

**CITY OF LA GRANGE**  
**La Grange, Kentucky**



**FINANCIAL STATEMENTS**  
**June 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Mayor and the City Council  
City of La Grange, Kentucky

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of La Grange, Kentucky, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of La Grange, Kentucky, as of June 30, 2022, 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of La Grange, Kentucky 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 City of La Grange, Kentucky'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.

### ***Auditors' Responsibilities for the Audit of the 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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement 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 control 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 City of La Grange, Kentucky'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 substantial doubt about the City of La Grange, Kentucky'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 schedules and other post-employment benefits (OPEB) schedules on pages 4–11 and 47–57 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 City of La Grange, Kentucky's basic financial statements. The budgetary comparison – other governmental funds and the combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the 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 – other governmental funds and the combining nonmajor fund financial statements is 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 August 28, 2024, on our consideration of the City of La Grange, Kentucky'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 City of La Grange, Kentucky'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 City of La Grange, Kentucky's internal control over financial reporting and compliance.

**RFH**

RFH, PLLC  
Lexington, Kentucky  
August 28, 2024

## **City of La Grange, Kentucky Management's Discussion and Analysis**

Our discussion and analysis of the City of La Grange's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. Please read in conjunction with the auditors' report beginning on page 1 and the City's financial statements, which begin on page 12.

### **FINANCIAL HIGHLIGHTS**

- The City's net position increased in both the governmental activities and the business-type activities. The net position of the governmental activities increased by \$3,412,525, or 17.28%, and the net position of the business-type activities increased by \$668,860, or 3.38%.
- In the City's governmental activities, revenues increased \$102,399 or 1%, and expenses increased by \$183,977 or 3.27%. In the business-type activities, revenues decreased by \$209,282, which is a decrease of 4%, and expenses increased by \$240,864 or 5%.

### **OVERVIEW OF THIS ANNUAL REPORT**

This annual report consists of the management's discussion and analysis, the independent auditors' report, the basic financial statements of the City, and the independent auditors' report on internal control and compliance. The financial statements also include notes that explain in more detail some of the information in the financial statements.

The City's financial statements present two kinds of statements, each with a different snapshot of the City's finances. The focus is both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual funds of the City, reporting the City's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year to year or government to government) and enhance the City's accountability.

## **GOVERNMENT – WIDE FINANCIAL STATEMENTS**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the City's activities in a way that will help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the net position of the City and the changes in them. One can think of the City's net position—the difference between assets and liabilities—as one way to measure financial health or financial position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health or position is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, changes in property tax rates or valuation, infrastructure asset condition, and new or changed government legislation.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

**Governmental activities**—Most of the City's basic services are reported here, including general government administration, police, streets, sanitation, public bus and parks. Property taxes, licenses and permits, and grants finance most of these activities.

**Business-type activities**—The City collects fees from customers to cover the costs of the services, which includes water and sewer and the Eagle Creek golf course.

## **FUND FINANCIAL STATEMENTS**

The City has two kinds of funds:

**Governmental Fund**—Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets, that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement that explains the relationship (or differences) between them.

**Proprietary Fund**—Services for which the City charges customers a fee are generally reported in proprietary funds.

## NET POSITION

Our analysis begins with a summary of the City's Statement of Net Position, which is presented on Table A-1 followed by an explanation of the results. Changes in net position are presented in Table A-2, which is also followed by an explanation of the results.

Table A-1

### Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Current Assets	\$ 11,745,823	\$ 9,896,191	\$ 5,870,331	\$ 4,750,054	\$ 17,616,154	\$ 14,646,245
Noncurrent and Capital Assets	15,083,695	10,719,913	26,816,899	25,106,720	41,900,594	35,826,633
OLDA Investment	8,660,626	8,638,398	-	-	8,660,626	8,638,398
Total Assets	<u>35,490,144</u>	<u>29,254,502</u>	<u>32,687,230</u>	<u>29,856,774</u>	<u>68,177,374</u>	<u>59,111,276</u>
Deferred Outflows of Resources	1,409,319	1,427,722	587,765	637,540	1,997,084	2,065,262
Total Assets and Deferred Outflows	<u>36,899,463</u>	<u>30,682,224</u>	<u>33,274,995</u>	<u>30,494,314</u>	<u>70,174,458</u>	<u>61,176,538</u>
Current Liabilities	3,145,068	1,787,112	1,945,340	1,095,288	5,090,408	2,882,400
Long-Term Debt Outstanding	3,066,501	1,621,251	8,305,446	7,166,709	11,371,947	8,787,960
Other Non-Current Liabilities	84,790	66,035	80,656	60,710	165,446	126,745
Net Pension Liability	4,571,662	5,149,792	1,555,945	1,722,049	6,127,607	6,871,841
Net OPEB Liability	1,382,204	1,593,379	467,088	541,978	1,849,292	2,135,357
Total Liabilities	<u>12,250,225</u>	<u>10,217,569</u>	<u>12,354,475</u>	<u>10,586,734</u>	<u>24,604,700</u>	<u>20,804,303</u>
Deferred Inflows of Resources	1,493,542	721,484	435,660	91,580	1,929,202	813,064
Net Position:						
Net investment in						
Capital Assets	9,012,002	7,429,780	14,791,776	15,576,159	23,803,778	23,005,939
Restricted	3,392,445	3,262,087	2,875,657	1,936,495	6,268,102	5,198,582
Unrestricted	10,751,249	9,051,304	2,817,427	2,303,346	13,568,676	11,354,650
Total Net Position	<u>\$ 23,155,696</u>	<u>\$ 19,743,171</u>	<u>\$ 20,484,860</u>	<u>\$ 19,816,000</u>	<u>\$ 43,640,556</u>	<u>\$ 39,559,171</u>

Net position of the City's governmental activities increased by 17 percent, from \$19,743,171 in 2021 to \$23,155,696 in 2022. The net position of the business-type activities increased from \$19,816,000 in 2021 to \$20,484,860 in 2022, which is a 3 percent increase. The net position from one activity generally cannot be used to make up for any deficits in the other activities.



**NET POSITION, continued**

**Table A-2**

**Condensed Statement of Activities**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
<b>Revenues</b>						
<u>Program Revenues</u>						
Charges for Service	\$ 512,019	\$ 487,362	\$ 5,235,613	\$ 4,918,417	\$ 5,747,632	\$ 5,405,779
Operating Grants & Contributions	607,098	1,067,958	-	-	607,098	1,067,958
Capital Grants & Contributions	136,821	158,658	107,857	635,793	244,678	794,451
<u>General Revenue</u>						
Taxes	1,881,278	1,767,374	-	-	1,881,278	1,767,374
License fees	6,088,480	5,585,459	-	-	6,088,480	5,585,459
Investment Earnings	7,599	38,736	18,151	16,693	25,750	55,429
Rents	-	-	-	-	-	-
Community Center	15,196	1,520	-	-	15,196	1,520
Donations	-	-	-	-	-	-
Change in OLDA Investment	22,228	28,968	-	-	22,228	28,968
Miscellaneous	111,228	143,513	-	-	111,228	143,513
Total Revenue	9,381,947	9,279,548	5,361,621	5,570,903	14,743,568	14,850,451
<b>Program Expenses</b>						
General Government	1,034,002	950,467	-	-	1,034,002	950,467
Public Safety - Police	1,590,275	1,691,643	-	-	1,590,275	1,691,643
Public Works	1,584,163	1,465,625	-	-	1,584,163	1,465,625
Parks and Recreation	108,418	125,841	-	-	108,418	125,841
Sanitation	446,046	445,451	-	-	446,046	445,451
Stormwater	36,476	44,082	-	-	36,476	44,082
Community Development	387,689	277,083	-	-	387,689	277,083
Public Properties	-	-	-	-	-	-
Bus	157,316	152,755	-	-	157,316	152,755
ABC	279,123	365,958	-	-	279,123	365,958
Interest on Debt	193,950	114,576	-	-	193,950	114,576
Golf Course	-	-	690,736	634,715	690,736	634,715
Utility Commission	-	-	4,153,989	3,969,146	4,153,989	3,969,146
Total Program Expenses	5,817,458	5,633,481	4,844,725	4,603,861	10,662,183	10,237,342
Change in Net Position						
Before Transfers	3,564,489	3,646,067	516,896	967,042	4,081,385	4,613,109
Transfers	(151,964)	(113,331)	151,964	113,331	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-
Change in Net Position	<u>\$ 3,412,525</u>	<u>\$ 3,532,736</u>	<u>\$ 668,860</u>	<u>\$ 1,080,373</u>	<u>\$ 4,081,385</u>	<u>\$ 4,613,109</u>

The City's total revenue decreased from \$14,850,451 in 2021 to \$14,743,568 in 2022 or 1 percent. On the following page is a more in-depth description of the revenues and expenses of the governmental and business-type activities.

## GOVERNMENTAL ACTIVITIES

Next, the City analyzes the governmental funds and the changes in those activities, which is presented in Table A-3.

**Table A-3**  
**Condensed Governmental Funds - Revenues and Expenditures**

	<u>FY2022</u>	<u>FY2021</u>	<u>Variance</u>
Taxes	\$ 1,881,278	\$ 1,767,374	\$ 113,904
Licenses and permits	6,088,480	5,585,459	503,021
Intergovernmental	743,919	1,226,616	(482,697)
Charges for services	512,019	487,362	24,657
Other Revenues	134,023	183,769	(49,746)
Total Revenues	<u>9,359,719</u>	<u>9,250,580</u>	<u>109,139</u>
General Government	910,154	811,985	98,169
Public Safety-Police	1,663,966	1,425,241	238,725
Public Works	930,765	871,189	59,576
Sanitation	446,046	445,451	595
Parks and Recreation	81,197	86,930	(5,733)
Stormwater	36,476	44,082	(7,606)
Community Development	387,689	277,083	110,606
ABC	274,146	297,732	(23,586)
Foundation and Parks	12,590	22,350	(9,760)
Bus	137,533	129,629	7,904
Capital Outlay	4,859,312	2,777,374	2,081,938
Debt Service	1,352,982	1,254,993	97,989
Total Expenditures	<u>\$11,092,856</u>	<u>\$ 8,444,039</u>	<u>\$ 2,648,817</u>

Revenues for the City's governmental funds increased by 1% , and total expenditures increased by 31%. The City's major source of revenue in the governmental funds is taxes, licenses and permits, which makes up 85% of total revenues, these revenue sources increased by \$616,925 in 2022.

## BUDGET HIGHLIGHTS

The budget contains proposed expenditures and expected revenues. A comparison of the final budget to actual amounts is presented in the tables below (Tables A-4 & A-5).

**Table A-4**

**Condensed Governmental Funds - Revenues**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes	\$ 1,730,500	\$ 1,881,278	\$ 150,778
Licenses and permits	5,503,000	5,710,508	207,508
Intergovernmental	326,540	453,175	126,635
Charges for Services	752,000	507,413	(244,587)
Other Revenues	22,500	54,978	32,478
Foundations and Parks Fund	-	78,829	78,829
ABC Fund	504,669	378,137	(126,532)
Bus Fund	73,288	158,529	85,241
Municipal Aid Fund	260,000	136,872	(123,128)
Total Revenues	<u>\$ 9,172,497</u>	<u>\$ 9,359,719</u>	<u>\$ 187,222</u>

**Table A-5**

**Condensed Governmental Funds - Expenditures**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Government	\$ 907,401	\$ 910,154	\$ 2,753
Public Safety-Police	1,583,860	1,663,966	80,106
Public Works	1,222,186	869,867	(352,319)
Sanitation	362,940	446,046	83,106
Park and Recreation	4,153,400	81,197	(4,072,203)
Storm Water	132,000	36,476	(95,524)
Community Development	651,365	387,689	(263,676)
Capital Outlay	572,635	4,859,312	4,286,677
Debt Service	1,403,906	1,352,982	(50,924)
ABC Fund	504,669	274,146	(230,523)
Bus Fund	135,788	137,533	1,745
Foundations and Parks Fund	-	12,590	12,590
Municipal Aid Fund	260,000	60,898	(199,102)
Total Expenditures	<u>\$ 11,890,150</u>	<u>\$ 11,092,856</u>	<u>\$ (797,294)</u>

The City budgeted for a total of \$9,172,497 in revenues for 2022 but ended up with revenues of \$9,359,719 which put the City 2% over the revenue budget. A total of \$11,980,150 was budgeted for expenses, but expenditures totaled \$11,092,856 for the fiscal year 2022. The City was under budget on expenses by \$797,294 or 7% as detailed above.

## CAPITAL ASSETS

The City has a total of \$63,069,564 invested in a broad range of capital assets, including equipment and vehicles, buildings, land, infrastructure assets, and water and sewer lines. This amount represents an increase of \$6,803,131 (12 percent) from last year's total investment of \$56,266,433.

Table A-6

### Capital Assets at Year End Without Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Land & Improvements	\$ 880,128	\$ 880,128	\$ -	\$ -	\$ 880,128	\$ 880,128
Construction in progress	4,589,532	1,954,604	-	-	4,589,532	1,954,604
Buildings & Improvements	2,214,162	2,201,501	-	-	2,214,162	2,201,501
Vehicles & Equipment	3,824,695	3,513,280	-	-	3,824,695	3,513,280
Infrastructure Assets	7,453,565	5,449,165	-	-	7,453,565	5,449,165
Leased equipment	17,264	-	185,667	-	202,931	-
Leased vehicles	-	-	86,740	-	86,740	-
Business-Type Assets	-	-	43,817,811	42,267,755	43,817,811	42,267,755
Total Capital Assets	<u>\$18,979,346</u>	<u>\$13,998,678</u>	<u>\$ 44,090,218</u>	<u>\$ 42,267,755</u>	<u>\$ 63,069,564</u>	<u>\$ 56,266,433</u>

## DEBT

This year the City has \$13,129,068 in total debt, a 27 percent increase from last year's total of \$10,365,537.

Table A-7

### Debt Outstanding at Year End

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Notes Payable	\$ 402,917	\$ 467,917	\$ 3,200,950	\$ 3,995,561	\$ 3,603,867	\$ 4,463,478
Bond Issues	3,718,333	2,320,833	5,422,242	3,454,481	9,140,575	5,775,314
Lease liability	14,232	-	204,948	-	219,180	-
Accrued Absences	84,790	66,035	80,656	60,710	165,446	126,745
Total Debt Outstanding	<u>\$ 4,220,272</u>	<u>\$ 2,854,785</u>	<u>\$ 8,908,796</u>	<u>\$ 7,510,752</u>	<u>\$ 13,129,068</u>	<u>\$ 10,365,537</u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected officials consider many factors when setting the fiscal year 2023 budget. Some of the factors are the local economy, expected grant money, and anticipated tax revenue.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the citizens of the City, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dennis McCormick, Director of Finance, at 307 West Jefferson Street, La Grange, KY 40031. The Utility Commission is located at 412 East Jefferson Street, La Grange, KY 40031.

**CITY OF LA GRANGE, KENTUCKY**  
**STATEMENT OF NET POSITION**  
**June 30, 2022**

	Primary Government		
	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 8,878,510	\$ 4,571,803	\$ 13,450,313
Investments	1,001,488	559,207	1,560,695
Receivables, net	1,831,640	585,264	2,416,904
Inventory of supplies	-	181,441	181,441
Prepaid expenses	-	6,801	6,801
Internal balances	34,185	(34,185)	-
Total current assets	<u>11,745,823</u>	<u>5,870,331</u>	<u>17,616,154</u>
Non-current assets			
Restricted cash and cash equivalents	2,947,121	3,196,983	6,144,104
Investment in joint venture, net equity Oldham-LaGrange Development Authority	8,660,626	-	8,660,626
Total non-current assets	<u>11,607,747</u>	<u>3,196,983</u>	<u>14,804,730</u>
Capital assets			
Construction in progress	4,589,532	604,070	5,193,602
Land and improvements, net	880,128	2,183,281	3,063,409
Plant and sewer system, net	-	19,585,719	19,585,719
Depreciable buildings, property, and equipment, net	1,821,406	1,023,748	2,845,154
Infrastructure, net	4,831,697	-	4,831,697
Leased vehicles	-	83,848	83,848
Leased equipment, net	13,811	139,250	153,061
Total capital assets	<u>12,136,574</u>	<u>23,619,916</u>	<u>35,756,490</u>
Total assets	<u>35,490,144</u>	<u>32,687,230</u>	<u>68,177,374</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension	763,098	286,383	1,049,481
Deferred outflows - OPEB	646,221	301,382	947,603
Total deferred outflows of resources	<u>1,409,319</u>	<u>587,765</u>	<u>1,997,084</u>
Total assets and deferred outflows of resources	<u>\$ 36,899,463</u>	<u>\$ 33,274,995</u>	<u>\$ 70,174,458</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 775,275	\$ 285,058	\$ 1,060,333
Retainage payable	207,423	-	207,423
Accrued payroll liabilities	30,551	41,587	72,138
Accrued interest	11,500	70,138	81,638
Unearned revenue	1,051,338	52,910	1,104,248
Customer deposits	-	71,645	71,645
Deferred revenue	-	901,308	901,308
Current portion of lease liability	3,148	50,312	53,460
Current portion of long-term obligations	1,065,833	472,382	1,538,215
Total current liabilities	<u>3,145,068</u>	<u>1,945,340</u>	<u>5,090,408</u>
Non-current liabilities			
Non-current portion of long-term obligations	3,055,417	8,150,810	11,206,227
Compensated absences - non-current	84,790	80,656	165,446
Lease liability	11,084	154,636	165,720
Net pension liability	4,571,662	1,555,945	6,127,607
Net OPEB liability	1,382,204	467,088	1,849,292
Total non-current liabilities	<u>9,105,157</u>	<u>10,409,135</u>	<u>19,514,292</u>
Total liabilities	<u>12,250,225</u>	<u>12,354,475</u>	<u>24,604,700</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pension	862,498	222,484	1,084,982
Deferred inflows - OPEB	631,044	213,176	844,220
Total deferred inflows of resources	<u>1,493,542</u>	<u>435,660</u>	<u>1,929,202</u>
<b>NET POSITION</b>			
Net investment in capital assets	9,012,002	14,791,776	23,803,778
Restricted for:			
ABC	364,828	-	364,828
Customer deposits	-	71,645	71,645
Debt service	2,663,931	210,450	2,874,381
Road improvements	80,496	-	80,496
Stormwater	283,190	-	283,190
Construction	-	2,593,562	2,593,562
Unrestricted	10,751,249	2,817,427	13,568,676
Total net position	<u>23,155,696</u>	<u>20,484,860</u>	<u>43,640,556</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 36,899,463</u>	<u>\$ 33,274,995</u>	<u>\$ 70,174,458</u>

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

**CITY OF LA GRANGE, KENTUCKY**  
**STATEMENT OF ACTIVITIES**  
**for the year ended June 30, 2022**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-type Activities
<b>Primary government</b>						
<b>Governmental activities</b>						
General government	\$ 1,034,002	\$ -	\$ 392,178	\$ -	\$ (641,824)	\$ (641,824)
Public safety-Police	1,590,275	-	60,997	-	(1,529,278)	(1,529,278)
Public works	1,584,163	-	-	136,821	(1,447,342)	(1,447,342)
Sanitation	446,046	407,413	-	-	(38,633)	(38,633)
Parks and recreation	108,418	-	-	-	(108,418)	(108,418)
Stormwater	36,476	100,000	-	-	63,524	63,524
Community development	387,689	-	-	-	(387,689)	(387,689)
ABC	279,123	-	-	-	(279,123)	(279,123)
Bus	157,316	4,606	153,923	-	1,213	1,213
Bond issuance cost	74,502	-	-	-	(74,502)	(74,502)
Interest on long-term debt	118,852	-	-	-	(118,852)	(118,852)
Interest on long-term leases	596	-	-	-	(596)	(596)
Total governmental activities	<u>5,817,458</u>	<u>512,019</u>	<u>607,098</u>	<u>136,821</u>	<u>(4,561,520)</u>	<u>(4,561,520)</u>
<b>Business-type activities</b>						
Utility Commission	4,153,989	4,477,476	-	107,857	-	431,344
Golf Course	690,736	758,137	-	-	-	67,401
Total business-type activities	<u>4,844,725</u>	<u>5,235,613</u>	<u>-</u>	<u>107,857</u>	<u>-</u>	<u>498,745</u>
<b>Total primary government</b>	<u>\$ 10,662,183</u>	<u>\$ 5,747,632</u>	<u>\$ 607,098</u>	<u>\$ 244,678</u>	<u>(4,561,520)</u>	<u>498,745</u>
Taxes						
Property taxes, levied for general purposes				1,620,428	-	1,620,428
Bank shares				94,534	-	94,534
Motor vehicle tax				166,316	-	166,316
License fees						
Franchise fees				418,049	-	418,049
Business licenses				578,256	-	578,256
Compensation tax				2,598,040	-	2,598,040
Insurance premiums				2,093,485	-	2,093,485
Other fees and permits				400,650	-	400,650
Investment earnings				7,599	18,151	25,750
Community Center				15,196	-	15,196
Miscellaneous				111,228	-	111,228
Total general revenues				8,103,781	18,151	8,121,932
Increase (decrease) in joint venture - Oldham-LaGrange Development Authority				22,228	-	22,228
Transfers in (out)				(151,964)	151,964	-
Total general and other revenues				<u>7,974,045</u>	<u>170,115</u>	<u>8,144,160</u>
<b>Change in net position</b>				3,412,525	668,860	4,081,385
Net position, beginning of year				<u>19,743,171</u>	<u>19,816,000</u>	<u>39,559,171</u>
<b>NET POSITION, END OF YEAR</b>				<u>\$ 23,155,696</u>	<u>\$ 20,484,860</u>	<u>\$ 43,640,556</u>

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

**CITY OF LA GRANGE, KENTUCKY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2022**

	<b>General</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,080,683	\$ 744,948	\$ 11,825,631
Investments	1,001,488	-	1,001,488
Receivables, net	1,644,514	187,126	1,831,640
Due from other funds	246,452	-	246,452
Total assets	<b>\$ 13,973,137</b>	<b>\$ 932,074</b>	<b>\$ 14,905,211</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 739,575	\$ 35,700	\$ 775,275
Accrued payroll liabilities	30,551	-	30,551
Compensated absences	82,656	2,134	84,790
Due to other funds	-	212,267	212,267
Unearned revenue	1,051,338	-	1,051,338
Total liabilities	1,904,120	250,101	2,154,221
<b>FUND BALANCE</b>			
Restricted:			
ABC	-	364,828	364,828
Debt service	2,663,931	-	2,663,931
Road improvements	-	80,496	80,496
Stormwater	283,190	-	283,190
Committed	-	68,365	68,365
Unassigned	9,121,896	168,284	9,290,180
Total fund balance	12,069,017	681,973	12,750,990
Total liabilities and fund balance	<b>\$ 13,973,137</b>	<b>\$ 932,074</b>	<b>\$ 14,905,211</b>

Amounts reported for *governmental activities* in the statement of net position are different because:

Fund balance reported above	\$ 12,750,990
Capital and leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,136,574
Long-term retainage payable is not due and payable in the current period and is not reported in the funds.	(207,423)
Accrued interest is not due and payable in the current period and is not reported in the funds.	(11,500)
Equity interests in joint ventures are not financial resources and therefore are not reported in the funds. The equity interest is reported as the net equity in the joint venture's net position.	8,660,626
Net deferred inflows/outflows related to the long-term net pension and net OPEB liabilities are not reported in the funds.	(84,223)
Long-term liabilities, including bonds payable, net pension liability, and net OPEB liability are not due and payable in the current period and therefore are not reported in the funds.	(10,089,348)

Net position of governmental activities **\$ 23,155,696**

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



**CITY OF LA GRANGE, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
for the year ended June 30, 2022

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 1,881,278	\$ -	\$ 1,881,278
Licenses and permits	5,710,508	377,972	6,088,480
Intergovernmental	453,175	290,744	743,919
Charges for services	507,413	4,606	512,019
Other revenues	54,978	79,045	134,023
Total revenues	8,607,352	752,367	9,359,719
<b>EXPENDITURES</b>			
Current			
General government	910,154	-	910,154
Public safety-Police	1,663,966	-	1,663,966
Public works	869,867	60,898	930,765
Sanitation	446,046	-	446,046
Parks and recreation	81,197	-	81,197
Stormwater	36,476	-	36,476
Community development	387,689	-	387,689
ABC	-	274,146	274,146
Foundation and parks	-	12,590	12,590
Bus	-	137,533	137,533
Capital outlay	4,669,346	189,966	4,859,312
Debt service	1,278,480	-	1,278,480
Bond issuance costs	74,502	-	74,502
Total expenditures	10,417,723	675,133	11,092,856
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,810,371)</b>	<b>77,234</b>	<b>(1,733,137)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from bonds	2,500,000	-	2,500,000
Proceeds from leases	17,264	-	17,264
Transfer in (out)	(214,464)	62,500	(151,964)
Total other financing sources and uses	2,302,800	62,500	2,365,300
<b>Net change in fund balances</b>	492,429	139,734	632,163
Fund balances, beginning	11,576,588	542,239	12,118,827
<b>Fund balances, ending</b>	<b>\$ 12,069,017</b>	<b>\$ 681,973</b>	<b>\$ 12,750,990</b>
Reconciliation to government-wide change in net position:			
Net change in fund balances			\$ 632,163
Add: capital outlay expenditures capitalized			4,859,312
Add: debt service expenditures			1,278,480
Add: increases in the equity interest of joint ventures			22,228
Less proceeds from bonds			(2,500,000)
Less proceeds from leases			(17,264)
Less: change in pension liability			22,618
Less: change in OPEB liability			(23,773)
Less: depreciation on governmental activities assets			(738,338)
Less: amortization on leased assets			(3,453)
Less: interest on long term debt and long term leases			(119,448)
Change in net position - governmental activities			<b>\$ 3,412,525</b>

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

**CITY OF LA GRANGE, KENTUCKY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2022**

<b>ASSETS</b>	<b>Business-type Activities</b>		
	<b>Utility Commission</b>	<b>Golf Course</b>	<b>Totals</b>
<b>Current assets</b>			
Cash and cash equivalents	\$ 4,006,594	\$ 565,209	\$ 4,571,803
Investments	559,207	-	559,207
Receivables, net	585,264	-	585,264
Inventory of supplies	170,067	11,374	181,441
Prepaid expenses	-	6,801	6,801
Total current assets	<u>5,321,132</u>	<u>583,384</u>	<u>5,904,516</u>
<b>Non-current assets</b>			
Restricted cash and cash equivalents	<u>3,171,791</u>	<u>25,192</u>	<u>3,196,983</u>
Total non-current assets	<u>3,171,791</u>	<u>25,192</u>	<u>3,196,983</u>
<b>Capital assets</b>			
Construction in progress	584,870	19,200	604,070
Land	149,897	1,614,643	1,764,540
Land improvements	-	2,618,691	2,618,691
Plant and sewer system	36,130,878	-	36,130,878
Buildings and improvements	1,008,468	-	1,008,468
Vehicle and equipment	1,121,414	569,749	1,691,163
Leased vehicles	86,740	-	86,740
Leased equipment	-	185,667	185,667
Less: accumulated depreciation and amortization	<u>(17,784,713)</u>	<u>(2,685,588)</u>	<u>(20,470,301)</u>
Total capital assets	<u>21,297,554</u>	<u>2,322,362</u>	<u>23,619,916</u>
Total assets	<u>29,790,477</u>	<u>2,930,938</u>	<u>32,721,415</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension	286,383	-	286,383
Deferred outflows - OPEB	<u>301,382</u>	<u>-</u>	<u>301,382</u>
Total deferred outflows of resources	<u>587,765</u>	<u>-</u>	<u>587,765</u>
Total assets and deferred outflows of resources	<u>\$ 30,378,242</u>	<u>\$ 2,930,938</u>	<u>\$ 33,309,180</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 227,526	\$ 57,532	\$ 285,058
Accrued payroll liabilities	25,516	16,071	41,587
Accrued interest payable	68,138	2,000	70,138
Unearned revenue	-	52,910	52,910
Customer deposits	71,645	-	71,645
Due to other funds	34,185	-	34,185
Deferred revenue	901,308	-	901,308
Current portion of lease liability	-	50,312	50,312
Current portion of long-term obligations	<u>329,049</u>	<u>143,333</u>	<u>472,382</u>
Total current liabilities	<u>1,657,367</u>	<u>322,158</u>	<u>1,979,525</u>
<b>Non-current liabilities</b>			
Non-current portion of long-term obligations	7,550,394	600,416	8,150,810
Compensated absences	80,656	-	80,656
Lease liability	68,660	85,976	154,636
Net pension liability	1,555,945	-	1,555,945
Net OPEB liability	<u>467,088</u>	<u>-</u>	<u>467,088</u>
Total non-current liabilities	<u>9,722,743</u>	<u>686,392</u>	<u>10,409,135</u>
Total liabilities	<u>11,380,110</u>	<u>1,008,550</u>	<u>12,388,660</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pension	222,484	-	222,484
Deferred inflows - OPEB	<u>213,176</u>	<u>-</u>	<u>213,176</u>
Total deferred inflows of resources	<u>435,660</u>	<u>-</u>	<u>435,660</u>
<b>NET POSITION</b>			
Net investment in capital assets	13,349,451	1,442,325	14,791,776
Restricted for:			
Customer deposits	71,645	-	71,645
Debt service	185,258	25,192	210,450
Construction project	2,593,562	-	2,593,562
Unrestricted	<u>2,362,556</u>	<u>454,871</u>	<u>2,817,427</u>
Total net position	<u>18,562,472</u>	<u>1,922,388</u>	<u>20,484,860</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 30,378,242</u>	<u>\$ 2,930,938</u>	<u>\$ 33,309,180</u>

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

**CITY OF LA GRANGE, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
for the year ended June 30, 2022

	<b>Business-type Activities</b>			
	<b>Utility</b>	<b>Commission</b>	<b>Golf Course</b>	<b>Totals</b>
<b>Operating revenues</b>				
Charges for services	\$	4,265,544	\$ 758,137	\$ 5,023,681
Other income		211,932	-	211,932
		<u>4,477,476</u>	<u>758,137</u>	<u>5,235,613</u>
<b>Operating expenses</b>				
General and administrative		-	228,736	228,736
Water and sewer operations		2,191,927	-	2,191,927
Rent		-	1,692	1,692
Salaries and wages		633,486	157,849	791,335
Repairs and maintenance		-	57,778	57,778
Cost of sales		-	51,937	51,937
Other operating expenses		-	44	44
Depreciation and amortization		1,067,469	161,277	1,228,746
		<u>3,892,882</u>	<u>659,313</u>	<u>4,552,195</u>
<b>OPERATING INCOME</b>		<u>584,594</u>	<u>98,824</u>	<u>683,418</u>
<b>Non-operating income (expense)</b>				
Bond issue costs		(71,999)	-	(71,999)
Interest and investment revenue		17,599	552	18,151
Interest expense		(189,108)	(31,423)	(220,531)
		<u>(243,508)</u>	<u>(30,871)</u>	<u>(274,379)</u>
<b>INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>		341,086	67,953	409,039
Transfers in		-	151,964	151,964
Capital contributions		107,857	-	107,857
		<u>448,943</u>	<u>219,917</u>	<u>668,860</u>
<b>CHANGE IN NET POSITION</b>		448,943	219,917	668,860
Net position, beginning of year		<u>18,113,529</u>	<u>1,702,471</u>	<u>19,816,000</u>
<b>NET POSITION, END OF YEAR</b>	<b>\$</b>	<b><u>18,562,472</u></b>	<b>\$ <u>1,922,388</u></b>	<b>\$ <u>20,484,860</u></b>

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

**CITY OF LA GRANGE, KENTUCKY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**for the year ended June 30, 2022**

	<b>Business-type Activities</b>		
	<b>Utility Commission</b>	<b>Golf Course</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 5,197,133	\$ 767,951	\$ 5,965,084
Payments to suppliers	(1,946,001)	(323,395)	(2,269,396)
Payments for employee services and benefits	(989,541)	(171,043)	(1,160,584)
Receipts (refunds) of customer meter deposits	1,720	-	1,720
Net cash provided by operating activities	<u>2,263,311</u>	<u>273,513</u>	<u>2,536,824</u>
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payment under interfund agreements	-	151,964	151,964
Net cash provided by non-capital financing activities	<u>-</u>	<u>151,964</u>	<u>151,964</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital contributions	107,857	-	107,857
Proceeds from issuance of capital debt	4,706,017	-	4,706,017
Purchases of capital assets	(1,457,725)	(29,228)	(1,486,953)
Principal paid on lease liability	(18,080)	(49,379)	(67,459)
Interest paid on leased vehicles	(5,049)	(3,097)	(8,146)
Bond issuance costs	(71,999)	-	(71,999)
Principal paid on capital debt	(3,388,085)	(123,334)	(3,511,419)
Interest paid on capital debt	(145,286)	(28,615)	(173,901)
Net cash (used in) capital and related financing activities	<u>(272,350)</u>	<u>(233,653)</u>	<u>(506,003)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net change in investments	(6,603)	-	(6,603)
Interest and dividends	17,599	552	18,151
Net cash provided by investing activities	<u>10,996</u>	<u>552</u>	<u>11,548</u>
Net increase in cash and cash equivalents	2,001,957	192,376	2,194,333
Cash and cash equivalents-beginning of the year	5,176,428	398,025	5,574,453
<b>CASH AND CASH EQUIVALENTS-END OF THE YEAR</b>	<u>\$ 7,178,385</u>	<u>\$ 590,401</u>	<u>\$ 7,768,786</u>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>			
Operating income	\$ 584,594	\$ 98,824	\$ 683,418
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,067,469	161,277	1,228,746
Net change in pension liabilities	125,396	-	125,396
Net change in OPEB liabilities	27,465	-	27,465
Change in assets and liabilities:			
Receivables, net	(11,151)	7,448	(3,703)
Inventory	(31,158)	(872)	(32,030)
Prepaid expenses	-	(1,650)	(1,650)
Accounts and other payables	(231,832)	4,355	(227,477)
Accrued expenses	-	1,768	1,768
Unearned revenue	730,808	2,363	733,171
Customer deposits payable	1,720	-	1,720
Net cash provided by operating activities	<u>\$ 2,263,311</u>	<u>\$ 273,513</u>	<u>\$ 2,536,824</u>
Cash and cash equivalents consists of the following:			
Unrestricted cash	\$ 4,006,594	\$ 565,209	\$ 4,571,803
Restricted cash	3,171,791	25,192	3,196,983
	<u>\$ 7,178,385</u>	<u>\$ 590,401</u>	<u>\$ 7,768,786</u>
Supplemental disclosure of cash flow information:			
Noncash capital and related financing activities:			
Accounts payable for capital items, net	<u>\$ 63,102</u>	<u>\$ -</u>	<u>\$ 63,102</u>

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

**CITY OF LA GRANGE, KENTUCKY**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL FUND**  
June 30, 2022

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	<b>Tourism Custodial Fund</b>
<b>ASSETS</b>	
Cash	\$ <u>8,988</u>
Total assets	\$ <u><u>8,988</u></u>
<b>LIABILITIES</b>	
Due to Tourism	\$ <u>8,988</u>
Total liabilities	<u>8,988</u>
<b>NET POSITION</b>	
Restricted net position	<u>-</u>
Total net position	\$ <u><u>-</u></u>

**CITY OF LA GRANGE, KENTUCKY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**CUSTODIAL FUND**  
**June 30, 2022**

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	<b>Tourism Custodial Fund</b>
<b>ADDITIONS</b>	
Transient room tax collected for Tourism	\$ <u>161,998</u>
Total deposits	<u>161,998</u>
<b>DEDUCTIONS</b>	
Transient room tax disbured for Tourism	<u>161,998</u>
Total payments	<u>161,998</u>
Total increase (decrease) of fiduciary net position	<u>-</u>
Net position - beginning of year	<u>-</u>
<b>Net position - end of year</b>	<b><u>\$ -</u></b>

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of La Grange, Kentucky (the City) operates under the City Council form of government and provides the following services as authorized by its charter: public safety, public works, public transportation, recreation and community development. The accounting policies of the City conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant accounting policies.

**A. Reporting Entity**

The financial statements of the City include the funds, account groups and entities over which the Mayor and Council exercise significant oversight responsibility. Oversight responsibility, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, was determined on the basis of the City's ability to significantly influence operation, select the governing body, and participate in fiscal management and the scope of public service. The Council has oversight responsibility for various boards and foundations included in the accompanying financial statements. The La Grange Public Properties Corporation and Utility Commission of the City of La Grange, Kentucky are blended component units that are subject to the City's oversight responsibility. Separately issued financial statements of the Utility Commission can be obtained by request at 412 East Jefferson Street, La Grange, KY, 40031 or by calling (502) 222-9325. The City is involved in a joint venture with Oldham County, Kentucky, in the Oldham-LaGrange Development Authority. See footnote 12.

The La Grange Tourist and Convention Commission was created by the City Council and members of the board are appointed by the City. The City's accountability for this entity does not extend beyond making appointments and collecting and remitting the transient room tax on behalf of the La Grange Tourist and Convention Commission. The La Grange Tourist and Convention Commission is excluded from the City's financial statements.

**B. Blended Component Units**

Blended component units are separate entities that meet the component unit criteria described above and whose governing body is the same as or designated by the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type.

Component units that are blended into the reporting activity types of the City's report are presented below:

<b>Component Unit</b>	<b>Brief Description/Inclusion Criteria</b>	<b>Reporting</b>
City of La Grange Public Properties Corporation	The Corporation is legally separate from the City, but it is reported as if it were part of the City, the primary government, because its sole purpose is to finance the acquisition of City real estate and buildings.	General Fund
Utility Commission of the City of La Grange, Kentucky	The Commission is operated by a five member board of commissioners which includes four City of La Grange, Kentucky, residents appointed by the Mayor and approved by the City Council. The fifth member of the board of commissioners is a member of the City Council appointed by and from the membership of the City Council. The Commission is an agency that the City Council created to supervise, control and maintain the waterworks and sewer system for the City.	Proprietary Fund

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Presentation**

**Government-wide Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These statements display information about the City as a whole. The statements distinguish between governmental and business-type activities of the City. These financial statements include the financial activities of the City except for fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. The government-wide statement of activities reflects costs of government by function for governmental activities and business-type activities. Program revenues include charges paid by the recipient for the goods or services offered by the program and grants or contributions that are restricted to the program. Revenues which are not classified as program revenues are presented as general revenues of the City.

**Fund Financial Statements**

Fund financial statements report detailed information about the City. The accounts of the City are organized on the basis of funds, each of which is considered to be a separate fiscal and accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that is comprised of its assets, liabilities, reserves, fund balance, revenues and expenditures or expenses.

Governmental funds are those through which most governmental functions are financed. The governmental fund measurement focus is on the determination of financial position and budgetary control over revenues and expenditures. Proprietary fund types are used to account for operations that are financed and operated in a manner similar to business enterprises; where intent of the governing body is that costs of providing services are to be financed or recovered primarily through user charges.

The following funds are used by the City of La Grange:

**Governmental Funds**

**General Fund** – The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund. Most of the essential governmental services such as police, community services and general administration are reported in this fund.

**Foundations and Parks Fund** – Accounts for the activities of the City of La Grange Foundation, Inc., which was created as a non-profit corporation to receive donations for projects for the betterment of the City of La Grange and Oldham County.

**Municipal Road Aid Fund** – Special revenue fund that accounts for the money received from the Commonwealth of Kentucky under the gasoline tax distribution program. Amounts received are reserved for road maintenance.

**ABC Fund** – Accounts for the receipts and expenditures related to the regulation of sales of alcoholic beverages in the City.

**Bus Fund** – Accounts for the receipts and expenditures related to the operation of the City buses.



**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Presentation (continued)**

**Proprietary Funds**

Proprietary funds or enterprise funds, are used to account for the ongoing organizations and activities of the City, which are similar to those found in private business enterprises. The measurement focus is upon determination of net income, financial position, and changes in cash flows.

Enterprise funds are established to account for the acquisition, operations and maintenance of the City's facilities and services which are entirely or predominantly self-supported by user charges or where the City has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The accounts are maintained on the accrual basis of accounting. The City's enterprise operations include the following:

**Utility Commission of the City of La Grange, Kentucky** – Accounts for the activities of providing water and sewer services to the residents of the City, the operations of which are financed by user charges.

**Eagle Creek Golf Course** – Accounts for the activities of providing golfing facilities to the public and the management of the retail pro-shop.

**Fiduciary Fund** – The fiduciary fund consists of the Tourism Custodial Fund. The Tourism Custodial fund is used to collect and remit transient room taxes on behalf of the La Grange Tourist and Convention Commission.

**D. Basis of Accounting and Measurement Focus**

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.

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the City as a whole. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for individual funds.

**Fund Financial Statements**

The financial transactions of the City are recorded in individual funds. Their focus is on individual funds rather than reporting funds by type. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A period of sixty (60) days is used for property tax revenues. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred.

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Basis of Accounting and Measurement Focus (continued)**

Proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Operating revenues include charges for service and other income, operating expenses include direct costs and depreciation. All other revenues or expenses are treated as non-operating.

Permits, fines and forfeits, and miscellaneous revenues (except for investment earnings) are recorded as revenues when received because they are generally not measurable until actually received. Investment earnings are recorded when earned since they are measurable and available in all funds.

**E. Deposits and Investments**

Cash and cash equivalents include cash on hand and demand deposits. Certificates of deposit include all certificates owned by the City reported at cost. KRS 66.480 authorizes the City to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which have a physical presence in Kentucky and are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4). The Statute also authorizes investment in mutual funds, exchange traded funds, individual equity securities and high-quality corporate bonds that are managed by a professional investment manager and subject to additional requirements outlined in KRS 66.480.

**F. Interfund Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**G. Supplies Inventory**

Inventories in the proprietary funds consist of expendable supplies that are stated on a first-in, first-out method. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Inventories of the special revenue funds are recorded as expenditures when purchased rather than when consumed.

**H. Accounts Receivable**

Governmental fund accounts receivable consists of property taxes, compensation taxes, occupational license fees, insurance premium taxes, franchise fees, ABC fees, bus fees, service revenues and grant funds which are disbursed on an expenditure-reimbursement plan.

Business-type activities extend credit to substantially all of their customers.

Accounts receivable are stated at face amount, less an allowance for doubtful accounts of \$94,892 in the general fund and \$0 in the proprietary funds.

The City maintains allowances for doubtful accounts based on evaluation by management and percentages applied to the various aging periods of accounts receivable. Specific accounts deemed uncollectible are charged to the allowance upon evaluation by management. Evaluation factors include familiarity with the customer, credit history and the age of the unpaid bill. Property taxes not collected within sixty (60) days of year end are fully reserved.

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Capital Assets and Depreciation**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Transfers of capital assets between funds are recorded at the net book value of the transferred asset at the time of transfer.

All reported capital assets are depreciated with the exception of land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<b>Description</b>	<b>Years</b>
Utility plant and distribution system	20-50
Buildings and improvements	10-40
Land improvements	10-40
Infrastructure	10-25
Machinery and equipment	3-15

**J. Unearned Revenue**

Unearned revenue represents grant revenues received but not yet earned. Revenues are recognized when eligible expenditures are incurred.

**K. Compensated Absences**

Accrued vacation pay vests as of January 1 and must be used by December 31 of each year. Unused vacation pay is payable upon termination of employment. The liability for these compensated absences is recorded as a long-term liability.

Utility commission employees who have 15 years of continuous service or who were hired before October 15, 1988 accrue sick leave. Unused sick leave is payable upon termination of employment. The liability for these compensated absences is recorded as a long-term liability.

**L. Long-Term Debt and Bond Issuance Costs**

In the government-wide and proprietary fund financial statements, outstanding debt is reported as current and long-term liabilities. In accordance with GASB 65, bond issuance costs are expensed in the period incurred.

In the governmental fund financial statements, governmental fund types recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Fund Balances**

In fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into nonspendable and spendable components, if applicable. The City further breaks down both nonspendable and spendable components into the following components:

Nonspendable – amounts that must be maintained intact legally or contractually.

Restricted – amounts constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed – amounts that can be used only for specific purposes determined by a formal action of the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Council.

Assigned – for all governmental funds, other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed. For the general fund, amounts constrained, by intent, to be used for a specific purpose by the City or the elected City official given authority to assign amounts.

Unassigned – for the general fund, amounts not classified as nonspendable, restricted, committed or assigned. For all other government funds, amounts expended in excess of resources that are nonspendable, restricted, committed or assigned.

For resources considered to be assigned, the City has designated the Mayor to carry the intent of the City Council.

It is the policy of the City to spend restricted funds first when both restricted and unrestricted funds are available. Once restricted funds are spent, the City will use committed funds first, assigned funds second and unassigned funds last.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

**N. Budgeting**

The City follows the procedures established pursuant to Section 91A.030 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles.

Budgeted amounts presented in the financial statements are as adopted by ordinance of the City.

**O. Change in Accounting Policy**

In June 2017, the GASB issued Statement No. 87, *Leases* which establishes standards of accounting and financial reporting for leases by lessees and lessors. GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. In addition, GASB 87 requires the lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City implemented GASB 87 during the fiscal year ending June 30, 2022. These changes were incorporated in the City's June 30, 2022, financial statements and had no effect on the beginning net position or fund balances of the City.

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. Other Accounting Policies**

Interfund transactions are reflected as transfers. Transfers occur for various reasons related to the day to day operations of the funds and are reported as receivables and payables as appropriate and are subject to elimination upon consolidation and are referred to as either "due to/from other fund" in the fund financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Q. 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 County Employees' Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**R. Postemployment Benefits Other Than Pensions (OPEB)**

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

**S. Management's Review of Subsequent Events**

The City has evaluated and considered the need to recognize or disclose subsequent events through August 28, 2024, which represents the date these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2022, have not been evaluated by the City.

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**2. CASH AND INVESTMENTS**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City does not have a formal investment policy for interest rate risk.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

The City does not have a deposit policy for custodial credit risk beyond that specified in KRS 66.480. As of June 30, 2022, the book balance of the City's deposits totaled \$21,155,112 and the bank balances totaled \$21,666,334.

The following is a detail of the City's cash and investment deposit coverage at June 30, 2022:

FDIC insured	\$ 5,135,851
Collateralized	12,762,819
Uninsured/uncollateralized	3,339,021
Invested in money market funds	<u>428,643</u>
<b>Total</b>	<b><u>\$ 21,666,334</u></b>

Restricted assets consist of the following:

	<b>General Fund</b>	<b>Utility Commission</b>	<b>Golf Course</b>	<b>Total</b>
Cash – Debt service reserve	\$ 2,663,931	\$ 185,258	\$ 25,192	\$ 2,874,381
Cash – Storm Water	283,190	-	-	283,190
Cash – Construction	-	2,914,888	-	2,914,888
Cash – Customer deposits	<u>-</u>	<u>71,645</u>	<u>-</u>	<u>71,645</u>
<b>Total</b>	<b><u>\$ 2,947,121</u></b>	<b><u>\$ 3,171,791</u></b>	<b><u>\$ 25,192</u></b>	<b><u>\$ 6,144,104</u></b>

The City's investments at June 30, 2022 consist entirely of certificates of deposit with local banks or brokered certificates of deposit and are stated at cost:

**3. ACCOUNTS RECEIVABLE**

	<b>General Fund</b>	<b>Nonmajor Funds</b>	<b>Governmental Funds Total</b>
<b>Governmental activities:</b>			
Taxes	\$ 163,941	\$ -	\$ 163,941
Licenses and fees	1,462,007	121,329	1,583,336
Intergovernmental	15,648	65,797	81,445
Other	<u>97,810</u>	<u>-</u>	<u>97,810</u>
Gross receivables	1,739,406	187,126	1,926,532
Less: allowance for uncollectible	<u>(94,892)</u>	<u>-</u>	<u>(94,892)</u>
<b>Net receivables</b>	<b><u>\$ 1,644,514</u></b>	<b><u>\$ 187,126</u></b>	<b><u>\$ 1,831,640</u></b>
<b>Business-type activities:</b>			
Customer accounts	\$ 394,284	\$ -	\$ 394,284
Unbilled receivables	190,452	-	190,452
Other	<u>528</u>	<u>-</u>	<u>528</u>
Gross receivables	585,264	-	585,264
Less: allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net receivables</b>	<b><u>\$ 585,264</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 585,264</u></b>

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**4. CAPITAL ASSETS**

A summary of capital asset activity during the fiscal year follows:

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2022</b>
<b>Governmental Activities</b>				
Capital assets not depreciated:				
Construction in progress	\$ 1,954,604	\$ 4,488,931	\$ (1,854,003)	\$ 4,589,532
Land	<u>880,128</u>	<u>-</u>	<u>-</u>	<u>880,128</u>
Totals	<u>2,834,732</u>	<u>4,488,931</u>	<u>(1,854,003)</u>	<u>5,469,660</u>
Capital assets that are depreciated:				
Buildings and improvements	2,201,501	12,661	-	2,214,162
Machinery and equipment	3,513,280	311,415	-	3,824,695
Leased equipment	<u>-</u>	<u>17,264</u>	<u>-</u>	<u>17,264</u>
Totals	<u>5,714,781</u>	<u>341,340</u>	<u>-</u>	<u>6,056,121</u>
Total non-infrastructure assets	<u>8,549,513</u>	<u>4,830,271</u>	<u>(1,854,003)</u>	<u>11,525,781</u>
Infrastructure assets	<u>5,449,165</u>	<u>2,004,400</u>	<u>-</u>	<u>7,453,565</u>
Total capital assets	<u>13,998,678</u>	<u>6,834,671</u>	<u>(1,854,003)</u>	<u>18,979,346</u>
Less: accumulated depreciation				
Buildings and improvements	1,124,516	66,030	(5,368)	1,185,178
Machinery and equipment	2,775,670	197,921	58,684	3,032,275
Infrastructure	<u>2,200,795</u>	<u>474,387</u>	<u>(53,316)</u>	<u>2,621,866</u>
Totals	<u>6,100,981</u>	<u>738,338</u>	<u>-</u>	<u>6,839,319</u>
Less: accumulated amortization				
Leased equipment	<u>-</u>	<u>3,453</u>	<u>-</u>	<u>3,453</u>
General capital assets, net	<u>\$ 7,897,697</u>	<u>\$ 6,092,880</u>	<u>\$ (1,854,003)</u>	<u>\$ 12,136,574</u>

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**4. CAPITAL ASSETS (CONTINUED)**

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2021</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2022</b>
<b>Business-Type Activities</b>				
Land	\$ 1,764,540	\$ -	\$ -	\$ 1,764,540
Construction in progress	2,735,069	1,326,534	(3,457,533)	604,070
Buildings and improvements	3,501,017	126,140	-	3,627,157
Water tank	3,039,105	-	-	3,039,105
Mains, hydrants and new water services	5,075,375	42,368	-	5,117,743
Wastewater treatment plant	10,750,614	43,670	-	10,794,284
Sewage system lines and pump stations	13,848,354	3,331,391	-	17,179,745
Transportation equipment	949,986	10,029	-	960,015
General office equipment	603,695	127,456	-	731,151
Leased vehicles	-	86,740	-	86,740
Leased equipment	<u>185,667</u>	<u>-</u>	<u>-</u>	<u>185,667</u>
Totals	42,267,755	5,094,328	(3,457,533)	44,090,217
Less: accumulated depreciation	19,241,554	1,182,330	-	20,423,884
Less: accumulated amortization	<u>-</u>	<u>46,417</u>	<u>-</u>	<u>46,417</u>
Totals	<u>19,241,554</u>	<u>1,228,747</u>	<u>-</u>	<u>20,470,301</u>
Business-type capital assets, net	<u>\$ 23,211,868</u>	<u>\$ 3,865,581</u>	<u>\$ (3,457,533)</u>	<u>\$ 23,619,916</u>

\$1,163,775 of golf course land is recorded under a financed purchase agreement with no accumulated depreciation.

Depreciation expense was charged to the Governmental functions as follows:

General government	\$ 61,504
Police	54,616
Public works	565,942
Parks and recreation	14,631
Bus	11,467
ABC	<u>30,178</u>
Total depreciation expense	<u>\$ 738,338</u>

**5. LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES**

***Direct Placements***

**Note Payable – Kentucky Bond Corporation**

On March 22, 2006, the City entered into a financed purchase agreement in the amount of \$1,250,000 with the Kentucky Area Development Districts Financing Trusts for the financing and purchasing of a community center and City Hall. The note payable was scheduled to run for a term of 22 years with payments to be made semiannually. The note payable carried a stated interest rate of 4.6% with bank fees of \$500 annually. In December 2015, the City entered into a financed purchase agreement in the amount of \$795,000 with the Kentucky Bond Corporation to pay in full the note payable with the Kentucky Area Development Districts Financing Trusts. The new agreement decreased debt service payments by \$266,368 and has a net economic gain of \$222,921. Repayment of the note is scheduled to be paid over a period of twelve years. The new agreement has a net interest cost of 2.89% over the repayment term.



**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**5. LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (CONTINUED)**

**Note Payable – Kentucky Bond Corporation (continued)**

The minimum obligations of the above note payable at June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Bank Fee	Total
2023	\$ 67,083	\$ 12,088	\$ 1,457	\$ 80,628
2024	70,000	10,075	1,290	81,365
2025	72,083	7,975	1,115	81,173
2026	75,000	5,813	934	81,747
2027	75,000	3,563	747	79,310
2028	<u>43,750</u>	<u>1,313</u>	<u>372</u>	<u>45,435</u>
Total	<u>\$ 402,916</u>	<u>\$ 40,827</u>	<u>\$ 5,915</u>	<u>\$ 449,658</u>

**Kentucky Bond Corporation Financing Program Revenue Bonds 2014 First Series C**

On June 30, 2014, the City issued \$10,295,000 of general obligation revenue bonds through a pooled financing transaction with the Kentucky Bond Corporation to refinance obligations previously reported in the financial statements of the Oldham-LaGrange Development Authority. The proceeds were used to refund previously issued 2012 Series A General Obligation Lease Revenue Refunding Bonds and advance refund 2005 Series D General Obligation Revenue Notes. The new issue increased debt service payments by \$71,000 and had a net economic gain of \$660,444. The 2012 Series A General Obligation Lease Revenue Refunding Bonds were redeemed in July 2014. The 2005 Series D General Obligation Revenue Notes were redeemed with funds that had been placed in escrow, on June 1, 2015. Payments on the 2014 First Series C bonds are scheduled to be paid over a period of ten years. The bonds have a net interest cost of 2.44% over the repayment term.

The minimum obligations of the above bonds at June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Fees	Total
2023	\$ 888,750	\$ 33,504	\$ 3,796	\$ 926,050
2024	<u>329,583</u>	<u>9,064</u>	<u>1,261</u>	<u>339,908</u>
Total	<u>\$ 1,218,333</u>	<u>\$ 42,568</u>	<u>\$ 5,057</u>	<u>\$ 1,265,958</u>

**General Obligation Bonds, Series 2021**

On August 25, 2021, the City issued \$2,500,000 of General Obligation Bonds, Series 2021. The bonds were issued to fund construction of the La Grange Springs Park project. The bonds bear interest at a rate of 1.00% - 2.00% and are scheduled to be repaid over a period of 20 years.

The minimum obligations of the above lease at June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 110,000	\$ 33,950	\$ 143,950
2024	115,000	32,825	147,825
2025	115,000	31,675	146,675
2026	115,000	30,525	145,525
2027	115,000	29,375	144,375
2028-2032	600,000	129,000	729,000
2033-2037	635,000	92,913	727,913
2028	<u>695,000</u>	<u>35,250</u>	<u>730,250</u>
Total	<u>\$ 2,500,000</u>	<u>\$ 415,513</u>	<u>\$ 2,915,513</u>

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**5. LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (CONTINUED)**

The total governmental activity debt is summarized as follows:

Current portion of revenue bonds	\$ 888,750
Current portion of general obligation bonds	110,000
Current portion of notes payable	67,083
Current portion of lease liability	<u>3,148</u>
 Total current portion of long-term obligations	 <u>\$ 1,068,981</u>
 Long-term portion of revenue bonds	 329,583
Long-term portion of general obligation bonds	2,390,000
Long-term portion of notes payable	335,834
Compensated absences	84,790
Lease liability	11,084
Net pension liability	4,571,662
Net OPEB liability	<u>1,382,204</u>
 Long-term portion of long-term obligations	 <u>\$ 9,105,157</u>

A summary of changes in governmental long-term debt is as follows:

	July 1, 2021	Additions	Retirements	June 30, 2022
Notes payable	\$ 467,917	\$ -	\$ 65,000	\$ 402,917
Revenue bonds	2,320,833	-	1,102,500	1,218,333
General obligation bonds	-	2,500,000	-	2,500,000
Lease liability	-	17,264	3,032	14,232
Compensated absences	66,035	18,755	-	84,790
Net pension liability	5,149,792	-	578,130	4,571,662
Net OPEB liability	<u>1,593,379</u>	<u>-</u>	<u>211,175</u>	<u>1,382,204</u>
 Total	 <u>\$ 9,597,956</u>	 <u>\$ 2,536,019</u>	 <u>\$ 1,959,837</u>	 <u>\$ 10,174,138</u>

**6. LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES**

**Business-Type Activities – Utility Commission**

***Direct placement***

**Bonds Payable to Kentucky Rural Water Finance Corporation**

On November 13, 2012, the Commission entered into an agreement with the Kentucky Rural Water Finance Corporation to issue Public Projects Revenue Bonds Series 2012 F for the purpose of providing funds to be used for the expansion of the City's wastewater treatment plant. The loan bears a rate of interest that varies between 2.3% to 4.3% and is payable in monthly payments to include 1/12 of the outstanding principal and 1/6 of the accrued interest balances to be withdrawn on the 20<sup>th</sup> day of each month for the following months regularly scheduled payment commencing December 20, 2012 for the January 1, 2013 payment. In addition, the loan terms call for an annual fee in the amount of \$450 to be paid to the trustee beginning February 1, 2013. The bonds were refunded with the issuance of the 2022A Refunding Revenue bonds during the year ended June 30, 2022.

**Kentucky Rural Water Finance Corporation 2021C Refunding and Improvement Revenue Bonds**

On July 27, 2021, the Commission entered into an agreement with the Kentucky Rural Water Finance Corporation to issue Public Projects Refunding Revenue Bonds Series 2021C in the amount of \$1,400,000 for the purpose of expansion, addition, and improvements of the Commission's public projects. The bonds have a rate of interest that varies between 2.2% to 3.2% and is payable in monthly payments to include 1/12 of the outstanding principal and 1/6 of the accrued interest balances with payments commencing in September 2021.

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**6. LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (CONTINUED)**

**Business-Type Activities – Utility Commission, continued**

**Kentucky Rural Water Finance Corporation 2022A Refunding Revenue Bonds**

On January 27, 2022 the Commission entered into an agreement with the Kentucky Rural Water Finance Corporation to issue Public Projects Refunding Revenue Bonds Series 2022A totaling \$2,965,000 for the purpose of refunding, redeeming, and discharging the Commission's Revenue Bonds, Series 2012F. The bonds have a rate of interest that varies between 2.2% to 5.2% and is payable in monthly payments to include 1/12 of the outstanding principal and 1/6 of the accrued interest balances with payments commencing in March 2022. In addition, the loan terms call for an annual fee in the amount of \$450 to be paid to the trustee beginning February 1, 2023. As a result of the refunding, the Commission reduced debt service by \$646,320 over the next 15 years. The present value of the cash flow savings and economic gain was \$574,275.

The future obligations for all long-term debt of the Commission (excluding the net pension liability and the net OPEB liability) at June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Fees	Total
2023	\$ 329,049	\$ 205,607	\$ 6,333	\$ 540,989
2024	351,493	193,098	6,053	550,644
2025	363,980	180,713	5,769	550,462
2026	376,510	167,942	5,480	549,932
2027	384,086	154,607	5,186	543,879
2028-2032	2,125,667	563,614	21,329	2,710,610
2033-2037	2,387,184	263,993	13,156	2,664,333
2038-2042	<u>1,247,981</u>	<u>61,296</u>	<u>4,239</u>	<u>1,313,516</u>
Total	<u>\$ 7,565,950</u>	<u>\$ 1,790,870</u>	<u>\$ 67,545</u>	<u>\$ 9,424,365</u>

**Direct Placement**

On February 1, 2019, the Commission finalized an agreement with the Kentucky Infrastructure Authority (KIA) for a loan in an amount not to exceed \$3,323,700 for the I-71 interceptor sewer upgrade project. The loan bears interest at a rate of 1.75%, paid semi-annual. As of June 30, 2022, the Commission had drawn \$3,269,035 on the loan. Payments for principal and interest commenced on June 1, 2022 and will continue semi-annually until the loan is paid off.

Total debt is summarized as follows:

	<b>2022</b>
Current portion of Kentucky Infrastructure Authority	\$ 139,049
Current portion of Kentucky Rural Water Bonds	<u>190,000</u>
Total current portion of long-term obligations	<u>\$ 329,049</u>
Long-term portion of Kentucky Infrastructure Authority	\$ 3,061,901
Long-term portion of Kentucky Rural Water Bonds	4,175,000
Bond premium Kentucky Rural Water Bonds	313,493
Compensated absences	80,656
Leased vehicles	68,660
Net pension liability	1,555,945
Net OPEB liability	<u>467,088</u>
Long-term portion of long-term obligations	<u>\$ 9,722,743</u>

**CITY OF LA GRANGE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

**6. LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (CONTINUED)**

**Business-Type Activities – Utility Commission, continued**

The changes in long-term debt at June 30, 2022 are as follows:

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2022</b>
Bonds and notes payable	\$ 6,448,478	\$ 4,505,556	\$ (3,388,084)	\$ 7,565,950
Bond premium	134,480	334,941	(155,928)	313,493
Net pension liability	1,722,049	-	(166,104)	1,555,945
Net OPEB liability	541,978	-	(74,890)	467,088
Leased vehicles	-	86,741	(18,081)	68,660
Compensated absences	<u>60,710</u>	<u>19,946</u>	<u>-</u>	<u>80,656</u>
	<u>\$ 8,907,695</u>	<u>\$ 4,947,184</u>	<u>\$ (3,803,087)</u>	<u>\$ 10,051,792</u>

**Business-Type Activities – Golf Course**

**Direct Placement**

**Note Payable – Kentucky Bond Corporation**

During 2017, the City entered into a financed purchase agreement with the Kentucky Bond Corporation to refinance the 2007 note payable with the Kentucky Area Development District. The 2007 note payable was used to purchase 80+ acres, which includes the back nine holes of the Eagle Creek Golf Course. The refinancing resulted in debt service savings of \$97,935 and a net economic gain of \$80,357. The principal and interest payments are to be made from the revenues of the golf course. The City is required to pay the extent of the portion of the principal and interest payments that the revenues of the golf course are unable to pay.

The note payable bears interest at a fixed rate and is to run for a term of ten years with payments to be made monthly. The note payable carries a stated interest rate of 3% with bank fees totaling \$21,854 by the end of the obligation.

The future minimum obligations of the above note payable at June 30, 2022, are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Service Fee</b>	<b>Total</b>
2023	\$ 143,333	\$ 22,313	\$ 2,309	\$ 167,955
2024	157,082	18,013	1,951	177,046
2025	164,167	13,300	1,558	179,025
2026	174,167	8,375	960	183,502
2027	<u>105,000</u>	<u>3,900</u>	<u>263</u>	<u>109,163</u>
Total	<u>\$ 743,749</u>	<u>\$ 65,901</u>	<u>\$ 7,041</u>	<u>\$ 816,691</u>

The total golf course debt is summarized as follows:

Current portion of note payable	<u>\$ 143,333</u>
Long-term portion of note payable	<u>\$ 600,416</u>

A summary of changes in golf course long-term debt is as follows:

<b>July 1, 2021</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2022</b>
<u>\$ 867,083</u>	<u>\$ -</u>	<u>\$ 123,334</u>	<u>\$ 743,749</u>

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**7. LEASE LIABILITIES**

Governmental Activities

On April 7, 2022, the City entered into a lease agreement for a copier to be used at City Hall. The lease calls for monthly payments of \$302 over a period of 63 months and bears interest at 3.75%. The balance of the lease liability as of June 30, 2022 was \$14,232.

Annual requirements to maturity for the copier lease are as follows:

Year ended	Principal	Interest	Total
2023	\$ 3,148	\$ 480	\$ 3,628
2024	3,268	360	3,628
2025	3,393	235	3,628
2026	<u>4,423</u>	<u>111</u>	<u>4,534</u>
	<u>\$ 14,232</u>	<u>\$ 1,186</u>	<u>\$ 15,418</u>

Business-type Activities

In May 2021, the City entered into a lease agreement for 58 golf carts to be used at the golf course. The lease calls for 6 monthly payments of \$8,746 to be made each fiscal year to correspond with the peak months of operations at the golf course. The lease agreement runs through fiscal year ending June 30, 2025 and bears interest at 3.75%. The balance of the lease liability as of June 30, 2022 was \$136,288.

Annual requirements to maturity for the golf cart lease are as follows:

Year ended	Principal	Interest	Total
2023	\$ 50,312	\$ 2,164	\$ 52,476
2024	51,263	1,213	52,476
2025	<u>34,713</u>	<u>272</u>	<u>34,985</u>
	<u>\$ 136,288</u>	<u>\$ 3,649</u>	<u>\$ 139,937</u>

In April 2022, the Utility Commission entered into a lease agreement for 2 trucks to be used for the Utility Commission's operations. The lease calls for 60 monthly payments of \$1,666 and bears interest at 5.73%. The balance of the lease liability as of June 30, 2022 was \$68,660. In May 2022, the Utility Commission prepaid the monthly payments due for fiscal year ending June 30, 2023. The prepayment resulted in no current portion of the lease liability as of June 30, 2022.

Annual requirements to maturity for the Utility Commission vehicle lease are as follows:

Year ended	Principal	Interest	Total
2023	\$ -	\$ -	\$ -
2024	16,487	3,506	19,993
2025	17,457	2,536	19,993
2026	18,484	1,509	19,993
2027	<u>16,232</u>	<u>429</u>	<u>16,661</u>
	<u>\$ 68,660</u>	<u>\$ 7,980</u>	<u>\$ 76,640</u>

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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**8. RETIREMENT PLAN**

The City of La Grange is a participating employer of the County Employees' Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Public Pensions Authority website.

*Plan Description* – CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided at the discretion of state legislature.

*Contributions* – For the year ended June 30, 2022, plan members were required to contribute 5% of wages for non-hazardous job classifications and 8% of wages for hazardous job classifications. Employees hired after September 1, 2008, are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium.

The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2022, participating employers contributed 26.95% of each employee's wages for non-hazardous job classifications and 44.33% of each employee's wages for hazardous job classifications. The contributions are allocated to both the pension and insurance trusts. The insurance trust is more fully described in Note 9. Plan members contributed 21.17% to the pension trust for non-hazardous job classifications and 33.86% to the pension trust for hazardous job classifications. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

Plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5% of wages to their own account for non-hazardous job classifications and 8% of wages to their own account for hazardous classifications. Plan members also contribute 1% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. Each member's account is credited with a 4% employer pay credit for non-hazardous members, and a 7.5% pay credit for hazardous members. The employer pay credit represents a portion of the employer contribution.

For the year ended June 30, 2022, the City contributed \$287,025, or 100% of the required contribution for non-hazardous job classifications, and the City contributed \$239,265, or 100% of the required contribution for hazardous job classifications.

*Benefits* – CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service.

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**8. RETIREMENT PLAN (CONTINUED)**

For retirement purposes, employees are grouped into three tiers based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old and 4 years service
	Reduced retirement	At least 5 years service and 55 years old or 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ with sum of service years plus age equal to 87+
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ with sum of service years plus age equal to 87+
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

*Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources* – At June 30, 2022, the City reported a liability for its proportionate share of the net pension liability as follows:

<b>Total Net</b>		
<b>Pension Liability</b>	<b>Non-hazardous</b>	<b>Hazardous</b>
<u>\$ 6,127,607</u>	<u>\$ 3,344,800</u>	<u>\$ 2,782,807</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward using generally accepted actuarial procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2021, was as follows:

<b>Non-hazardous</b>	<b>Hazardous</b>
.052%	.104%

The proportionate share measured at June 30, 2021 relative to June 30, 2020 increased by .005% for non-hazardous and decreased for hazardous by .006%.

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**8. RETIREMENT PLAN (CONTINUED)**

For the year ended June 30, 2022, the City recognized pension expense of \$531,447. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual results	\$ 115,152	\$ 32,464
Changes of assumptions	79,649	-
Net difference between projected and actual earnings on Plan investments	-	744,546
Changes in proportion and differences between City contributions and proportionate share of contributions	328,390	307,972
City contributions subsequent to the measurement date	<u>526,290</u>	<u>-</u>
Total	<u>\$ 1,049,481</u>	<u>\$ 1,084,982</u>

The \$526,290 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<b>Year ending June 30,</b>	
2023	\$ (18,622)
2024	\$ (104,956)
2025	\$ (197,386)
2026	\$ (240,827)

*Actuarial Assumptions* – The total pension liability measured at June 30, 2021, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Non-hazardous**

Inflation	2.30%
Salary increases	3.30% to 10.30%, varies by service, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation

**Hazardous**

Inflation	2.30%
Salary increases	3.55 to 19.05%, varies by service, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation

Mortality rates were based on the Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 Mortality Improvement Scale using a base year of 2010. The Mortality Table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2019. The Mortality Table used for disabled members was PUB-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2021, actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total pension liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021.



**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**8. RETIREMENT PLAN (CONTINUED)**

The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

The target allocation and best estimates of nominal real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Growth</b>	<b>68.50%</b>	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Special credit/high yield	15.00%	2.80%
<b>Liquidity</b>	<b>11.50%</b>	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
<b>Diversifying Strategies</b>	<b>20.00%</b>	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	11.00%	4.55%
<b>Total</b>	<b>100.00%</b>	<b>5.00%</b>
<b>Long term inflation assumption</b>		<b>2.30%</b>
<b>Expected nominal return for portfolio</b>		<b>7.30%</b>

*Discount Rate* – The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the closed 30-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. The discount rate does not use a municipal bond rate.

*Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

	<b>Non-hazardous</b>		<b>Hazardous</b>	
	<b>Discount rate</b>	<b>City's proportionate share of net pension liability</b>	<b>Discount rate</b>	<b>City's proportionate share of net pension liability</b>
1% decrease	5.25%	\$ 4,289,876	5.25%	\$ 3,547,075
Current discount rate	6.25%	\$ 3,344,800	6.25%	\$ 2,782,807
1% increase	7.25%	\$ 2,562,789	7.25%	\$ 2,159,934

*Payable to the Pension Plan* – At June 30, 2022, the City reported a payable of \$14,311 for the outstanding amount of contributions to the pension and OPEB plan required for the year ended June 30, 2022.

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

*Plan Description* – As more fully described in Note 8, the City of La Grange participates in the County Employees’ Retirement System (CERS). CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. In addition to retirement benefits, the plan provides for health insurance benefits to plan members (other postemployment benefits or OPEB). OPEB benefits may be extended to beneficiaries of plan members under certain circumstances.

*Contributions* – As more fully described in Note 8, plan members contribute to CERS for non-hazardous and hazardous job classifications. For the year ending June 30, 2022, the employer’s contribution was 5.78% to the insurance trust for non-hazardous job classifications and 10.47% to the insurance trust for hazardous job classifications. Employees hired after September 1, 2008, are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

For the year ended June 30, 2022, the City contributed \$63,526, or 100% of the required contribution for non-hazardous job classifications, and \$58,674, or 100% of the required contribution for hazardous job classifications.

*Benefits* – CERS provides health insurance benefits to Plan employees and beneficiaries.

For retirement purposes, employees are grouped into three tiers based on hire date:

Tier 1	Participation date Insurance eligibility Benefit	Before July 1, 2003 10 years of service credit required Set percentage of single coverage health insurance based on service credit accrued at retirement
Tier 1	Participation date Insurance eligibility Benefit	Before September 1, 2008 but after July 1, 2003 10 years of service credit required Set dollar amount based on service credit accrued, increased annually
Tier 2	Participation date Insurance eligibility Benefit	After September 1, 2008 and before December 31, 2013 15 years of service credit required Set dollar amount based on service credit accrued, increased annually
Tier 3	Participation date Insurance eligibility Benefit	After December 31, 2013 15 years of service credit required Set dollar amount based on service credit accrued, increased annually

*OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources* – At June 30, 2022, the City reported a liability for its proportionate share of the net OPEB liability as follows:

<b>Total Net</b>		
<b>OPEB Liability</b>	<b>Non-hazardous</b>	<b>Hazardous</b>
<u>\$ 1,849,292</u>	<u>\$ 1,004,091</u>	<u>\$ 845,201</u>

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward using generally accepted actuarial procedures. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2021 was as follows:

<b>Non-hazardous</b>	<b>Hazardous</b>
.052%	.104%

The proportionate share at June 30, 2021 relative to June 30, 2020 for non-hazardous increased by .005% and hazardous decreased by .006%.

For the year ended June 30, 2022, the City recognized OPEB expense of \$213,686. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual results	\$ 184,305	\$ 390,718
Changes of assumptions	478,160	1,249
Net difference between projected and actual earnings on Plan investments	-	316,162
Changes in proportion and differences between City contributions and proportionate share of contributions	123,880	136,091
City contributions subsequent to the measurement date	<u>161,258</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 947,603</u></b>	<b><u>\$ 844,220</u></b>

The \$161,258 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. This includes adjustments of \$33,039 for the nonhazardous implicit subsidy and \$6,019 for the hazardous implicit subsidy, which are required to be recognized as deferred outflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year ending June 30,</b>		
2023	\$	(1,496)
2024	\$	2,949
2025	\$	6,717
2026	\$	(77,639)
2027	\$	11,594

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

*Actuarial Assumptions* – The total OPEB liability measured at June 30, 2021, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Non-hazardous**

Inflation	2.30%
Salary increases	3.30 to 10.30%, varies by service, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation
Healthcare trend	
Pre – 65:	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post – 65:	Initial trend starting at 6.30% at January 1, 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

**Hazardous**

Inflation	2.30%
Salary increases	3.55 to 19.05%, varies by service, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation
Healthcare trend	
Pre – 65:	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post – 65:	Initial trend starting at 6.30% at January 1, 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

Mortality rates were based on the Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 Mortality Improvement Scale using a base year of 2010. The Mortality Table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2019. The Mortality Table used for disabled members was PUB-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total OPEB liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021.

The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Growth</b>	<b>68.50%</b>	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Special credit/high yield	15.00%	2.80%
<b>Liquidity</b>	<b>11.50%</b>	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
<b>Diversifying Strategies</b>	<b>20.00%</b>	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
<b>Total</b>	<b>100.00%</b>	<b>5.00%</b>
<b>Long term inflation assumption</b>		<b>2.30%</b>
<b>Expected nominal return for portfolio</b>		<b>7.30%</b>

*Discount Rate* – The discount rate used to measure the total OPEB liability was 5.20% and 5.05% for non-hazardous and hazardous classifications, respectively. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 2.45%, as reported in Fidelity Index’s “20 –Year Municipal GO AA Index.” However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

*Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate* – The following presents the City’s proportionate share of the net OPEB liability calculated using the discount rate as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>Non-hazardous</b>		<b>Hazardous</b>	
	<b>Discount rate</b>	<b>City’s proportionate share of net OPEB liability</b>	<b>Discount rate</b>	<b>City’s proportionate share of net OPEB liability</b>
1% decrease	4.20%	\$ 1,378,615	4.05%	\$ 1,225,384
Current discount rate	5.20%	\$ 1,004,091	5.05%	\$ 845,201
1% increase	6.20%	\$ 696,739	6.05%	\$ 539,750

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

*Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate* – The following presents the City's proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Non-hazardous	Hazardous
	<b>City's proportionate share of net OPEB liability</b>	<b>City's proportionate share of net OPEB liability</b>
1% decrease	\$ 722,830	\$ 529,812
Current trend rate	\$ 1,004,091	\$ 845,201
1% increase	\$ 1,343,587	\$ 1,149,958

*OPEB plan fiduciary net position* – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report.

**10. PROPERTY TAX CALENDAR**

Property taxes for fiscal year 2022 were levied in September 2021 on the assessed property located in the City as of the preceding January 1. The assessments are determined by the County Property Valuation Administrator in accordance with Kentucky Revised Statutes. The due date collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	Due Date
1. Due date for payment	Upon receipt
2. Discount of 2%	October 15
3. Face value payment period	November 15
4. 10% penalty delinquent date	November 16

These taxes are collected by the City Clerk. Vehicle taxes are collected by the County Clerk of Oldham County and are due and collected in the birth month of the licensee.

**11. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the City also carries commercial insurance for all other risks of loss such as worker's compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**12. INVESTMENT IN JOINT VENTURE – OLDHAM-LAGRANGE DEVELOPMENT AUTHORITY**

Oldham-LaGrange Development Authority (OLDA) was formed as a non-profit, non-stock corporation as provided by the Local Industrial Development Authority Act under KRS 154.50. The City of La Grange, Kentucky and the County of Oldham, Kentucky formed the Development Authority under an interlocal Cooperation Agreement. The purpose of the Development Authority is to promote economic development and create jobs within the boundaries of the City and County by financing through the Government Authority the acquisition and development of property.

The City of La Grange issued General Obligation Lease Revenue Notes, 2005 Series A, 2005 Series B, 2005 Series C, and 2005 Series D dated July 1, 2005 for \$10,000,000 for the purchase of land and infrastructure improvements thereto, by way of the Development Authority. The proceeds were turned over to the Oldham-La Grange Development Authority. The Lease Revenue Notes are to be paid with the proceeds from the sale and use of property managed by the Development Authority.

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**12. INVESTMENT IN JOINT VENTURE – OLDHAM-LAGRANGE DEVELOPMENT AUTHORITY (CONTINUED)**

On December 1, 2008, OLDA, through the City of La Grange, issued \$5,215,000 of general obligation lease revenue refunding bonds. The bonds were issued to (1) purchase an escrow scheduled to mature at such times and in such amounts as are necessary and will be adequate, with investment or reinvestment thereof, to meet the currently scheduled interest requirements of the 2005 Series C bonds and (2) pay or refund in advance of maturity, the remaining principal, accrued interest and premium of the City of La Grange bonds, Series of 2005 A and B, dated August 3, 2005 and (3) pay the bond issuance expenses.

On January 21, 2010, the Oldham-LaGrange Development authority through the City of La Grange, issued \$7,555,000 of general obligation lease revenue refunding bonds. The bonds were issued to (1) purchase an escrow scheduled to mature at such times and in such amounts as are necessary and will be adequate, with investment or reinvestment thereof, to meet the currently scheduled interest requirements of the 2010 series bonds and (2) pay or refund in advance of maturity, the remaining principal, accrued interest and premium of the City of La Grange bonds, Series of 2005 C, dated August 3, 2005 and Series 2008 bonds dated December 1, 2008 and (3) pay the bond issuance expenses.

On May 25, 2012, OLDA, through the City, issued \$8,100,000 of 2012 Series A general obligation lease revenue refunding bonds to replace the City 2010 Series A general obligation lease refunding bonds. The bonds were issued to (1) purchase an escrow scheduled to mature at such times and in such amounts as are necessary and will be adequate, with investment or reinvestment thereof, to meet the currently scheduled interest requirements of the 2012 Series bonds and (2) pay or refund in advance of maturity, the remaining principal, accrued interest, and premium of the City 2010 Series A general obligation lease revenue refunding and (3) pay the bond issuance expenses.

On June 30, 2014, the City issued \$10,925,000 of 2014 First Series C general obligation revenue bonds to redeem both the 2012 Series A general obligation lease revenue refunding bonds and the 2005 Series D general obligation lease revenue notes. The 2012 Series A General Obligation Lease Revenue Refunding Bonds were redeemed in July 2014. The 2005 Series D General Obligation Revenue Notes were redeemed with funds placed in escrow on June 1, 2015. The 2014 First Series C bonds will be reported on the financial statements as a liability of the City and are scheduled to be paid by the City over a period of ten years. See footnote 5 for additional information regarding the 2014 First Series C General Obligation Revenue Bonds.

Oldham-LaGrange Development Authority issues separate financial statements available through its administrative office at 112 South 1<sup>st</sup> Avenue P.O. Box 366, La Grange, KY 40031 or by telephone at (502) 222-1635. Summarized totals for the Development Authority for the year ended June 30, 2022, are as follows:

Total assets	\$ 16,571,101
Total liabilities	\$ 2,250
Total net position	\$ 16,568,851

The net equity investment in Oldham-LaGrange Development Authority for the City of La Grange at June 30, 2022, is \$8,660,626. The net equity is determined by the following:

	<b>OLDA Audit 6/30/2022</b>	<b>City Allocation</b>	<b>County Allocation</b>
Beginning net equity, July 1, 2021	\$ 16,524,394	\$ 8,638,398	\$ 7,885,996
Operating loss before transfers in	(75,543)	(37,772)	(37,771)
Principal payments transfers in	<u>120,000</u>	<u>60,000</u>	<u>60,000</u>
Ending net equity, June 30, 2022	<u>\$ 16,568,851</u>	<u>\$ 8,660,626</u>	<u>\$ 7,908,225</u>

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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**13. TRANSFERS**

The purpose of transfers is to move resources between the General Fund and other funds, for budgetary purposes, to the funds that will expend them. During fiscal year 2022, the General Fund transferred \$151,964 to the Golf Course and \$62,500 to the Bus Fund..

**14. INTERFUND BALANCES**

This table shows interfund balances as of June 30, 2022:

	<b>General Fund</b>	<b>Utility Commission</b>	<b>ABC Fund</b>	<b>Bus Fund</b>	<b>Total Due To</b>
General Fund	\$ _____ -	\$ <u>34,185</u>	\$ <u>166,350</u>	\$ <u>45,917</u>	\$ <u>246,452</u>
Total due from	\$ _____ -	\$ <u>34,185</u>	\$ <u>166,350</u>	\$ <u>45,917</u>	\$ <u>246,452</u>

Interfund balances result from goods and services type transactions that have occurred between individual funds that have resulted in amounts owed between funds.



**SUPPLEMENTARY INFORMATION**

**CITY OF LA GRANGE, KENTUCKY**  
**REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON**  
**GENERAL FUND**  
**for the year ended June 30, 2022**

	<b>Enacted Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
<b>REVENUES</b>				
<b>Taxes</b>				
General property taxes	\$ 1,498,000	\$ 1,498,000	\$ 1,618,868	\$ 120,868
Bank shares tax	95,000	95,000	94,534	(466)
Omitted tangibles	2,500	2,500	1,560	(940)
Motor vehicle taxes	135,000	135,000	166,316	31,316
Total municipal taxation	1,730,500	1,730,500	1,881,278	150,778
<b>Licenses, permits and billings</b>				
Business licenses	495,000	495,000	578,256	83,256
Insurance premiums	1,888,000	1,888,000	2,093,485	205,485
ABC license fees	20,000	20,000	22,678	2,678
Compensation tax	2,700,000	2,700,000	2,598,040	(101,960)
Franchise fees	400,000	400,000	418,049	18,049
Total licenses, permits and billings	5,503,000	5,503,000	5,710,508	207,508
<b>Intergovernmental revenues</b>				
Grants	30,000	230,000	384,974	154,974
Federal overtime	12,900	12,900	3,409	(9,491)
KLEFPF	73,640	73,640	57,588	(16,052)
LGEA	10,000	10,000	7,204	(2,796)
Total intergovernmental	126,540	326,540	453,175	126,635
<b>Charges for service</b>				
Sanitation fees	400,000	400,000	407,413	7,413
Stormwater fees	352,000	352,000	100,000	(252,000)
Total charges for service	752,000	752,000	507,413	(244,587)
<b>Other revenue</b>				
Interest	5,000	5,000	7,599	2,599
Penalties	-	-	951	951
Encroachment fees	6,000	6,000	7,600	1,600
Community center	5,000	5,000	15,196	10,196
Miscellaneous	6,500	6,500	23,632	17,132
Total other revenue	22,500	22,500	54,978	32,478
<b>TOTAL REVENUE</b>	<b>\$ 8,134,540</b>	<b>\$ 8,334,540</b>	<b>\$ 8,607,352</b>	<b>\$ 272,812</b>

**CITY OF LA GRANGE, KENTUCKY**  
**REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON**  
**GENERAL FUND**  
**for the year ended June 30, 2022**

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES</b>				
<b>General Government</b>				
Salaries	\$ 166,700	\$ 166,700	\$ 178,187	\$ (11,487)
Employee insurance	73,121	73,121	58,156	14,965
Employer portion FICA	16,763	16,763	15,801	962
Employer portion medicare	3,920	3,920	3,695	225
Mayor/Council	103,672	103,672	104,881	(1,209)
Employer portion retirement	44,926	44,926	49,842	(4,916)
Unemployment insurance	4,000	4,000	-	4,000
Computer maintenance	40,000	40,000	39,418	582
Tax preparation (PVA)	41,000	41,000	44,890	(3,890)
Ordinance codification	5,000	5,000	10,946	(5,946)
Workers compensation	13,255	13,255	15,347	(2,092)
Property/liability insurance	75,000	75,000	75,354	(354)
Auditing	26,000	26,000	-	26,000
Gas/electric/telephone	124,000	124,000	130,019	(6,019)
Legal fees	45,000	45,000	24,049	20,951
Legal advertisements	10,000	10,000	5,530	4,470
Office supplies	10,000	10,000	8,713	1,287
Repair and maintenance	60,000	60,000	64,370	(4,370)
Seminars/education	12,000	12,000	1,430	10,570
Miscellaneous	31,044	31,044	69,818	(38,774)
Payroll bank fees	1,000	1,000	7,958	(6,958)
Board of adjustments and appeals	1,000	1,000	1,750	(750)
	<u>907,401</u>	<u>907,401</u>	<u>910,154</u>	<u>(2,753)</u>
<b>Total general government</b>				
<b>Public Safety-Police</b>				
Police salaries	715,332	715,332	768,004	(52,672)
Overtime salaries	-	-	44,326	(44,326)
Part-time salaries	17,964	17,964	9,396	8,568
KLEFPF	64,000	64,000	56,775	7,225
Federal overtime	12,900	12,900	4,211	8,689
Employee insurance	163,209	163,209	129,888	33,321
Employer portion FICA	46,419	46,419	46,886	(467)
Employer portion medicare	10,856	10,856	10,965	(109)
Employer portion retirement	264,836	264,836	270,810	(5,974)
Workers compensation	22,810	22,810	54,484	(31,674)
Automobile insurance	24,976	24,976	-	24,976
Liability insurance	26,701	26,701	21,988	4,713
Radio maintenance	2,310	2,310	1,710	600
Computer maintenance	13,860	13,860	26,897	(13,037)
Seminars and education	9,625	9,625	10,342	(717)
Uniform expense	15,400	15,400	10,454	4,946
Miscellaneous	59,000	59,000	76,349	(17,349)
Crime prevention	4,000	4,000	277	3,723
Criminal investigations	5,000	5,000	5,575	(575)
Firing range expenses	4,000	4,000	47	3,953
Small equipment purchases	4,000	4,000	2,936	1,064
Gas and oil	36,000	36,000	46,276	(10,276)
Equipment repairs	20,000	20,000	19,699	301
Drug enforcement funds	1,000	1,000	-	1,000
Dry cleaning	1,500	1,500	28	1,472
Telephone/cellular/pagers	21,000	21,000	19,973	1,027
K-9	1,000	1,000	961	39
Forfeiture expenses	-	-	2,163	(2,163)
One call	3,912	3,912	3,912	-
Oldham County dispatch	12,250	12,250	18,634	(6,384)
	<u>1,583,860</u>	<u>1,583,860</u>	<u>1,663,966</u>	<u>(80,106)</u>
<b>Total public safety-police</b>				

**CITY OF LA GRANGE, KENTUCKY**  
**REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON**  
**GENERAL FUND**  
**for the year ended June 30, 2022**

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Public Works</b>				
Salaries	\$ 425,131	\$ 425,131	\$ 418,226	\$ 6,905
Overtime salaries	15,000	15,000	6,414	8,586
Part-time salaries	15,000	15,000	8,337	6,663
Employee insurance	137,512	137,512	79,993	57,519
Employer portion FICA	27,288	27,288	23,069	4,219
Employer portion medicare	6,382	6,382	5,395	987
Employer portion retirement	114,573	114,573	111,446	3,127
Workers compensation	30,000	30,000	36,544	(6,544)
Vehicle insurance	29,000	29,000	16,617	12,383
Utilities	18,000	18,000	15,641	2,359
Seminars/education	4,000	4,000	3,055	945
Uniforms	3,000	3,000	2,952	48
Small equipment purchases	4,500	4,500	3,813	687
Gas and oil	28,800	28,800	27,786	1,014
Equipment/vehicle repairs	72,000	72,000	30,822	41,178
Computer maintenance	500	500	-	500
Crushed rock	1,000	1,000	-	1,000
Signs and posts	6,000	6,000	8,600	(2,600)
Sidewalks	40,000	40,000	(833)	40,833
Paving material	180,000	180,000	900	179,100
Street paint	2,000	2,000	1,999	1
Snow removal	3,000	3,000	3,907	(907)
Grounds maintenance	10,000	10,000	5,472	4,528
Building maintenance	10,000	10,000	9,558	442
Equipment rental	2,000	2,000	29	1,971
Tires and batteries	8,000	8,000	4,247	3,753
Electric/telephone welcome center	3,500	3,500	4,012	(512)
Repairs welcome center	4,000	4,000	21	3,979
Miscellaneous	2,500	2,500	25,783	(23,283)
CDL license	1,000	1,000	763	237
Contract help	14,000	14,000	12,182	1,818
Safety	2,000	2,000	2,753	(753)
Street lighting	2,500	2,500	364	2,136
Total public works	<u>1,222,186</u>	<u>1,222,186</u>	<u>869,867</u>	<u>352,319</u>
<b>Sanitation</b>	<u>362,940</u>	<u>362,940</u>	<u>446,046</u>	<u>(83,106)</u>
<b>Parks and Recreation</b>	<u>4,153,400</u>	<u>4,153,400</u>	<u>81,197</u>	<u>4,072,203</u>
<b>Storm Water</b>	<u>132,000</u>	<u>132,000</u>	<u>36,476</u>	<u>95,524</u>
<b>Community Development</b>				
Main street	5,000	5,000	6,507	(1,507)
La Grange crossroads district	45,000	45,000	45,801	(801)
Economic development, OLDA	80,000	80,000	80,000	-
Historic preservation	12,000	12,000	5,039	6,961
Tree replacement	2,000	2,000	276	1,724
Festivals - Christmas, OC Day	5,000	5,000	5,928	(928)
GIS	3,000	3,000	3,400	(400)
Mayor's discretionary fund	2,500	2,500	307	2,193
Building maintenance	-	-	-	-
Signage and lighting	20,000	20,000	6,712	13,288
Miscellaneous	276,865	476,865	233,719	243,146
Total community development	<u>451,365</u>	<u>651,365</u>	<u>387,689</u>	<u>263,676</u>
<b>Capital Outlay</b>	<u>572,635</u>	<u>572,635</u>	<u>4,669,346</u>	<u>(4,096,711)</u>
<b>Debt Service</b>	<u>1,403,906</u>	<u>1,403,906</u>	<u>1,278,480</u>	<u>125,426</u>
<b>Bond issue costs</b>	<u>-</u>	<u>-</u>	<u>74,502</u>	<u>(74,502)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 10,789,693</u>	<u>\$ 10,989,693</u>	<u>\$ 10,417,723</u>	<u>\$ 571,970</u>

**CITY OF LA GRANGE, KENTUCKY**  
**REQUIRED SUPPLEMENTARY SCHEDULE**  
**PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NONHAZARDOUS**  
**Last Nine Fiscal Years**

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<b>Reporting Fiscal Year (Measurement Date)</b>	<b>2014 (2013)</b>	<b>2015 (2014)</b>	<b>2016 (2015)</b>	<b>2017 (2016)</b>	<b>2018 (2017)</b>	<b>2019 (2018)</b>	<b>2020 (2019)</b>	<b>2021 (2020)</b>	<b>2022 (2021)</b>
City's proportion of the net pension liability	0.040%	0.040%	0.039%	0.041%	0.042%	0.044%	0.045%	0.047%	0.052%
City's proportionate share of the net pension liability (asset)	\$ 1,386,844	\$ 1,284,599	\$ 1,695,033	\$ 2,003,003	\$ 2,449,258	\$ 2,650,196	\$ 3,182,242	\$ 3,577,863	\$ 3,344,800
City's covered employee payroll	\$ 887,128	\$ 927,729	\$ 920,089	\$ 970,461	\$ 1,018,799	\$ 1,078,524	\$ 1,140,500	\$ 1,193,536	\$ 1,339,984
City's share of the net pension liability (asset) as a percentage of its covered employee payroll	156.33%	138.47%	184.22%	206.40%	240.41%	245.72%	279.02%	299.77%	249.61%
Plan fiduciary net position as a percentage of the total pension liability	61.22%	66.80%	59.97%	55.50%	53.32%	53.54%	50.45%	47.81%	57.33%

The above schedule will present 10 years of historical data, once available.

**CITY OF LA GRANGE, KENTUCKY  
REQUIRED SUPPLEMENTARY SCHEDULE  
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - HAZARDOUS  
Last Nine Fiscal Years**

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<b>Reporting Fiscal Year (Measurement Date)</b>	<b>2014 (2013)</b>	<b>2015 (2014)</b>	<b>2016 (2015)</b>	<b>2017 (2016)</b>	<b>2018 (2017)</b>	<b>2019 (2018)</b>	<b>2020 (2019)</b>	<b>2021 (2020)</b>	<b>2022 (2021)</b>
City's proportion of the net pension liability	0.140%	0.140%	0.134%	0.133%	0.136%	0.139%	0.123%	0.110%	0.104%
City's proportionate share of the net pension liability (asset)	\$ 1,671,411	\$ 1,637,266	\$ 2,064,038	\$ 2,290,124	\$ 3,039,723	\$ 3,353,916	\$ 3,398,948	\$ 3,293,978	\$ 2,782,807
City's covered employee payroll	\$ 666,630	\$ 690,007	\$ 687,758	\$ 726,269	\$ 745,833	\$ 772,520	\$ 694,695	\$ 638,299	\$ 661,358
City's share of the net pension liability (asset) as a percentage of its covered employee payroll	250.73%	237.28%	300.11%	315.33%	407.56%	434.15%	489.27%	516.06%	420.77%
Plan fiduciary net position as a percentage of the total pension liability	57.74%	63.46%	57.52%	53.95%	49.78%	49.26%	46.63%	44.11%	52.26%

The above schedule will present 10 years of historical data, once available.

**CITY OF LA GRANGE, KENTUCKY  
REQUIRED SUPPLEMENTARY SCHEDULE  
PENSION CONTRIBUTIONS - NONHAZARDOUS  
Last Ten Fiscal Years**

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	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Contractually required employer contribution	\$ 107,875	\$ 124,691	\$ 117,307	\$ 120,531	\$ 142,123	\$ 156,170	\$ 185,005	\$ 230,352	\$ 258,517	\$ 287,025
Contributions relative to contractually required employer contribution	<u>107,875</u>	<u>124,691</u>	<u>117,307</u>	<u>120,531</u>	<u>142,123</u>	<u>156,170</u>	<u>185,005</u>	<u>230,352</u>	<u>258,517</u>	<u>287,025</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 887,128	\$ 927,729	\$ 920,089	\$ 970,461	\$ 1,018,799	\$ 1,078,524	\$ 1,140,500	\$ 1,193,536	\$ 1,339,984	\$ 1,300,747
Employer contributions as a percentage of covered-employee payroll	12.16%	13.44%	12.75%	12.42%	13.95%	14.48%	16.22%	19.30%	19.29%	22.07%

**CITY OF LA GRANGE, KENTUCKY  
REQUIRED SUPPLEMENTARY SCHEDULE  
PENSION CONTRIBUTIONS - HAZARDOUS  
Last Ten Fiscal Years**

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	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Contractually required employer contribution	\$ 133,993	\$ 150,215	\$ 142,572	\$ 147,142	\$ 173,373	\$ 183,539	\$ 186,476	\$ 191,873	\$ 187,891	\$ 239,265
Contributions relative to contractually required employer contribution	<u>133,993</u>	<u>150,215</u>	<u>142,572</u>	<u>147,142</u>	<u>173,373</u>	<u>183,539</u>	<u>186,476</u>	<u>191,873</u>	<u>187,891</u>	<u>239,265</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 666,630	\$ 690,007	\$ 687,758	\$ 726,269	\$ 745,833	\$ 772,520	\$ 694,695	\$ 638,299	\$ 661,358	\$ 672,093
Employer contributions as a percentage of covered-employee payroll	20.10%	21.77%	20.73%	20.26%	23.25%	23.76%	26.84%	30.06%	28.41%	35.60%



**CITY OF LA GRANGE, KENTUCKY  
REQUIRED SUPPLEMENTARY SCHEDULE  
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - NONHAZARDOUS  
Last Six Fiscal Years**

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<b>Reporting Fiscal Year (Measurement Date)</b>	<b>2017 (2016)</b>	<b>2018 (2017)</b>	<b>2019 (2018)</b>	<b>2020 (2019)</b>	<b>2021 (2020)</b>	<b>2022 (2021)</b>
City's proportion of the net OPEB liability	0.041%	0.042%	0.044%	0.045%	0.047%	0.052%
City's proportionate share of the net OPEB liability (asset)	\$ 659,818	\$ 841,208	\$ 772,583	\$ 760,983	\$ 1,126,069	\$ 1,004,091
City's covered employee payroll	\$ 970,461	\$ 1,018,799	\$ 1,078,524	\$ 1,140,500	\$ 1,193,536	\$ 1,339,984
City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	67.99%	82.57%	71.63%	66.72%	94.35%	74.93%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	52.39%	57.62%	60.44%	51.67%	62.91%

The above schedule will present 10 years of historical data, once available.

**CITY OF LA GRANGE, KENTUCKY  
REQUIRED SUPPLEMENTARY SCHEDULE  
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - HAZARDOUS  
Last Six Fiscal Years**

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<b>Reporting Fiscal Year (Measurement Date)</b>	<b>2017 (2016)</b>	<b>2018 (2017)</b>	<b>2019 (2018)</b>	<b>2020 (2019)</b>	<b>2021 (2020)</b>	<b>2022 (2021)</b>
City's proportion of the net OPEB liability	0.133%	0.136%	0.139%	0.123%	0.110%	0.104%
City's proportionate share of the net OPEB liability (asset)	\$ 671,137	\$ 1,123,174	\$ 988,789	\$ 910,196	\$ 1,009,288	\$ 845,201
City's covered employee payroll	\$ 726,269	\$ 745,833	\$ 772,520	\$ 694,695	\$ 638,299	\$ 661,358
City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	92.41%	150.59%	128.00%	131.02%	158.12%	127.80%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	58.99%	64.24%	64.44%	58.84%	66.81%

The above schedule will present 10 years of historical data, once available.

**CITY OF LA GRANGE, KENTUCKY  
REQUIRED SUPPLEMENTARY SCHEDULE  
OPEB CONTRIBUTIONS - NONHAZARDOUS  
Last Ten Fiscal Years**

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	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Contractually required employer contribution	\$ 59,237	\$ 46,736	\$ 45,267	\$ 45,030	\$ 48,189	\$ 50,691	\$ 59,995	\$ 56,813	\$ 63,783	\$ 63,526
Contributions relative to contractually required employer contribution	<u>59,237</u>	<u>46,736</u>	<u>45,267</u>	<u>45,030</u>	<u>48,189</u>	<u>50,691</u>	<u>59,995</u>	<u>56,813</u>	<u>63,783</u>	<u>63,526</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 887,128	\$ 927,729	\$ 920,089	\$ 970,461	\$ 1,018,799	\$ 1,078,524	\$ 1,140,500	\$ 1,193,536	\$ 1,339,984	\$ 1,300,747
Employer contributions as a percentage of covered-employee payroll	6.68%	5.04%	4.92%	4.64%	4.73%	4.70%	5.26%	4.76%	4.76%	4.88%

**CITY OF LA GRANGE, KENTUCKY  
REQUIRED SUPPLEMENTARY SCHEDULE  
OPEB CONTRIBUTIONS - HAZARDOUS  
Last Ten Fiscal Years**

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	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Contractually required employer contribution	\$ 116,660	\$ 96,118	\$ 93,398	\$ 92,163	\$ 74,668	\$ 77,301	\$ 78,505	\$ 60,766	\$ 59,505	\$ 58,674
Contributions relative to contractually required employer contribution	<u>116,660</u>	<u>96,118</u>	<u>93,398</u>	<u>92,163</u>	<u>74,668</u>	<u>77,301</u>	<u>78,505</u>	<u>60,766</u>	<u>59,505</u>	<u>58,674</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 666,630	\$ 690,007	\$ 687,758	\$ 726,269	\$ 745,833	\$ 772,520	\$ 694,695	\$ 638,299	\$ 661,358	\$ 672,093
Employer contributions as a percentage of covered-employee payroll	17.50%	13.93%	13.58%	12.69%	10.01%	10.01%	11.30%	9.52%	9.00%	8.73%

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

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**1. GENERAL INFORMATION**

**Contributions**

Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of the CERS. The insurance contributions are reported on the Schedule of OPEB Contributions.

**Payroll**

The City's covered payroll reported on the Proportionate Share of the Net Pension Liability and the Proportionate Share of the Net OPEB Liability Schedules is one year prior to the City's fiscal year payroll as reported on the Schedule of Contributions for Pension and OPEB.

**2. CHANGES OF ASSUMPTIONS**

**June 30, 2021 – Pension and OPEB – Hazardous and Nonhazardous**

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for CERS pension.

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for OPEB:

The initial healthcare trend rate for pre-65 was changed from 6.40% to 6.30%. The initial healthcare trend rate for post-65 was changed from 2.90% to 6.30%.

**June 30, 2020 – Pension and OPEB – Hazardous and Nonhazardous**

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 7% to 6.40%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. The initial healthcare trend rate for post-65 was changed from 5% to 2.90%, which increases to 6.30% in 2023 and then gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for pension.

**June 30, 2019 – Pension and OPEB Hazardous and Nonhazardous**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for both pension and OPEB:

- The assumed rate of salary increases was increased from 3.05% to 3.3% to 10.3% on average.

**June 30, 2018 – Pension and OPEB – Hazardous and Nonhazardous**

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018 for either pension or OPEB.

**CITY OF LA GRANGE, KENTUCKY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

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**2. CHANGES OF ASSUMPTIONS (CONTINUED)**

**June 30, 2017 – Pension – Hazardous and Nonhazardous**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017:

- The assumed rate of return was decreased from 7.5% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.3%.
- Payroll growth assumption was reduced from 4% to 2%

**June 30, 2016 – Pension and OPEB – Hazardous and Nonhazardous**

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016 for either pension or OPEB.

**June 30, 2015 – Pension – Hazardous and Nonhazardous**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

- The assumed rate of return was decreased from 7.75% to 7.5%.
- The assumed rate of inflation was reduced from 3.5% to 3.25%.
- The assumed rate of wage inflation was reduced from 1% to .75%.
- Payroll growth assumption was reduced from 4.5% to 4%.
- Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females).
- For Disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of retirement, withdrawal, and disability were updated to reflect experience more accurately.

**June 30, 2014 – Pension – Hazardous and Nonhazardous**

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2014.

**June 30, 2013 – Pension – Hazardous and Nonhazardous**

The following assumptions were made by the Kentucky Legislature and reflected in the initial valuation performed as of June 30, 2013:

- The assumed rate of return was 7.75%.
- The assumed rate of inflation was 3.5%.
- The assumed rate of wage inflation was 1%.
- Payroll growth assumption was 4.5%.
- Mortality rates were based on the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006. The 1994 Group Annuity Mortality Table was used for all other members.

**CITY OF LA GRANGE, KENTUCKY  
 SUPPLEMENTARY BUDGETARY COMPARISON  
 OTHER GOVERNMENTAL FUNDS  
 for the year ended June 30, 2022**

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>MUNICIPAL ROAD AID FUND</b>				
<b>REVENUES</b>				
Intergovernmental revenues	\$ 132,000	\$ 132,000	\$ 136,821	\$ 4,821
Interest	-	-	51	51
Carryover	<u>128,000</u>	<u>128,000</u>	<u>-</u>	<u>(128,000)</u>
<b>TOTAL REVENUES</b>	<u>\$ 260,000</u>	<u>\$ 260,000</u>	<u>\$ 136,872</u>	<u>\$ (123,128)</u>
<b>EXPENDITURES</b>				
Public works	\$ 185,000	\$ 185,000	\$ 60,898	\$ 124,102
Capital outlay	<u>75,000</u>	<u>75,000</u>	<u>74,980</u>	<u>20</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 260,000</u>	<u>\$ 260,000</u>	<u>\$ 135,878</u>	<u>\$ 124,122</u>
<b>FOUNDATIONS AND PARKS FUND</b>				
<b>REVENUES</b>				
Other revenues	\$ -	\$ -	\$ 78,829	\$ 78,829
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,829</u>	<u>\$ 78,829</u>
<b>EXPENDITURES</b>				
Foundation and parks	\$ -	\$ -	\$ 12,590	\$ (12,590)
Capital outlay	<u>-</u>	<u>-</u>	<u>12,661</u>	<u>(12,661)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,251</u>	<u>\$ (25,251)</u>

**CITY OF LA GRANGE, KENTUCKY  
SUPPLEMENTARY BUDGETARY COMPARISON  
OTHER GOVERNMENTAL FUNDS  
for the year ended June 30, 2022**

<b>ABC FUND</b>	<b>Enacted Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Licenses and permits	\$ 375,000	\$ 375,000	\$ 377,972	\$ 2,972
Other revenues	-	-	165	165
Carryover	<u>129,669</u>	<u>129,669</u>	<u>-</u>	<u>(129,669)</u>
<b>TOTAL REVENUES</b>	<b><u>\$ 504,669</u></b>	<b><u>\$ 504,669</u></b>	<b><u>\$ 378,137</u></b>	<b><u>\$ (126,532)</u></b>
<b>EXPENDITURES</b>				
ABC	\$ 405,669	\$ 405,669	\$ 274,146	\$ 131,523
Capital outlay	<u>99,000</u>	<u>99,000</u>	<u>99,532</u>	<u>(532)</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 504,669</u></b>	<b><u>\$ 504,669</u></b>	<b><u>\$ 373,678</u></b>	<b><u>\$ 130,991</u></b>
<b>BUS FUND</b>				
<b>REVENUES</b>				
Intergovernmental revenues	\$ 65,688	\$ 65,688	\$ 153,923	\$ 88,235
Charges for service	<u>7,600</u>	<u>7,600</u>	<u>4,606</u>	<u>(2,994)</u>
<b>TOTAL REVENUES</b>	<b><u>\$ 73,288</u></b>	<b><u>\$ 73,288</u></b>	<b><u>\$ 158,529</u></b>	<b><u>\$ 85,241</u></b>
<b>EXPENDITURES</b>				
General and administrative	\$ 16,334	\$ 16,334	\$ 12,765	\$ 3,569
Salaries and wages	99,954	99,954	102,986	(3,032)
Repairs and maintainence	4,000	4,000	4,340	(340)
Fuel	15,500	15,500	17,442	(1,942)
Capital outlay	<u>-</u>	<u>-</u>	<u>2,793</u>	<u>(2,793)</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 135,788</u></b>	<b><u>\$ 135,788</u></b>	<b><u>\$ 140,326</u></b>	<b><u>\$ (4,538)</u></b>



**CITY OF LA GRANGE, KENTUCKY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2022**

	<b>Municipal Road Aid Fund</b>	<b>Foundations and Parks Fund</b>	<b>ABC Fund</b>	<b>Bus Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 100,265	\$ 80,508	\$ 409,849	\$ 154,326	\$ 744,948
Accounts receivable	<u>-</u>	<u>-</u>	<u>121,329</u>	<u>65,797</u>	<u>187,126</u>
Total assets	<u>\$ 100,265</u>	<u>\$ 80,508</u>	<u>\$ 531,178</u>	<u>\$ 220,123</u>	<u>\$ 932,074</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 19,769	\$ 12,143	\$ -	\$ 3,788	\$ 35,700
Accrued leave	-	-	-	2,134	2,134
Due to other fund	<u>-</u>	<u>-</u>	<u>166,350</u>	<u>45,917</u>	<u>212,267</u>
Total liabilities	<u>19,769</u>	<u>12,143</u>	<u>166,350</u>	<u>51,839</u>	<u>250,101</u>
<b>FUND BALANCE</b>					
Restricted	80,496	-	364,828	-	445,324
Committed	-	68,365	-	-	68,365
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,284</u>	<u>168,284</u>
Total fund balance	<u>80,496</u>	<u>68,365</u>	<u>364,828</u>	<u>168,284</u>	<u>681,973</u>
Total liabilities and fund balance	<u>\$ 100,265</u>	<u>\$ 80,508</u>	<u>\$ 531,178</u>	<u>\$ 220,123</u>	<u>\$ 932,074</u>

**CITY OF LA GRANGE, KENTUCKY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**for the year ended June 30, 2022**

	<b>Municipal Road Aid Fund</b>	<b>Foundations and Parks Fund</b>	<b>ABC Fund</b>	<b>Bus Fund</b>	<b>Total</b>
<b>REVENUES</b>					
Licenses and permits	\$ -	\$ -	\$ 377,972	\$ -	\$ 377,972
Intergovernmental revenues	136,821	-	-	153,923	290,744
Charges for service	-	-	-	4,606	4,606
Other revenues	<u>51</u>	<u>78,829</u>	<u>165</u>	<u>-</u>	<u>79,045</u>
 Total revenues	 <u>136,872</u>	 <u>78,829</u>	 <u>378,137</u>	 <u>158,529</u>	 <u>752,367</u>
<b>EXPENDITURES</b>					
Public works	60,898	-	-	-	60,898
Foundation and parks	-	12,590	-	-	12,590
ABC	-	-	274,146	-	274,146
Bus	-	-	-	137,533	137,533
Capital outlay	<u>74,980</u>	<u>12,661</u>	<u>99,532</u>	<u>2,793</u>	<u>189,966</u>
 Total expenditures	 <u>135,878</u>	 <u>25,251</u>	 <u>373,678</u>	 <u>140,326</u>	 <u>675,133</u>
 <b>Excess (deficiency) of revenues over expenditures</b>	 <u>994</u>	 <u>53,578</u>	 <u>4,459</u>	 <u>18,203</u>	 <u>77,234</u>
<b>Other financing sources</b>					
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,500</u>	<u>62,500</u>
 Total other financing sources	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>62,500</u>	 <u>62,500</u>
 <b>Net change in fund balances</b>	 994	 53,578	 4,459	 80,703	 139,734
Fund balances, beginning	<u>79,502</u>	<u>14,787</u>	<u>360,369</u>	<u>87,581</u>	<u>542,239</u>
 <b>Fund balances, ending</b>	 <u>\$ 80,496</u>	 <u>\$ 68,365</u>	 <u>\$ 364,828</u>	 <u>\$ 168,284</u>	 <u>\$ 681,973</u>



**INDEPENDENT AUDITORS' 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**

Mayor and City Council  
City of La Grange, Kentucky

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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Grange, Kentucky, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of La Grange, Kentucky's basic financial statements and have issued our report thereon dated August 28, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of La Grange, Kentucky'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 City of La Grange, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of La Grange, Kentucky's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and a certain deficiency that we consider to be a significant deficiency.

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. We consider the deficiencies (2022-001, 2022-003, 2022-004 and 2022-007) described in the accompanying schedule of findings and responses to be material weaknesses.

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. We consider the deficiency (2022-002) described in the accompany schedule of findings and responses to be a significant deficiency.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of La Grange, Kentucky'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items (2022-005 and 2022-006).

### **The City of La Grange, Kentucky's Responses to Findings**

The City of La Grange, Kentucky's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of La Grange, Kentucky's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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.

**RFH**

RFH, PLLC  
Lexington, Kentucky  
August 28, 2024

**CITY OF LA GRANGE, KENTUCKY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2022**

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**2022-001 *The City should have internal controls in place that enable it to accurately record all transactions including year-end accrual transactions (recurring).***

*Criteria:* The City is required to have internal controls in place that enable it to apply generally accepted accounting principles to its transactions. Specifically, this includes interfund transactions, payments-on-behalf of the City, accounting for property taxes and year-end accrual transactions.

*Condition:* Management was unable to prepare all year-end accruals accurately and audit adjustments were needed for non-routine transactions.

*Cause:* The City executes basic and routine transactions throughout the year, however, the City does not apply generally accepted accounting principles to certain non-routine transactions recorded during the year and in making its year-end accruals.

*Effect:* Management relied on the auditor's year-end adjustments to bring the City's accounting records into compliance with generally accepted accounting principles. Management reviewed, approved and accepted responsibility for the adjusting journal entries prior to the issuance of the financial statements.

*Recommendation:* We recommend management review the costs and benefits involved to retain a consultant with the required expertise to advise the City during the year concerning non-routine transactions and to assist the City with its year-end close so that the City's accounting records will be in compliance with generally accepted accounting principles.

*Management's Response:* In January 2024, the City hired a licensed CPA to work part-time as the Finance Director. He will be assisting the finance staff with implementing new internal controls to ensure the year-end close is done accurately and to ensure the City's accounting records are in compliance with generally accepted accounting principles.

**2022-002 *The City should have internal controls in place that enable it to prepare complete financial statements (recurring).***

*Criteria:* The City is required to have internal controls in place that enable it to prepare complete financial statements, including note disclosures, in compliance with generally accepted accounting principles.

*Condition:* Management was unable to prepare draft financial statements, including the related notes to the financial statements.

*Cause:* The City lacks personnel with the expertise to apply generally accepted accounting principles in preparing its financial statements including note disclosures and thus, does not have the internal control procedures required to draft the financial statements in conformity with generally accepted accounting principles.

*Effect:* Management engaged the auditor to prepare draft financial statements, including the related notes to the financial statements. Management reviewed, approved and accepted responsibility for the financial statements prior to their issuance.

*Recommendation:* We recommend management review the costs and benefits involved to retain a consultant with the required expertise to prepare the financial statements or review the financial statements as prepared by the auditor for compliance with generally accepted accounting principles.

*Management's Response:* The City's new Finance Director will be assisting the finance staff to obtain the required expertise necessary to review the financial statements as prepared by the auditor for compliance with generally accepted accounting principles.

**CITY OF LA GRANGE, KENTUCKY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2022**

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**2022-003 *The City should have internal controls in place to ensure bank accounts are reconciled timely (repeat).***

*Criteria:* The City should reconcile all monthly bank statements to the accounting system shortly after the end of each month.

*Condition:* During the course of the audit it was noted after the City switched accounting software, the City failed to reconcile its bank accounts monthly.

*Cause:* The City decided to switch accounting software during fiscal year 2021. City personnel were either not adequately trained or did not have sufficient knowledge on the bank reconciliation process to ensure all of the bank accounts were reconciled monthly after the transition to a new accounting software.

*Effect:* The City did not reconcile all of the fiscal year 2022 bank accounts until fiscal year 2023. The audit was delayed because of the issues City personnel had with reconciling the bank accounts and numerous adjustments were required to correct accounting errors.

*Recommendation:* We recommend the City establish internal controls to ensure the City's bank accounts are reconciled to the accounting system monthly. If City personnel encounter issues with reconciling a specific bank account to the accounting system, the City should consider hiring a consultant with sufficient expertise to help complete the reconciliation.

*Management's Response:* The Finance Director is currently aiding the staff with reconciling the City's bank accounts monthly. The City is working on resolving this finding during the next fiscal year.

**2022-004 *The City should have internal controls in place to ensure the Mayor and the City Council are provided with accurate up to date financial data monthly (repeat).***

*Criteria:* The City should provide sufficient financial accounting and reporting oversight in accordance with (KRS) 91A.030.

*Condition:* During fiscal year 2022, monthly financial reports provided to the Mayor and City Council contained significant errors.

*Cause:* The City switched accounting software during fiscal year 2021. City personnel were either not adequately trained or did not have sufficient knowledge to post financial transactions, which resulted in numerous accounting errors that were not identified and corrected until after the end of fiscal year 2022.

*Effect:* The Mayor and the City Council were not able to provide adequate oversight due to lack of appropriate financial information.

*Recommendation:* We recommend the Mayor and the City Council receive up to date monthly budgetary comparison reports to assist in making appropriate financial decisions and to assist in evaluating the overall financial position of the City.

*Management's Response:* The Finance Director is assisting staff in making sure the Mayor and City Council are provided with accurate and up-to-date financial data.

**CITY OF LA GRANGE, KENTUCKY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2022**

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**2022-005 *The City should timely file all required financial reports with the state (repeat).***

*Criteria:* The state requires the City file annually required financial reports including the Uniform Financial Information Report and the annual financial statement audit.

*Condition:* Deficiencies in the City's internal controls prevented the timely completion and submission of the Uniform Financial Information Report and the annual financial statement audit.

*Cause:* The City switched accounting software during fiscal year 2021. This resulted in numerous accounting errors that delayed completion of the audit and submission of the Uniform Financial Information Report.

*Effect:* The City did not file timely the 2022 Uniform Financial Information Report and the City did not timely complete its annual financial statement audit.

*Recommendation:* We recommend the City implement the changes from the above itemized findings to allow timely completion of accurate financial reports. This will allow the City to be in compliance with the laws and regulations that govern them.

*Management's Response:* With assistance from the Finance Director, the City is working on resolving this finding during the next fiscal year.

**2022-006 *City personnel should ensure all deposits are fully insured or collateralized in accordance with KRS 66.480 (repeat).***

*Criteria:* The state requires the City insure or collateralize all deposits.

*Condition:* City personnel did not follow up with the local banks for which the City held deposits to ensure adequate insurance or collateral coverage.

*Cause:* City personnel have not been routinely following up with local banks for which the City holds deposits to ensure adequate insurance or collateral coverage.

*Effect:* As of June 30, 2022, the City had in excess of \$3.3 million in deposits that were uninsured and uncollateralized. As of June 30, 2022, the City was not in compliance with KRS 66.480.

*Recommendation:* We recommend City personnel check on the status of insurance and collateral coverage for the City's deposits periodically during each fiscal year. This will allow the City to be in compliance with KRS 66.480 in the future.

*Management's Response:* The Finance Director receives monthly financial statements on collateral and will make sure funds are either fully insured or adequately collateralized.

**CITY OF LA GRANGE, KENTUCKY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2022**

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**2022-007 *The City should have internal controls in place to ensure receipts are deposited and recorded timely.***

*Criteria:* The City should deposit and post receipts to the accounting records daily. The City should follow up on amounts billed to ensure collection.

*Condition:* During the course of the audit, it was noted City personnel did not make and record deposits for the month of July 2021. The Utility Commission had to void and reissue checks paid to the City after City personnel failed to deposit them. Additionally, during our audit, we were unable to determine if a local bank paid its franchise bank deposit tax totaling \$12,956.

*Cause:* The City decided to switch accounting software during fiscal year 2021 which caused numerous issues, including personnel not making timely deposits in addition to personnel not following up on amounts billed and due to the City.

*Effect:* The City did not record deposits in the General Fund during July 2021. The City did not deposit and misplaced checks written from the Utility Commission, which subsequently had to be reissued. The City was not able to determine if a local bank paid its franchise bank deposit tax totaling \$12,956.

*Recommendation:* We recommend the City establish internal controls to ensure the City's deposits are made and recorded timely. Additionally, the City should have internal controls in place to ensure all amounts billed by the City are collected and recorded accurately.

*Management's Response:* City management has established new internal controls to ensure the deposits are made and recorded in a timely manner. Additionally, management has implemented new internal controls to make sure that all amounts billed by the City are collected and recorded accurately.