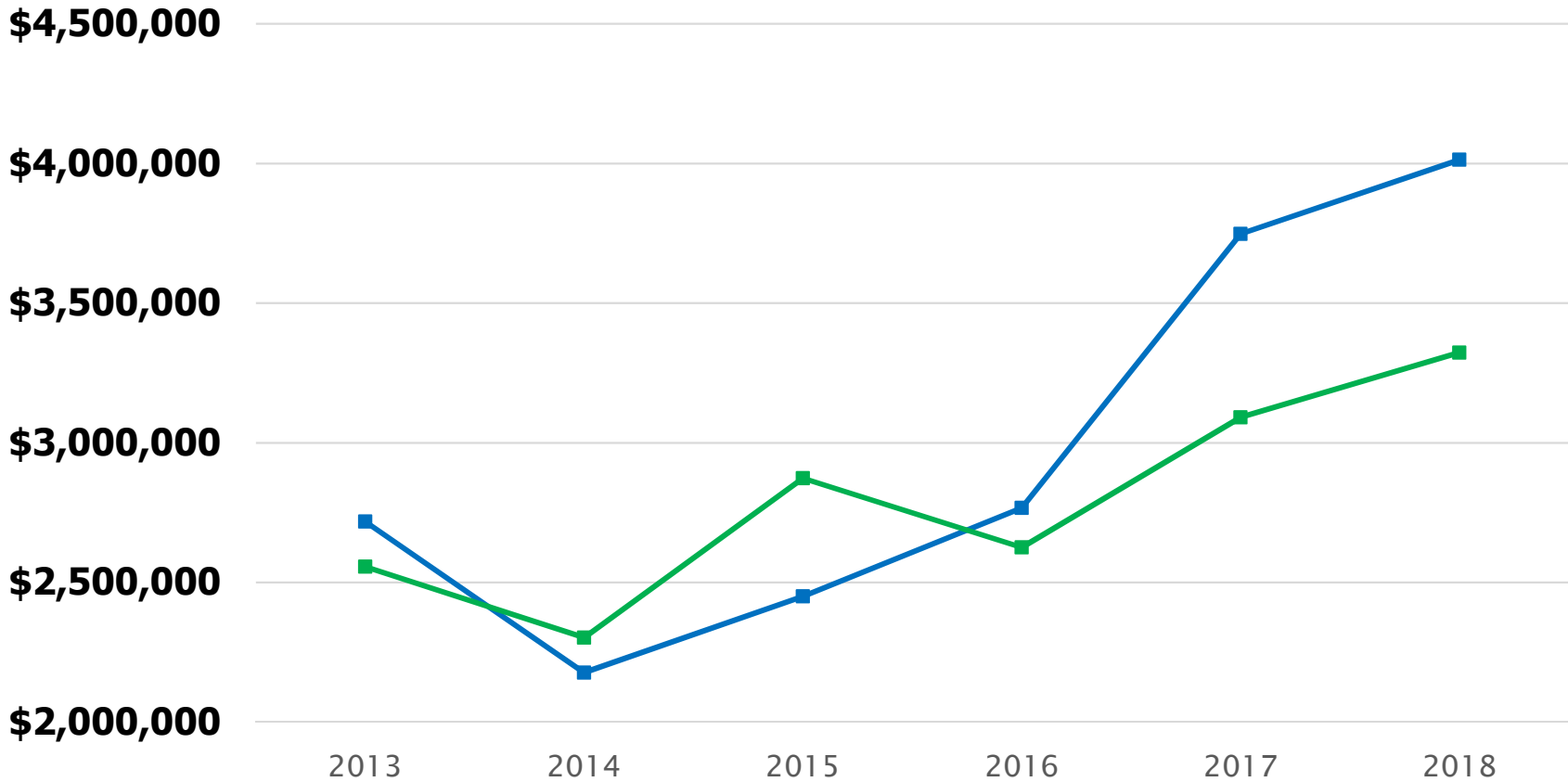
Revenue vs. Expenditures

For the Years Ended June 30th



City of Ludlow

Original Budget vs. Actual – General Fund – Revenues As of June 30th, 2018



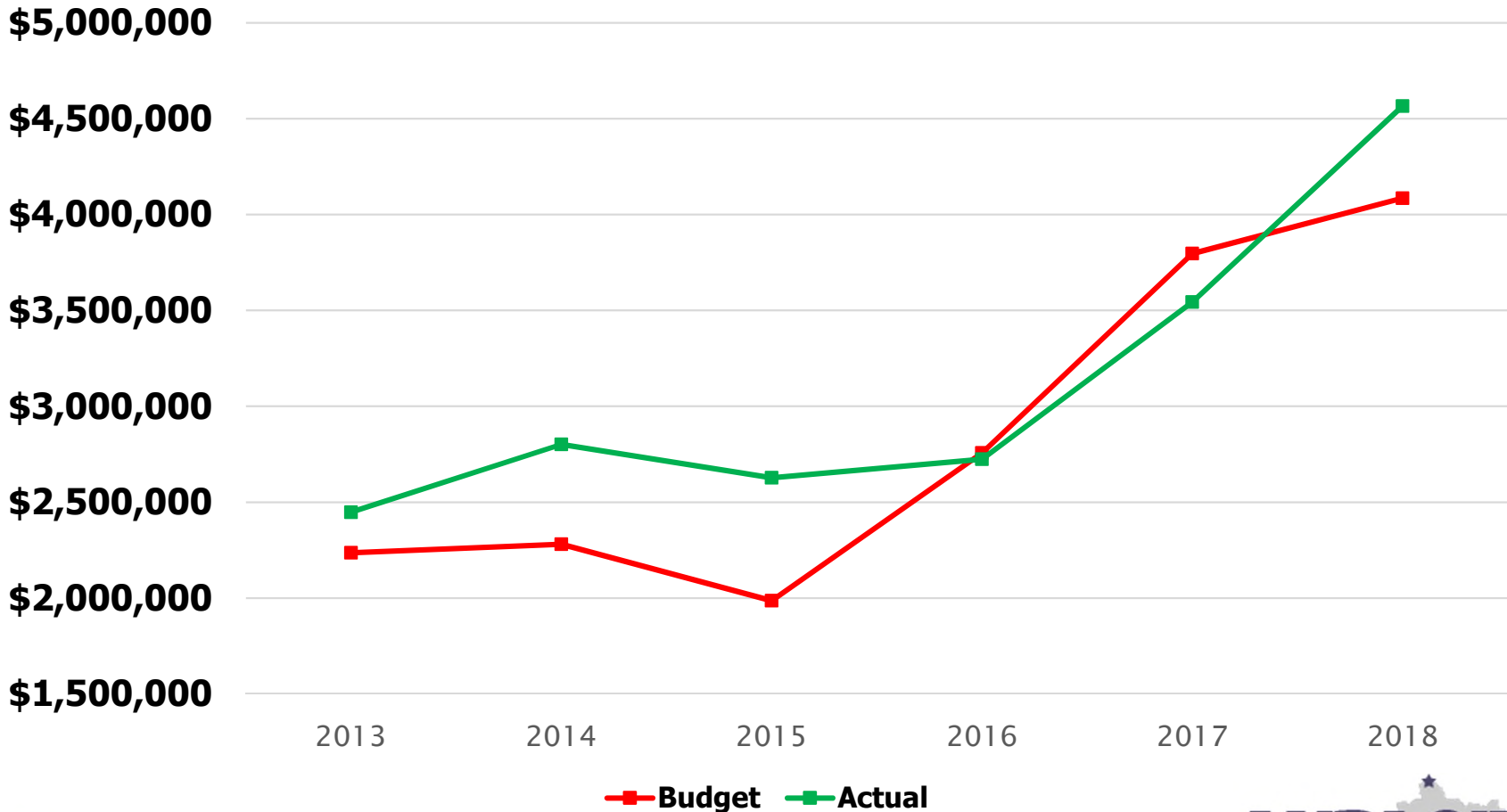
— Budget — Actual

Loan Proceeds and
Interfund Transfers
Removed



City of Ludlow

Original Budget vs. Actual – General Fund – Expenses As of June 30th, 2018

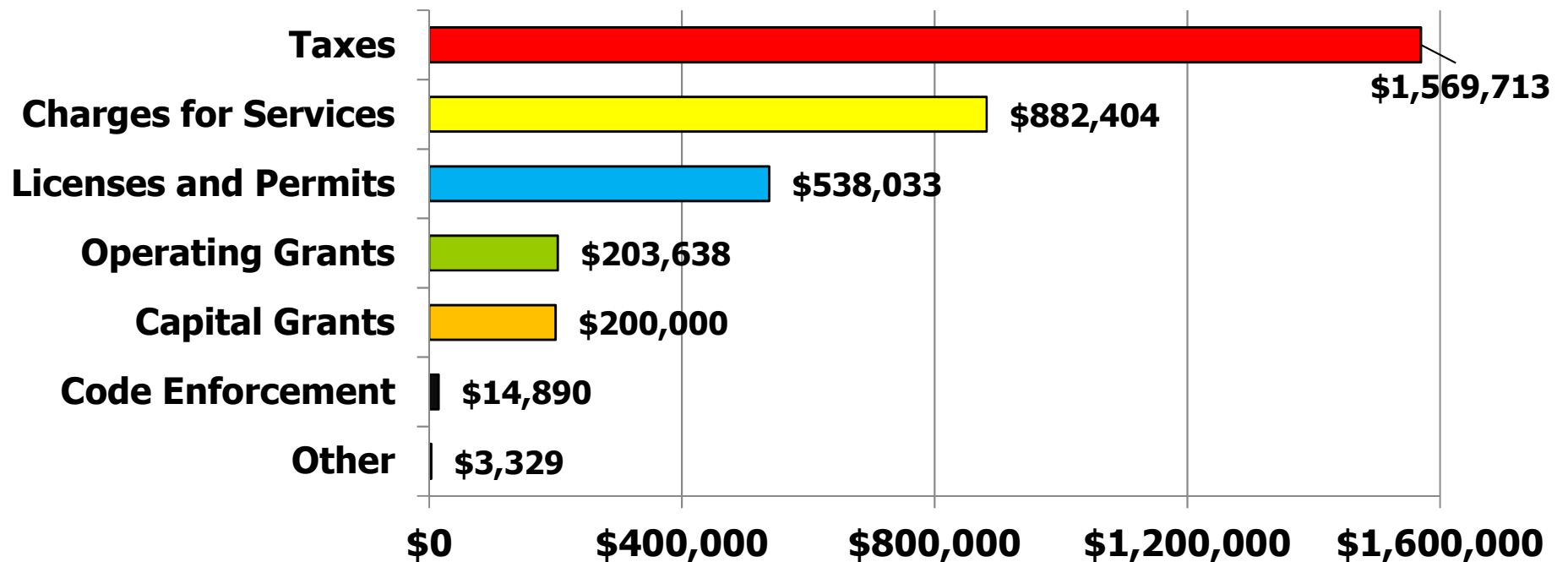


City of Ludlow

Revenues by Source

For the Year Ended June 30, 2018

Total Revenues – \$3,412,007



City of Ludlow

Expenditures by Function

For the Year Ended June 30, 2018

Total Expenditures – \$4,601,062

