

CITY OF LA GRANGE
La Grange, Kentucky



FINANCIAL STATEMENTS
June 30, 2023

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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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 March 9, 2026, 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
March 9, 2026

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, 2023. 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 \$5,033,903, or 21.74%, and the net position of the business-type activities increased by \$3,902,351, or 19.05%.
- In the City's governmental activities, revenues increased \$2,826,957 or 30.13%, and expenses increased by \$1,189,586, or 20.45%. In the business-type activities, revenues increased by \$3,521,399, which is an increase of 65.68%, and expenses increased by \$316,313 or 6.53%.

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 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Current Assets	\$ 16,097,381	\$ 11,745,823	\$ 6,075,005	\$ 5,870,331	\$ 22,172,386	\$ 17,616,154
Noncurrent and Capital Assets	14,509,240	15,083,695	29,426,919	26,816,899	43,936,159	41,900,594
OLDA Investment	8,678,375	8,660,626	-	-	8,678,375	8,660,626
Total Assets	<u>39,284,996</u>	<u>35,490,144</u>	<u>35,501,924</u>	<u>32,687,230</u>	<u>74,786,920</u>	<u>68,177,374</u>
Deferred Outflows of Resources	1,333,353	1,409,319	479,676	587,765	1,813,029	1,997,084
Total Assets and Deferred Outflows	<u>40,618,349</u>	<u>36,899,463</u>	<u>35,981,600</u>	<u>33,274,995</u>	<u>76,599,949</u>	<u>70,174,458</u>
Current Liabilities	2,529,052	3,145,068	1,428,319	1,945,340	3,957,371	5,090,408
Long-Term Debt Outstanding	2,548,649	3,066,501	7,778,950	8,305,446	10,327,599	11,371,947
Other Non-Current Liabilities	102,324	84,790	86,959	80,656	189,283	165,446
Net Pension Liability	5,041,972	4,571,662	1,507,682	1,555,945	6,549,654	6,127,607
Net OPEB Liability	1,395,256	1,382,204	411,517	467,088	1,806,773	1,849,292
Total Liabilities	<u>11,617,253</u>	<u>12,250,225</u>	<u>11,213,427</u>	<u>12,354,475</u>	<u>22,830,680</u>	<u>24,604,700</u>
Deferred Inflows of Resources	811,497	1,493,542	380,962	435,660	1,192,459	1,929,202
Net Position:						
Net investment in						
Capital Assets	9,302,588	9,012,002	19,042,674	14,791,776	28,345,262	23,803,778
Restricted	3,168,425	3,392,445	2,017,849	2,875,657	5,186,274	6,268,102
Unrestricted	<u>15,718,586</u>	<u>10,751,249</u>	<u>3,326,688</u>	<u>2,817,427</u>	<u>19,045,274</u>	<u>13,568,676</u>
Total Net Position	<u>\$ 28,189,599</u>	<u>\$ 23,155,696</u>	<u>\$ 24,387,211</u>	<u>\$ 20,484,860</u>	<u>\$ 52,576,810</u>	<u>\$ 43,640,556</u>

Net position of the City's governmental activities increased by 21.74 percent, from \$23,155,696 in 2022 to \$28,189,599 in 2023. The net position of the business-type activities increased from \$20,484,860 in 2022 to \$24,387,211 in 2023, which is a 19.05 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 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Revenues						
<u>Program Revenues</u>						
Charges for Service	\$ 753,749	\$ 512,019	\$ 5,515,301	\$ 5,235,613	\$ 6,269,050	\$ 5,747,632
Operating Grants & Contributions	998,010	607,098	-	-	998,010	607,098
Capital Grants & Contributions	139,385	136,821	3,304,786	107,857	3,444,171	244,678
<u>General Revenue</u>						
Taxes	2,003,492	1,881,278	-	-	2,003,492	1,881,278
License fees	6,606,227	6,088,480	-	-	6,606,227	6,088,480
Investment Earnings	163,660	7,599	62,933	18,151	226,593	25,750
Rents	-	-	-	-	-	-
Community Center	35,194	15,196	-	-	35,194	15,196
Donations	-	-	-	-	-	-
Change in OLDA Investment	17,749	22,228	-	-	17,749	22,228
Miscellaneous	1,491,438	111,228	-	-	1,491,438	111,228
Total Revenue	12,208,904	9,381,947	8,883,020	5,361,621	21,091,924	14,743,568
Program Expenses						
General Government	1,116,434	1,034,002	-	-	1,116,434	1,034,002
Public Safety - Police	1,786,855	1,590,275	-	-	1,786,855	1,590,275
Public Works	2,001,293	1,584,163	-	-	2,001,293	1,584,163
Parks and Recreation	465,699	108,418	-	-	465,699	108,418
Sanitation	477,636	446,046	-	-	477,636	446,046
Stormwater	55,430	36,476	-	-	55,430	36,476
Community Development	576,808	387,689	-	-	576,808	387,689
Public Properties	-	-	-	-	-	-
Bus	214,135	157,316	-	-	214,135	157,316
ABC	271,766	279,123	-	-	271,766	279,123
Interest on Debt	40,988	193,950	-	-	40,988	193,950
Golf Course	-	-	772,267	690,736	772,267	690,736
Utility Commission	-	-	4,388,771	4,153,989	4,388,771	4,153,989
Total Program Expenses	7,007,044	5,817,458	5,161,038	4,844,725	12,168,082	10,662,183
Change in Net Position						
Before Transfers	5,201,860	3,564,489	3,721,982	516,896	8,923,842	4,081,385
Transfers	(167,957)	(151,964)	167,957	151,964	-	-
Gain (loss) on sale of assets	-	-	12,412	-	12,412	-
Change in Net Position	\$ 5,033,903	\$ 3,412,525	\$ 3,902,351	\$ 668,860	\$ 8,936,254	\$ 4,081,385

The City's total revenue increased from \$14,743,568 in 2022 to \$21,091,924 in 2023 or 43.06 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>FY 2023</u>	<u>FY 2022</u>	<u>Variance</u>
Taxes	\$ 1,939,938	\$ 1,881,278	\$ 58,660
Licenses and permits	6,606,227	6,088,480	517,747
Intergovernmental	1,137,395	743,919	393,476
Charges for services	588,629	512,019	76,610
Other revenues	1,728,995	134,023	1,594,972
Total Revenues	<u>12,001,184</u>	<u>9,359,719</u>	<u>2,641,465</u>
General government	1,037,153	910,154	126,999
Public safety-Police	1,870,616	1,663,966	206,650
Public works	1,213,496	930,765	282,731
Sanitation	477,636	446,046	31,590
Parks and recreation	274,460	81,197	193,263
Stormwater	55,430	36,476	18,954
Community development	576,808	387,689	189,119
ABC	276,279	274,146	2,133
Foundation and parks	999	12,590	(11,591)
Bus	199,420	137,533	61,887
Capital outlay	1,216,147	4,859,312	(3,643,165)
Debt service	1,439,919	1,352,982	86,937
Total Expenditures	<u>\$ 8,638,363</u>	<u>\$ 11,092,856</u>	<u>\$ (2,454,493)</u>

Revenues for the City's governmental funds increased by 28%, and total expenditures decreased by 22%. The City's major source of revenue in the governmental funds is taxes, licenses and permits, which makes up 71% of total revenues, these revenue sources increased by \$576,407 in 2023.

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	\$ 1,818,000	\$ 1,939,938	\$ 121,938
Licenses and permits	5,675,000	6,130,480	455,480
Intergovernmental	2,225,652	818,108	(1,407,544)
Charges for Services	773,000	583,152	(189,848)
Other Revenues	39,500	1,721,244	1,681,744
Foundations and Parks Fund	-	4,659	4,659
ABC Fund	440,000	476,159	36,159
Bus Fund	250,775	187,779	(62,996)
Municipal Aid Fund	196,000	139,665	(56,335)
Total Revenues	<u>\$ 11,417,927</u>	<u>\$ 12,001,184</u>	<u>\$ 583,257</u>

Table A-5

Condensed Governmental Funds - Expenditures

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Government	\$ 943,130	\$ 1,037,153	\$ 94,023
Public Safety-Police	1,738,677	1,870,616	131,939
Public Works	1,556,683	1,167,692	(388,991)
Sanitation	362,940	477,637	114,697
Park and Recreation	459,155	274,460	(184,695)
Storm Water	140,000	55,430	(84,570)
Community Development	222,500	576,808	354,308
Capital Outlay	1,994,267	1,085,729	(908,538)
Debt Service	224,578	1,439,919	1,215,341
ABC Fund	459,600	276,279	(183,321)
Bus Fund	270,775	214,561	(56,214)
Foundations and Parks Fund	-	37,198	37,198
Municipal Aid Fund	196,000	124,881	(71,119)
Total Expenditures	<u>\$ 8,568,305</u>	<u>\$ 8,638,363</u>	<u>\$ 70,058</u>

The City budgeted for a total of \$11,417,927 in revenues for 2023 but ended up with revenues of \$12,001,184 which put the City 5% over the revenue budget. A total of \$8,568,305 was budgeted for expenses, but expenditures totaled \$8,638,363 for the fiscal year 2023. The City was over budget on expenses by \$70,058 or 1% as detailed above.

CAPITAL ASSETS

The City has a total of \$69,050,457 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 \$5,980,893 (9 percent) from last year's total investment of \$63,069,564.

Table A-6

Capital Assets at Year End Without Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Land & Improvements	\$ 921,264	\$ 880,128	\$ -	\$ -	\$ 921,264	\$ 880,128
Construction in progress	-	4,589,532	-	-	-	4,589,532
Buildings & Improvements	7,471,789	2,214,162	-	-	7,471,789	2,214,162
Vehicles & Equipment	3,960,858	3,824,695	-	-	3,960,858	3,824,695
Infrastructure Assets	7,617,569	7,453,565	-	-	7,617,569	7,453,565
Leased equipment	17,264	17,264	185,667	185,667	202,931	202,931
Leased vehicles	-	-	180,615	86,740	180,615	86,740
Business-Type Assets	-	-	48,695,431	43,817,811	48,695,431	43,817,811
Total Capital Assets	<u>\$ 19,988,744</u>	<u>\$ 18,979,346</u>	<u>\$ 49,061,713</u>	<u>\$ 44,090,218</u>	<u>\$ 69,050,457</u>	<u>\$ 63,069,564</u>

DEBT

This year the City has \$11,302,310 in total debt, a 13.96 percent decrease from last year's total of \$13,135,371.

Table A-7

Debt Outstanding at Year End

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Notes Payable	\$ 335,833	\$ 402,917	\$ 3,682,317	\$ 3,200,950	\$ 4,018,150	\$ 3,603,867
Bond Issues	2,390,000	3,718,333	4,467,045	5,422,242	6,857,045	9,140,575
Lease liability	11,084	14,232	226,748	204,948	237,832	219,180
Accrued Absences	102,324	84,790	86,959	86,959	189,283	171,749
Total Debt Outstanding	<u>\$ 2,839,241</u>	<u>\$ 4,220,272</u>	<u>\$ 8,463,069</u>	<u>\$ 8,915,099</u>	<u>\$ 11,302,310</u>	<u>\$ 13,135,371</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected officials consider many factors when setting the fiscal year 2024 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 Cindy Alvano, 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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ 11,080,851	\$ 3,838,508	\$ 14,919,359
Investments	3,064,989	948,865	4,013,854
Receivables, net	1,915,281	630,448	2,545,729
Grant receivable	-	365,913	365,913
Inventory of supplies	-	319,288	319,288
Prepaid expenses	-	8,243	8,243
Internal balances	36,260	(36,260)	-
Total current assets	<u>16,097,381</u>	<u>6,075,005</u>	<u>22,172,386</u>
Non-current assets			
Restricted cash and cash equivalents	2,469,735	2,028,135	4,497,870
Investment in joint venture, net equity Oldham-LaGrange Development Authority	8,678,375	-	8,678,375
Total non-current assets	<u>11,148,110</u>	<u>2,028,135</u>	<u>13,176,245</u>
Capital assets			
Construction in progress	-	261,621	261,621
Land and improvements, net	921,264	2,109,439	3,030,703
Plant and sewer system, net	-	23,328,996	23,328,996
Depreciable buildings, property, and equipment, net Infrastructure, net	6,768,335	1,453,491	8,221,826
	4,339,548	-	4,339,548
Leased vehicles	-	152,404	152,404
Leased equipment, net	10,358	92,833	103,191
Total capital assets	<u>12,039,505</u>	<u>27,398,784</u>	<u>39,438,289</u>
Total assets	<u>39,284,996</u>	<u>35,501,924</u>	<u>74,786,920</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	825,074	275,916	1,100,990
Deferred outflows - OPEB	508,279	203,760	712,039
Total deferred outflows of resources	<u>1,333,353</u>	<u>479,676</u>	<u>1,813,029</u>
Total assets and deferred outflows of resources	<u>\$ 40,618,349</u>	<u>\$ 35,981,600</u>	<u>\$ 76,599,949</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 427,258	\$ 265,029	\$ 692,287
Accrued payroll liabilities	98,905	63,806	162,711
Accrued interest	11,817	65,090	76,907
Unearned revenue	1,802,804	56,399	1,859,203
Customer deposits	-	72,785	72,785
Deferred revenue	-	328,050	328,050
Current portion of lease liability	3,268	68,585	71,853
Current portion of long-term obligations	185,000	508,575	693,575
Total current liabilities	<u>2,529,052</u>	<u>1,428,319</u>	<u>3,957,371</u>
Non-current liabilities			
Non-current portion of long-term obligations	2,540,833	7,620,787	10,161,620
Compensated absences - non-current	102,324	86,959	189,283
Lease liability	7,816	158,163	165,979
Net pension liability	5,041,972	1,507,682	6,549,654
Net OPEB liability	1,395,256	411,517	1,806,773
Total non-current liabilities	<u>9,088,201</u>	<u>9,785,108</u>	<u>18,873,309</u>
Total liabilities	<u>11,617,253</u>	<u>11,213,427</u>	<u>22,830,680</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	290,705	175,980	466,685
Deferred inflows - OPEB	520,792	204,982	725,774
Total deferred inflows of resources	<u>811,497</u>	<u>380,962</u>	<u>1,192,459</u>
NET POSITION			
Net investment in capital assets	9,302,588	19,042,674	28,345,262
Restricted for:			
ABC	564,708	-	564,708
Customer deposits	-	72,785	72,785
Debt service	2,140,348	212,749	2,353,097
Road improvements	95,280	-	95,280
Stormwater	329,387	-	329,387
Other	38,702	-	38,702
Construction	-	1,732,315	1,732,315
Unrestricted	15,718,586	3,326,688	19,045,274
Total net position	<u>28,189,599</u>	<u>24,387,211</u>	<u>52,576,810</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 40,618,349</u>	<u>\$ 35,981,600</u>	<u>\$ 76,599,949</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, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Primary government							
Governmental activities							
General government	\$ 1,116,434	\$ 165,120	\$ 729,444	\$ -	\$ (221,870)	\$ -	\$ (221,870)
Public safety-Police	1,786,855	-	88,664	-	(1,698,191)	-	(1,698,191)
Public works	2,001,293	-	-	139,385	(1,861,908)	-	(1,861,908)
Sanitation	477,636	483,152	-	-	5,516	-	5,516
Parks and recreation	465,699	-	-	-	(465,699)	-	(465,699)
Stormwater	55,430	100,000	-	-	44,570	-	44,570
Community development	576,808	-	-	-	(576,808)	-	(576,808)
ABC	271,766	-	-	-	(271,766)	-	(271,766)
Bus	214,135	5,477	179,902	-	(28,756)	-	(28,756)
Interest on long-term debt	40,508	-	-	-	(40,508)	-	(40,508)
Interest on long-term leases	480	-	-	-	(480)	-	(480)
Total governmental activities	<u>7,007,044</u>	<u>753,749</u>	<u>998,010</u>	<u>139,385</u>	<u>(5,115,900)</u>	<u>-</u>	<u>(5,115,900)</u>
Business-type activities							
Utility Commission	4,388,771	4,666,160	-	3,290,786	-	3,568,175	3,568,175
Golf Course	772,267	849,141	-	14,000	-	90,874	90,874
Total business-type activities	<u>5,161,038</u>	<u>5,515,301</u>	<u>-</u>	<u>3,304,786</u>	<u>-</u>	<u>3,659,049</u>	<u>3,659,049</u>
Total primary government	<u>\$ 12,168,082</u>	<u>\$ 6,269,050</u>	<u>\$ 998,010</u>	<u>\$ 3,444,171</u>	<u>(5,115,900)</u>	<u>3,659,049</u>	<u>(1,456,851)</u>
Taxes							
Property taxes, levied for general purposes					1,696,034	-	1,696,034
Bank shares					108,823	-	108,823
Motor vehicle tax					198,635	-	198,635
License fees							
Franchise fees					502,729	-	502,729
Business licenses					600,284	-	600,284
Compensation tax					2,679,873	-	2,679,873
Insurance premiums					2,297,317	-	2,297,317
Other fees and permits					526,024	-	526,024
Investment earnings					163,660	62,933	226,593
Community Center					35,194	-	35,194
Miscellaneous					1,491,438	-	1,491,438
Total general revenues					<u>10,300,011</u>	<u>62,933</u>	<u>10,362,944</u>
Increase (decrease) in joint venture - Oldham-LaGrange Development Authority							
Gain (loss) on sale of capital assets					17,749	-	17,749
Transfers in (out)					-	12,412	12,412
					<u>(167,957)</u>	<u>167,957</u>	<u>-</u>
Total general and other revenues					<u>10,149,803</u>	<u>243,302</u>	<u>10,393,105</u>
Change in net position					<u>5,033,903</u>	<u>3,902,351</u>	<u>8,936,254</u>
Net position, beginning of year					<u>23,155,696</u>	<u>20,484,860</u>	<u>43,640,556</u>
NET POSITION, END OF YEAR					<u>\$ 28,189,599</u>	<u>\$ 24,387,211</u>	<u>\$ 52,576,810</u>

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

CITY OF LA GRANGE, KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 12,563,320	\$ 987,266	\$ 13,550,586
Investments	3,064,989	-	3,064,989
Receivables, net	1,663,299	188,428	1,851,727
Due from other funds	321,518	-	321,518
 Total assets	 \$ 17,613,126	 \$ 1,175,694	 \$ 18,788,820
LIABILITIES			
Accounts payable	\$ 380,689	\$ 46,569	\$ 427,258
Accrued payroll liabilities	96,626	2,279	98,905
Compensated absences	98,051	4,273	102,324
Due to other funds	-	285,258	285,258
Unearned revenue	1,802,804	-	1,802,804
 Total liabilities	 2,378,170	 338,379	 2,716,549
DEFERRED INFLOWS			
Deferred inflows - unavailable revenue	126,417	-	126,417
FUND BALANCE			
Restricted:			
ABC	-	564,708	564,708
Debt service	2,140,348	-	2,140,348
Road improvements	-	95,280	95,280
Stormwater	329,387	-	329,387
Other	38,702	-	38,702
Committed	-	35,826	35,826
Unassigned	12,600,102	141,501	12,741,603
 Total fund balance	 15,108,539	 837,315	 15,945,854
 Total liabilities and fund balance	 \$ 17,613,126	 \$ 1,175,694	 \$ 18,788,820

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

Fund balance reported above	\$ 15,945,854
Capital and leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,039,505
Accounts receivable not available and not considered to be a current financial resource	63,554
Accrued interest is not due and payable in the current period and is not reported in the funds.	(11,817)
Deferred inflows - unavailable revenue related to the opioid settlement is recognized as revenue in the year of settlement in the governmental activities in accordance with the accrual basis of accounting.	126,417
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.	8,678,375
Net deferred inflows/outflows related to the long-term net pension and net OPEB liabilities are not reported in the funds.	521,856
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.	(9,174,145)
 Net position of governmental activities	 \$ 28,189,599

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, 2023

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,939,938	\$ -	\$ 1,939,938
Licenses and permits	6,130,480	475,747	6,606,227
Intergovernmental	818,108	319,287	1,137,395
Charges for services	583,152	5,477	588,629
Other revenues	1,721,244	7,751	1,728,995
 Total revenues	 11,192,922	 808,262	 12,001,184
 EXPENDITURES			
Current			
General government	1,037,153	-	1,037,153
Public safety-Police	1,870,616	-	1,870,616
Public works	1,167,692	45,804	1,213,496
Sanitation	477,636	-	477,636
Parks and recreation	274,460	-	274,460
Stormwater	55,430	-	55,430
Community development	576,808	-	576,808
ABC	-	276,279	276,279
Foundation and parks	-	999	999
Bus	-	199,420	199,420
Capital outlay	1,085,729	130,418	1,216,147
Debt service	1,439,919	-	1,439,919
 Total expenditures	 7,985,443	 652,920	 8,638,363
 Excess (deficiency) of revenues over expenditures	 3,207,479	 155,342	 3,362,821
 OTHER FINANCING SOURCES (USES)			
Transfer in (out)	(167,957)	-	(167,957)
 Total other financing sources and uses	 (167,957)	 -	 (167,957)
 Net change in fund balances	 3,039,522	 155,342	 3,194,864
Fund balances, beginning	12,069,017	681,973	12,750,990
 Fund balances, ending	 \$ 15,108,539	 \$ 837,315	 \$ 15,945,854
 Reconciliation to government-wide change in net position:			
Net change in fund balances			\$ 3,194,864
Add: capital outlay expenditures capitalized			1,216,147
Add: debt service expenditures			1,439,919
Add: increases in the equity interest of joint ventures			17,749
Add: bank shares long-term receivable			63,554
Add: opioid settlement revenue			126,417
Less: change in pension liability			163,453
Less: change in OPEB liability			(40,745)
Less: depreciation on governmental activities assets			(1,103,014)
Less: amortization on leased assets			(3,453)
Less: interest on long term debt and long term leases			(40,988)
 Change in net position - governmental activities			 \$ 5,033,903

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

CITY OF LA GRANGE, KENTUCKY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

ASSETS	Business-type Activities		
	Utility Commission	Golf Course	Totals
Current assets			
Cash and cash equivalents	\$ 3,617,879	\$ 220,629	\$ 3,838,508
Investments	442,584	506,281	948,865
Receivables, net	628,680	1,768	630,448
Grant Receivable	365,913	-	365,913
Inventory of supplies	301,833	17,455	319,288
Prepaid expenses	-	8,243	8,243
Total current assets	5,356,889	754,376	6,111,265
Non-current assets			
Restricted cash and cash equivalents	2,023,474	4,661	2,028,135
Total non-current assets	2,023,474	4,661	2,028,135
Capital assets			
Construction in progress	168,571	93,050	261,621
Land	149,897	1,614,643	1,764,540
Land improvements	-	2,639,241	2,639,241
Plant and sewer system	40,856,752	-	40,856,752
Buildings and improvements	1,008,468	-	1,008,468
Vehicle and equipment	1,590,400	574,409	2,164,809
Leased vehicles	180,615	-	180,615
Leased equipment	-	185,667	185,667
Less: accumulated depreciation and amortization	(18,817,912)	(2,845,017)	(21,662,929)
Total capital assets	25,136,791	2,261,993	27,398,784
Total assets	32,517,154	3,021,030	35,538,184
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	275,916	-	275,916
Deferred outflows - OPEB	203,760	-	203,760
Total deferred outflows of resources	479,676	-	479,676
Total assets and deferred outflows of resources	\$ 32,996,830	\$ 3,021,030	\$ 36,017,860
LIABILITIES			
Current liabilities			
Accounts payable	\$ 195,894	\$ 69,135	\$ 265,029
Accrued payroll liabilities	50,068	13,738	63,806
Accrued interest payable	63,427	1,663	65,090
Unearned revenue	-	56,399	56,399
Customer deposits	72,785	-	72,785
Due to other funds	36,260	-	36,260
Deferred revenue	328,050	-	328,050
Current portion of lease liability	17,322	51,263	68,585
Current portion of long-term obligations	351,493	157,082	508,575
Total current liabilities	1,115,299	349,280	1,464,579
Non-current liabilities			
Non-current portion of long-term obligations	7,177,453	443,334	7,620,787
Compensated absences	86,959	-	86,959
Lease liability	123,450	34,713	158,163
Net pension liability	1,507,682	-	1,507,682
Net OPEB liability	411,517	-	411,517
Total non-current liabilities	9,307,061	478,047	9,785,108
Total liabilities	10,422,360	827,327	11,249,687
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	175,980	-	175,980
Deferred inflows - OPEB	204,982	-	204,982
Total deferred inflows of resources	380,962	-	380,962
NET POSITION			
Net investment in capital assets	17,467,073	1,575,601	19,042,674
Restricted for:			
Customer deposits	72,785	-	72,785
Debt service	208,088	4,661	212,749
Construction project	1,732,315	-	1,732,315
Unrestricted	2,713,247	613,441	3,326,688
Total net position	22,193,508	2,193,703	24,387,211
Total liabilities, deferred inflows of resources and net position	\$ 32,996,830	\$ 3,021,030	\$ 36,017,860

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, 2023

	Business-type Activities			
	Utility	Commission	Golf Course	Totals
Operating revenues				
Charges for services	\$	4,576,860	\$ 849,141	\$ 5,426,001
Other income		89,300	-	89,300
		<u>4,666,160</u>	<u>849,141</u>	<u>5,515,301</u>
Operating expenses				
General and administrative		-	278,833	278,833
Water operations		1,312,796	-	1,312,796
Sewer operations		948,307	-	948,307
Rent		-	2,205	2,205
Salaries and wages		825,703	176,702	1,002,405
Repairs and maintenance		-	65,585	65,585
Cost of sales		-	63,062	63,062
Depreciation and amortization		1,113,211	159,429	1,272,640
		<u>4,200,017</u>	<u>745,816</u>	<u>4,945,833</u>
OPERATING INCOME		<u>466,143</u>	<u>103,325</u>	<u>569,468</u>
Non-operating income (expense)				
Grant Income		774,363	-	774,363
Gain on disposal of capital assets		12,412	-	12,412
Interest and investment revenue		50,449	12,484	62,933
Interest expense		(188,754)	(26,451)	(215,205)
		<u>648,470</u>	<u>(13,967)</u>	<u>634,503</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS		<u>1,114,613</u>	<u>89,358</u>	<u>1,203,971</u>
Transfers in		-	167,957	167,957
Capital contributions		2,516,423	14,000	2,530,423
		<u>3,631,036</u>	<u>271,315</u>	<u>3,902,351</u>
CHANGE IN NET POSITION		<u>3,631,036</u>	<u>271,315</u>	<u>3,902,351</u>
Net position, beginning of year		<u>18,562,472</u>	<u>1,922,388</u>	<u>20,484,860</u>
NET POSITION, END OF YEAR	\$	<u>22,193,508</u>	\$ <u>2,193,703</u>	\$ <u>24,387,211</u>

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, 2023

	Business-type Activities		
	Utility Commission	Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 4,049,486	\$ 852,629	\$ 4,902,115
Payments to suppliers	(1,968,831)	(389,305)	(2,358,136)
Payments for employee services and benefits	(1,364,730)	(195,334)	(1,560,064)
Receipts (refunds) of customer meter deposits	1,140	-	1,140
Net cash provided by operating activities	<u>717,065</u>	<u>267,990</u>	<u>985,055</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment under interfund agreements	-	167,957	167,957
Net cash provided by non-capital financing activities	<u>-</u>	<u>167,957</u>	<u>167,957</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	198,156	14,000	212,156
Proceeds from issuance of capital debt	-	-	-
Grants received	408,450	-	408,450
Proceeds from the sale of equipment	12,412	-	12,412
Purchases of capital assets	(2,474,460)	(99,060)	(2,573,520)
Principal paid on lease liability	(21,763)	(50,312)	(72,075)
Interest paid on leased vehicles	(7,057)	-	(7,057)
Bond issuance costs	-	-	-
Principal paid on capital debt	(329,049)	(143,333)	(472,382)
Interest paid on capital debt	(207,858)	(26,788)	(234,646)
Net cash (used in) capital and related financing activities	<u>(2,421,169)</u>	<u>(305,493)</u>	<u>(2,726,662)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net change in investments	116,623	(506,281)	(389,658)
Interest and dividends	50,449	10,716	61,165
Net cash provided by (used in) investing activities	<u>167,072</u>	<u>(495,565)</u>	<u>(328,493)</u>
Net increase (decrease) in cash and cash equivalents	(1,537,032)	(365,111)	(1,902,143)
Cash and cash equivalents-beginning of the year	<u>7,178,385</u>	<u>590,401</u>	<u>7,768,786</u>
CASH AND CASH EQUIVALENTS-END OF THE YEAR	<u>\$ 5,641,353</u>	<u>\$ 225,290</u>	<u>\$ 5,866,643</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 466,143	\$ 103,325	\$ 569,468
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,113,211	159,429	1,272,640
Net change in pension liabilities	(84,300)	-	(84,300)
Net change in OPEB liabilities	33,857	-	33,857
Change in assets and liabilities:			
Receivables, net	(43,416)	-	(43,416)
Inventory	(131,766)	(6,081)	(137,847)
Prepaid expenses	-	(1,442)	(1,442)
Accounts and other payables	(64,546)	(2,333)	(66,879)
Accrued expenses	-	11,603	11,603
Unearned revenue	(573,258)	3,489	(569,769)
Customer deposits payable	1,140	-	1,140
Net cash provided by operating activities	<u>\$ 717,065</u>	<u>\$ 267,990</u>	<u>\$ 985,055</u>
Cash and cash equivalents consists of the following:			
Unrestricted cash	\$ 3,617,879	\$ 220,629	\$ 3,838,508
Restricted cash	<u>2,023,474</u>	<u>4,661</u>	<u>2,028,135</u>
	<u>\$ 5,641,353</u>	<u>\$ 225,290</u>	<u>\$ 5,866,643</u>
Supplemental disclosure of cash flow information:			
Noncash capital and related financing activities:			
Leased vehicle additions, net	\$ 93,875	\$ -	\$ 93,875
Contributed capital	2,318,267	-	2,318,267
Accounts payable for capital items, net	<u>65,844</u>	<u>-</u>	<u>65,844</u>
Total noncash capital and related financing activities:	<u>\$ 2,477,986</u>	<u>\$ -</u>	<u>\$ 2,477,986</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, 2023

	Tourism Custodial Fund
ASSETS	
Cash	\$ <u>400</u>
Total assets	\$ <u><u>400</u></u>
LIABILITIES	
Due to Tourism Commission	\$ <u>400</u>
Total liabilities	<u>400</u>
NET POSITION	
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
for the year ended June 30, 2023

	Tourism Custodial Fund
ADDITIONS	
Transient room tax collected for the Tourism Commission	\$ <u>308,278</u>
Total deposits	<u>308,278</u>
DEDUCTIONS	
Transient room tax disbursed for the Tourism Commission	<u>308,278</u>
Total payments	<u>308,278</u>
Total increase (decrease) of fiduciary net position	<u>-</u>
Net position - beginning of year	<u>-</u>
Net position - end of year	<u><u>\$ -</u></u>

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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:

Component Unit	Brief Description/Inclusion Criteria	Reporting
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, 2023

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, 2023

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, 2023

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/amortization. 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 \$45,326 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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets and Depreciation

General capital and leased 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 and leased 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. Leased assets are recorded at the amount of the initial measurement of the related liability, plus any payments made at or before the commencement of the term. 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 and leased 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:

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

All leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

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.

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 or are in nonspendable form

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.

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. For the year ended June 30, 2023, expenditures exceeded appropriations in the General Fund by \$343,513 and in the Foundations and Parks Fund by \$37,198.

O. Leases

The City follows Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required 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.

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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.** Effective July 1, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*. GASB Statement No. 96 requires recognition of a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability for subscription-based information technology arrangements (SBITAs) that were previously classified as operating expenses. It establishes uniform guidance for SBITA accounting based on the foundational principle that SBITAs are financings of the right to use vendor-provided information technology assets. Government entities are required to recognize a subscription liability and an intangible right-to-use subscription asset. These changes had no effect on the City’s financial statements as of June 30, 2023.

R. 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.

S. 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.

T. Management’s Review of Subsequent Events

The City has evaluated and considered the need to recognize or disclose subsequent events through March 9, 2026, 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, 2023, have not been evaluated by the City.

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023, the book balance of the City's deposits totaled \$23,431,083 and the bank balances totaled \$23,540,389.

The following is a detail of the City's cash and investment deposit coverage at June 30, 2023:

FDIC insured	\$ 3,330,409
Collateralized	17,144,991
Uninsured/uncollateralized	-
Invested in Treasury Bills	<u>3,064,989</u>
Total	<u>\$ 23,540,389</u>

Restricted assets consist of the following:

	General Fund	Utility Commission	Golf Course	Total
Cash – Debt service reserve	\$ 2,140,348	\$ 208,088	\$ 4,661	\$ 2,353,097
Cash – Storm Water	329,387	-	-	329,387
Cash – Construction	-	1,742,601	-	1,742,601
Cash – Customer deposits	<u>-</u>	<u>72,785</u>	<u>-</u>	<u>72,785</u>
Total	<u>\$ 2,469,735</u>	<u>\$ 2,023,474</u>	<u>\$ 4,661</u>	<u>\$ 4,497,870</u>

The City's investments at June 30, 2023, are as follows:

Type of Investments	Book Value	Investment Maturities (in Years)	
		Less Than 1	1- 5 Years
Governmental activities:			
US Treasury Bonds	<u>\$ 3,064,989</u>	<u>\$ 3,064,989</u>	<u>\$ -</u>
Total governmental activities	<u>\$ 3,064,989</u>	<u>\$ 3,064,989</u>	<u>\$ -</u>
Business-type activities:			
Certificates of deposit – Utility Commission	\$ 442,584	\$ 442,584	\$ -
Certificates of deposit – Golf Course	<u>506,281</u>	<u>506,281</u>	<u>-</u>
Total Business-type activities	<u>\$ 948,865</u>	<u>\$ 948,865</u>	<u>\$ -</u>

The City categorizes the fair value of measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 1 or Level 3 inputs.

Investments	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Governmental activities:				
US Treasury Bonds	<u>\$ 3,064,989</u>	<u>\$ -</u>	<u>\$ 3,064,989</u>	<u>\$ -</u>

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

3. ACCOUNTS RECEIVABLE

	General Fund	Nonmajor Funds	Governmental Funds Total
Governmental activities:			
Taxes	\$ 48,428	\$ -	\$ 48,428
Licenses and fees	1,459,202	130,591	1,589,793
Intergovernmental	2,395	57,837	60,232
Other	<u>198,600</u>	<u>-</u>	<u>198,600</u>
Gross receivables	1,708,626	188,428	1,897,054
Less: allowance for uncollectible	<u>(45,326)</u>	<u>-</u>	<u>(45,326)</u>
Net receivables	<u>\$ 1,663,299</u>	<u>\$ 188,428</u>	<u>\$ 1,851,727</u>
Business-type activities:			
	Utility Commission	Golf Course	Total Business- Type
Customer accounts	\$ 437,042	\$ -	\$ 437,042
Unbilled receivables	191,110	-	191,110
Other	<u>528</u>	<u>1,768</u>	<u>2,296</u>
Gross receivables	628,680	1,768	630,448
Less: allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 628,680</u>	<u>\$ 1,768</u>	<u>\$ 630,448</u>

4. CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not depreciated:				
Construction in progress	\$ 4,589,532	\$ 668,095	\$ (5,257,627)	\$ -
Land	<u>880,128</u>	<u>41,136</u>	<u>-</u>	<u>921,264</u>
Totals	<u>5,469,660</u>	<u>709,231</u>	<u>(5,257,627)</u>	<u>921,264</u>
Capital assets that are depreciated:				
Buildings and improvements	2,214,162	5,257,627	-	7,471,789
Machinery and equipment	3,824,695	136,163	-	3,960,858
Leased equipment	<u>17,264</u>	<u>-</u>	<u>-</u>	<u>17,264</u>
Totals	<u>6,056,121</u>	<u>5,393,790</u>	<u>-</u>	<u>11,449,911</u>
Total non-infrastructure assets	<u>11,525,781</u>	<u>6,103,021</u>	<u>(5,257,627)</u>	<u>12,371,175</u>
Infrastructure assets	<u>7,453,565</u>	<u>164,004</u>	<u>-</u>	<u>7,617,569</u>
Total capital assets	<u>18,979,346</u>	<u>6,267,025</u>	<u>(5,257,627)</u>	<u>19,988,744</u>
Less: accumulated depreciation				
Buildings and improvements	1,185,178	241,639	-	1,426,817
Machinery and equipment	3,032,275	205,222	-	3,237,497
Infrastructure	<u>2,621,866</u>	<u>656,153</u>	<u>-</u>	<u>3,278,020</u>
Totals	<u>6,839,319</u>	<u>1,103,014</u>	<u>-</u>	<u>7,942,333</u>
Less: accumulated amortization				
Leased equipment	<u>3,453</u>	<u>3,453</u>	<u>-</u>	<u>6,906</u>
General capital assets, net	<u>\$ 12,136,574</u>	<u>\$ 5,160,558</u>	<u>\$ (5,257,627)</u>	<u>\$ 12,039,505</u>

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

4. CAPITAL ASSETS (CONTINUED)

	Balance			Balance
	July 1, 2022	Additions	Deductions	June 30, 2023
Business-Type Activities				
Land	\$ 1,764,540	\$ -	\$ -	\$ 1,764,540
Construction in progress	604,070	2,756,649	(3,099,099)	261,620
Total assets not depreciated	<u>2,368,610</u>	<u>2,756,649</u>	<u>(3,099,099)</u>	<u>2,026,160</u>
Buildings and improvements	3,627,157	20,550	-	3,647,707
Water tank	3,039,105	16,357	-	3,055,462
Mains, hydrants and new water services	5,117,743	832,012	-	5,949,755
Wastewater treatment plant	10,794,284	26,547	-	10,820,831
Sewage system lines and pump stations	17,179,745	3,850,960	-	21,030,705
Transportation equipment	960,015	547,918	(64,710)	1,443,223
General office equipment	731,151	5,739	(15,302)	721,588
Leased vehicles	86,740	93,875	-	180,615
Leased equipment	<u>185,667</u>	<u>-</u>	<u>-</u>	<u>185,667</u>
Total capital assets	44,090,217	8,150,607	(3,179,111)	49,061,713
Less: accumulated depreciation	20,420,992	1,200,904	(80,012)	21,541,884
Less: accumulated amortization	<u>49,309</u>	<u>71,736</u>	<u>-</u>	<u>121,045</u>
Totals	<u>20,470,301</u>	<u>1,272,640</u>	<u>(80,012)</u>	<u>21,662,929</u>
Business-type capital assets, net	<u>\$ 23,619,916</u>	<u>\$ 6,877,967</u>	<u>\$ (3,099,099)</u>	<u>\$ 27,398,784</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	765,281
Parks and recreation	190,240
Bus	11,467
ABC	<u>19,906</u>
Total depreciation expense	<u>\$ 1,103,014</u>

5. LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

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, 2023**

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

Note Payable – Kentucky Bond Corporation (continued)

The minimum obligations of the above note payable at June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Bank Fee	Total
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>\$ 335,833</u>	<u>\$ 28,739</u>	<u>\$ 4,458</u>	<u>\$ 369,030</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 bonds were paid in full during fiscal year 2023.

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, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
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	120,000	28,200	148,200
2029-2033	605,000	122,819	727,819
2034-2038	645,000	83,444	728,444
2039-2042	<u>560,000</u>	<u>22,700</u>	<u>582,700</u>
Total	<u>\$ 2,390,000</u>	<u>\$ 381,563</u>	<u>\$ 2,771,563</u>

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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

The total governmental activity debt is summarized as follows:

Current portion of general obligation bonds	\$ 115,000
Current portion of notes payable	70,000
Current portion of lease liability	<u>3,268</u>
 Total current portion of long-term obligations	 <u>\$ 188,268</u>
 Long-term portion of general obligation bonds	 2,275,000
Long-term portion of notes payable	265,833
Compensated absences	102,324
Lease liability	7,816
Net pension liability	5,041,972
Net OPEB liability	<u>1,395,256</u>
 Long-term portion of long-term obligations	 <u>\$ 9,088,201</u>

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

	July 1, 2022	Additions	Retirements	June 30, 2023
Notes payable	\$ 402,917	\$ -	\$ 67,084	\$ 335,833
Revenue bonds	1,218,333	-	1,218,333	-
General obligation bonds	2,500,000	-	110,000	2,390,000
Lease liability	14,232	-	3,148	11,084
Compensated absences	84,790	17,534	-	102,324
Net pension liability	4,571,662	470,310	-	5,041,972
Net OPEB liability	<u>1,382,204</u>	<u>13,052</u>	<u>-</u>	<u>1,395,256</u>
 Total	 <u>\$ 10,174,138</u>	 <u>\$ 500,896</u>	 <u>\$ 1,398,565</u>	 <u>\$ 9,276,469</u>

6. LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES

Business-Type Activities – Utility Commission

Bonds Payable to Kentucky Rural Water Finance Corporation

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.

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.

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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

Business-Type Activities – Utility Commission, continued

The future obligations for all long-term debt of the Commission (excluding the net pension liability and the net OPEB liability) at June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Fees	Total
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	396,706	141,211	4,886	542,803
2029-2033	2,189,476	494,470	19,751	2,703,697
2034-2038	2,187,250	214,263	11,434	2,412,948
2039-2042	<u>987,400</u>	<u>38,959</u>	<u>2,653</u>	<u>1,029,012</u>
Total	<u>\$ 7,236,901</u>	<u>\$ 1,585,263</u>	<u>\$ 61,212</u>	<u>\$ 8,883,376</u>

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, 2023, 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:

	2023
Current portion of Kentucky Infrastructure Authority	\$ 141,493
Current portion of Kentucky Rural Water Bonds	210,000
Current portion of leases vehicles	<u>17,322</u>
Total current portion of long-term obligations	<u>\$ 368,815</u>
Long-term portion of Kentucky Infrastructure Authority	\$ 2,920,408
Long-term portion of Kentucky Rural Water Bonds	3,965,000
Bond premium Kentucky Rural Water Bonds	292,045
Compensated absences	86,959
Leased vehicles	123,450
Net pension liability	1,507,682
Net OPEB liability	<u>411,517</u>
Long-term portion of long-term obligations	<u>\$ 9,307,061</u>

The changes in long-term debt at June 30, 2023 are as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Bonds and notes payable	\$ 7,565,950	-	(329,049)	\$ 7,236,901
Bond premium	313,493	-	(21,448)	292,045
Net pension liability	1,555,945	-	(48,263)	1,507,682
Net OPEB liability	467,088	-	(55,571)	411,517
Leased vehicles	68,660	93,875	(21,763)	140,772
Compensated absences	<u>80,656</u>	<u>6,303</u>	<u>-</u>	<u>86,959</u>
	<u>\$ 10,051,792</u>	<u>\$ 100,178</u>	<u>\$ (476,094)</u>	<u>\$ 9,675,876</u>

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

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

Business-Type Activities – Golf Course

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 monthly payments. It carries a stated interest rate of 3% with total banks fees of \$21,854.

The future minimum obligations of the above note payable at June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Service Fee	Total
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>\$ 600,416</u>	<u>\$ 43,588</u>	<u>\$ 4,732</u>	<u>\$ 648,736</u>

The total golf course debt is summarized as follows:

Current portion of note payable	<u>\$ 157,082</u>
Long-term portion of note payable	<u>\$ 443,334</u>

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

July 1, 2022	Additions	Retirements	June 30, 2023
<u>\$ 743,749</u>	<u>\$ -</u>	<u>\$ 143,333</u>	<u>\$ 600,416</u>

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, 2023 was \$11,084.

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

Year ended	Principal	Interest	Total
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>\$ 11,084</u>	<u>\$ 706</u>	<u>\$ 11,790</u>

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

7. LEASE LIABILITIES (CONTINUED)

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, 2023 was \$85,976.

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

Year ended	Principal	Interest	Total
2024	\$ 51,263	\$ 1,213	\$ 52,476
2025	<u>34,713</u>	<u>272</u>	<u>34,985</u>
	<u>\$ 85,976</u>	<u>\$ 1,485</u>	<u>\$ 87,461</u>

The Utility Commission has a master lease agreement with Enterprise FM Trust. The agreement allows the Utility Commission to enter into separate individual lease agreements for vehicles as needed. The lease term for the vehicle leases ranges from 48-60 months. The interest rates for the leases range from 5.73 – 7.96%. The balance of the lease liability as of June 30, 2023 was \$140,772. In March 2023, the Utility Commission prepaid the monthly payments due from March 2023 through February 2024, which comprised the first 8 months of fiscal year 2024. The prepayment reduced the current portion of the lease liability to \$17,322.

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

Year ended	Principal	Interest	Total
2024	\$ 17,322	\$ 5,076	\$ 22,398
2025	35,347	7,105	42,452
2026	37,724	4,728	42,452
2027	36,924	2,195	39,119
2028	<u>13,455</u>	<u>407</u>	<u>13,862</u>
	<u>\$ 140,772</u>	<u>\$ 19,511</u>	<u>\$ 160,283</u>

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023, 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, 2023, participating employers contributed 26.79% of each employee's wages for non-hazardous job classifications and 49.59% 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 23.40% to the pension trust for non-hazardous job classifications and 42.81% 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, 2023, the City contributed \$396,181, or 100% of the required contribution for non-hazardous job classifications, and the City contributed \$301,294, 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
June 30, 2023

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, 2023, the City reported a liability for its proportionate share of the net pension liability as follows:

Total Net		
Pension Liability	Non-hazardous	Hazardous
<u>\$ 6,549,664</u>	<u>\$ 3,400,528</u>	<u>\$ 3,149,136</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, 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, 2022, was as follows:

Non-hazardous	Hazardous
.047%	.103%

The proportionate share measured at June 30, 2022 relative to June 30, 2021 decreased by .005% for non-hazardous and decreased for hazardous by .001%.

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

8. RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2023, the City recognized pension expense of \$470,542. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 93,927	\$ 30,284
Changes of assumptions	-	-
Net difference between projected and actual earnings on Plan investments	159,912	-
Changes in proportion and differences between City contributions and proportionate share of contributions	149,676	436,401
City contributions subsequent to the measurement date	<u>697,475</u>	<u>-</u>
Total	<u>\$ 1,100,990</u>	<u>\$ 466,685</u>

The \$697,475 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2024	\$ (53,875)
2025	\$ (133,035)
2026	\$ (48,123)
2027	\$ 171,863

Actuarial Assumptions – The total pension liability measured at June 30, 2022, 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, 2022, 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, 2021) to the plan's fiscal year ending June 30, 2022.

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Total	100.00%	4.28%
Long term inflation assumption		2.30%
Expected nominal return for portfolio		6.58%

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:

	Non-hazardous		Hazardous	
	Discount rate	City's proportionate share of net pension liability	Discount rate	City's proportionate share of net pension liability
1% decrease	5.25%	\$ 4,250,238	5.25%	\$ 3,922,762
Current discount rate	6.25%	\$ 3,400,528	6.25%	\$ 3,149,126
1% increase	7.25%	\$ 2,697,747	7.25%	\$ 2,519,062

Payable to the Pension Plan – At June 30, 2023, the City reported a payable of \$83,009 for the outstanding amount of contributions to the pension and OPEB plan required for the year ended June 30, 2023.

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023, the employer’s contribution was 3.39% to the insurance trust for non-hazardous job classifications and 6.78% 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, 2023, the City contributed \$57,395, or 100% of the required contribution for non-hazardous job classifications, and \$47,717, 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, 2023, the City reported a liability for its proportionate share of the net OPEB liability as follows:

Total Net		
OPEB Liability	Non-hazardous	Hazardous
\$ 1,806,773	\$ 928,162	\$ 878,611

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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

The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 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, 2022 was as follows:

Non-hazardous	Hazardous
.047%	.103%

The proportionate share at June 30, 2022 relative to June 30, 2021 for non-hazardous decreased by .005% and hazardous decreased by .001%.

For the year ended June 30, 2023, the City recognized OPEB expense of \$147,029. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 112,841	\$ 264,886
Changes of assumptions	293,460	272,137
Net difference between projected and actual earnings on Plan investments	69,741	-
Changes in proportion and differences between City contributions and proportionate share of contributions	87,836	188,751
City contributions subsequent to the measurement date	<u>148,161</u>	<u>-</u>
Total	<u>\$ 712,039</u>	<u>\$ 725,774</u>

The \$148,161 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, 2024. This includes adjustments of \$33,464 for the nonhazardous implicit subsidy and \$9,585 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:

Year ending June 30,		
2024	\$	(20,655)
2025	\$	(16,561)
2026	\$	(94,740)
2027	\$	(1,048)
2028	\$	(28,892)

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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

Actuarial Assumptions – The total OPEB liability measured at June 30, 2022, 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 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post – 65:	Initial trend starting at 9.00% in 2024, 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 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post – 65:	Initial trend starting at 9.00% at January 1, 2024, 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, 2022 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, 2021) to the plan's fiscal year ending June 30, 2022.

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, 2023

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Total	100.00%	4.28%
Long term inflation assumption		2.30%
Expected nominal return for portfolio		6.58%

Discount Rate – The discount rate used to measure the total OPEB liability was 5.70% and 5.61% 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:

	Non-hazardous		Hazardous	
	Discount rate	City’s proportionate share of net OPEB liability	Discount rate	City’s proportionate share of net OPEB liability
1% decrease	4.70%	\$ 1,240,806	4.61%	\$ 1,220,800
Current discount rate	5.70%	\$ 928,162	5.61%	\$ 878,611
1% increase	6.70%	\$ 669,711	6.61%	\$ 600,685

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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
	City's proportionate share of net OPEB liability	City's proportionate share of net OPEB liability
1% decrease	\$ 690,069	\$ 613,521
Current trend rate	\$ 928,162	\$ 878,611
1% increase	\$ 1,214,070	\$ 1,201,736

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 2023 were levied in September 2022 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, 2023

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 1st 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, 2023, are as follows:

Total assets	\$ 16,623,032
Total liabilities	\$ 18,682
Total net position	\$ 16,604,350

The net equity investment in Oldham-LaGrange Development Authority for the City of La Grange at June 30, 2023, is \$8,678,375. The net equity is determined by the following:

	OLDA Audit 6/30/2023	City Allocation	County Allocation
Beginning net equity, July 1, 2022	\$ 16,568,851	\$ 8,660,626	\$ 7,908,225
Operating loss before transfers in	(85,401)	(42,251)	(42,250)
Principal payments transfers in	<u>120,000</u>	<u>60,000</u>	<u>60,000</u>
Ending net equity, June 30, 2023	<u>\$ 16,604,350</u>	<u>\$ 8,678,375</u>	<u>\$ 7,925,974</u>

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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 2023, the General Fund transferred \$167,957 to the Golf Course.

14. INTERFUND BALANCES

This table shows interfund balances as of June 30, 2023:

	Municipal Aid	Utility Commission	ABC Fund	Bus Fund	Total Due To
General Fund	\$ <u>193</u>	\$ <u>36,260</u>	\$ <u>174,444</u>	\$ <u>110,621</u>	\$ <u>321,518</u>
Total due from	\$ <u>193</u>	\$ <u>36,260</u>	\$ <u>174,444</u>	\$ <u>110,621</u>	\$ <u>321,518</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, 2023

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Taxes				
General property taxes	\$ 1,580,000	\$ 1,580,000	\$ 1,691,898	\$ 111,898
Bank shares tax	100,000	100,000	45,270	(54,730)
Omitted tangibles	3,000	3,000	4,135	1,135
Motor vehicle taxes	<u>135,000</u>	<u>135,000</u>	<u>198,635</u>	<u>63,635</u>
Total municipal taxation	<u>1,818,000</u>	<u>1,818,000</u>	<u>1,939,938</u>	<u>121,938</u>
Licenses, permits and billings				
Business licenses	550,000	550,000	600,284	50,284
Insurance premiums	1,938,000	1,938,000	2,297,317	359,317
ABC license fees	22,000	22,000	50,277	28,277
Compensation tax	2,700,000	2,700,000	2,679,873	(20,127)
Franchise fees	<u>465,000</u>	<u>465,000</u>	<u>502,729</u>	<u>37,729</u>
Total licenses, permits and billings	<u>5,675,000</u>	<u>5,675,000</u>	<u>6,130,480</u>	<u>455,480</u>
Intergovernmental revenues				
Grants	2,129,112	2,129,112	720,810	(1,408,302)
Federal overtime	12,900	12,900	6,025	(6,875)
KLEFPF	73,640	73,640	82,639	8,999
LGEA	<u>10,000</u>	<u>10,000</u>	<u>8,634</u>	<u>(1,366)</u>
Total intergovernmental	<u>2,225,652</u>	<u>2,225,652</u>	<u>818,108</u>	<u>(1,407,544)</u>
Charges for service				
Sanitation fees	408,000	408,000	483,152	75,152
Stormwater fees	<u>365,000</u>	<u>365,000</u>	<u>100,000</u>	<u>(265,000)</u>
Total charges for service	<u>773,000</u>	<u>773,000</u>	<u>583,152</u>	<u>(189,848)</u>
Other revenue				
Interest	2,500	2,500	163,660	161,160
Penalties	-	-	3,897	3,897
Encroachment fees	6,500	6,500	6,700	200
Community center	12,000	12,000	35,194	23,194
Miscellaneous	<u>18,500</u>	<u>18,500</u>	<u>1,511,793</u>	<u>1,493,293</u>
Total other revenue	<u>39,500</u>	<u>39,500</u>	<u>1,721,244</u>	<u>1,681,744</u>
TOTAL REVENUE	<u>\$ 10,531,152</u>	<u>\$ 10,531,152</u>	<u>\$ 11,192,922</u>	<u>\$ 661,770</u>

CITY OF LA GRANGE, KENTUCKY
REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON
GENERAL FUND
for the year ended June 30, 2023

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES				
General Government				
Salaries	\$ 186,532	\$ 186,532	204,430	\$ (17,898)
Employee insurance	87,745	87,745	115,113	(27,368)
Employer portion FICA	19,154	19,154	17,945	1,209
Employer portion medicare	4,480	4,480	4,032	448
Mayor/Council	122,409	122,409	106,540	15,869
Employer portion retirement	49,972	49,972	54,763	(4,791)
Unemployment insurance	4,000	4,000	-	4,000
Computer maintenance	40,000	40,000	50,102	(10,102)
Tax preparation (PVA)	41,000	41,000	44,548	(3,548)
Ordinance codification	5,000	5,000	5,213	(213)
Workers compensation	15,000	15,000	1,483	13,517
Property/liability insurance	75,000	75,000	46,997	28,003
Auditing	26,000	26,000	33,900	(7,900)
Gas/electric/telephone	134,000	134,000	151,417	(17,417)
Legal fees	44,000	44,000	75,880	(31,880)
Legal advertisements	10,000	10,000	8,369	1,631
Office supplies	10,000	10,000	8,748	1,252
Repair and maintenance	20,794	20,794	16,431	4,363
Seminars/education	15,000	15,000	24,898	(9,898)
Miscellaneous	31,044	31,044	64,536	(33,492)
Payroll bank fees	-	-	1,358	(1,358)
Board of adjustments and appeals	2,000	2,000	450	1,550
	<u>943,130</u>	<u>943,130</u>	<u>1,037,153</u>	<u>(94,023)</u>
Total general government				
Public Safety-Police				
Police salaries	769,379	769,379	889,932	(120,553)
Overtime salaries	20,935	20,935	28,938	(8,003)
Part-time salaries	19,222	19,222	10,604	8,618
KLEFPF	64,000	64,000	67,361	(3,361)
Federal overtime	12,900	12,900	8,222	4,678
Employee insurance	143,526	143,526	81,278	62,248
Employer portion FICA	50,191	50,191	59,015	(8,824)
Employer portion medicare	11,738	11,738	13,802	(2,064)
Employer portion retirement	286,254	286,254	324,620	(38,366)
Workers compensation	41,870	41,870	56,763	(14,893)
Automobile insurance	16,590	16,590	4,056	12,534
Liability insurance	17,380	17,380	44,496	(27,116)
Radio maintenance	16,800	16,800	(1,157)	17,957
Computer maintenance	13,860	13,860	23,426	(9,566)
Seminars and education	11,000	11,000	14,265	(3,265)
Uniform expense	15,400	15,400	15,378	22
Miscellaneous	106,632	106,632	110,056	(3,424)
Crime prevention	4,000	4,000	2,722	1,278
Criminal investigations	5,000	5,000	5,350	(350)
Firing range expenses	4,000	4,000	-	4,000
Small equipment purchases	4,000	4,000	2,866	1,134
Gas and oil	42,000	42,000	54,908	(12,908)
Equipment repairs	20,000	20,000	21,716	(1,716)
Drug enforcement funds	1,000	1,000	-	1,000
Dry cleaning	1,500	1,500	142	1,358
Telephone/cellular/pagers	21,000	21,000	10,312	10,688
K-9	1,000	1,000	1,461	(461)
Forfeiture expenses	-	-	1,599	(1,599)
One call	5,000	5,000	7,712	(2,712)
Oldham County dispatch	12,500	12,500	10,773	1,727
	<u>1,738,677</u>	<u>1,738,677</u>	<u>1,870,616</u>	<u>(131,939)</u>
Total public safety-police				

CITY OF LA GRANGE, KENTUCKY
REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON
GENERAL FUND
for the year ended June 30, 2023

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public Works				
Salaries	\$ 543,454	\$ 543,454	\$ 472,942	\$ 70,512
Overtime salaries	15,000	15,000	12,495	2,505
Part-time salaries	33,277	33,277	29,394	3,883
Employee insurance	132,380	132,380	145,226	(12,846)
Employer portion FICA	36,687	36,687	30,269	6,418
Employer portion medicare	8,580	8,580	7,079	1,501
Employer portion retirement	149,610	149,610	132,609	17,001
Workers compensation	32,000	32,000	36,511	(4,511)
Vehicle insurance	29,000	29,000	25,941	3,059
Utilities	18,000	18,000	16,033	1,967
Seminars/education	5,000	5,000	7,372	(2,372)
Uniforms	3,000	3,000	2,425	575
Small equipment purchases	4,500	4,500	4,774	(274)
Gas and oil	36,000	36,000	36,843	(843)
Equipment/vehicle repairs	72,000	72,000	39,276	32,724
Computer maintenance	500	500	-	500
Crushed rock	-	-	171	(171)
Signs and posts	6,000	6,000	4,099	1,901
Sidewalks	140,000	140,000	36,040	103,960
Paving material	200,000	200,000	35,370	164,630
Street paint	2,000	2,000	915	1,085
Snow removal	3,000	3,000	2,295	705
Grounds maintenance	10,000	10,000	14,028	(4,028)
Building maintenance	10,000	10,000	6,397	3,603
Equipment rental	2,000	2,000	130	1,870
Tires and batteries	8,000	8,000	4,831	3,169
Electric/telephone welcome center	3,500	3,500	2,440	1,060
Repairs welcome center	4,000	4,000	64	3,936
Miscellaneous	29,695	29,695	53,102	(23,407)
CDL license	1,000	1,000	2,357	(1,357)
Contract help	14,000	14,000	3,286	10,714
Safety	2,000	2,000	2,899	(899)
Street lighting	2,500	2,500	79	2,421
Total public works	<u>1,556,683</u>	<u>1,556,683</u>	<u>1,167,692</u>	<u>388,991</u>
Sanitation	<u>362,940</u>	<u>362,940</u>	<u>477,636</u>	<u>(114,696)</u>
Parks and Recreation	<u>459,155</u>	<u>459,155</u>	<u>274,460</u>	<u>184,695</u>
Storm Water	<u>140,000</u>	<u>140,000</u>	<u>55,430</u>	<u>84,570</u>
Community Development				
Main street	5,000	5,000	6,013	(1,013)
La Grange crossroads district	50,000	50,000	65,100	(15,100)
Economic development, OLDA	80,000	80,000	80,000	-
Historic preservation	12,000	12,000	11,434	566
Tree replacement	2,000	2,000	385	1,615
Festivals - Christmas, OC Day	5,000	5,000	4,456	544
GIS	3,000	3,000	440	2,560
Mayor's discretionary fund	2,500	2,500	929	1,571
Signage and lighting	20,000	20,000	19,693	307
Miscellaneous	43,000	43,000	388,358	(345,358)
Total community development	<u>222,500</u>	<u>222,500</u>	<u>576,808</u>	<u>(354,308)</u>
Capital Outlay	<u>1,994,267</u>	<u>1,994,267</u>	<u>1,085,729</u>	<u>908,538</u>
Debt Service	<u>224,578</u>	<u>224,578</u>	<u>1,439,919</u>	<u>(1,215,341)</u>
TOTAL EXPENDITURES	<u>\$ 7,641,930</u>	<u>\$ 7,641,930</u>	<u>\$ 7,985,443</u>	<u>\$ (343,513)</u>

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

Reporting Fiscal Year (Measurement Date)	2014 (2013)	2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)	2023 (2022)
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%	0.047%
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	\$ 3,400,528
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
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%	261.43%
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%	52.42%

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

Reporting Fiscal Year (Measurement Date)	2014 (2013)	2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)	2023 (2022)
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%	0.103%
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	\$ 3,149,126
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
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%	468.56%
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%	47.11%

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required employer contribution	\$ 124,691	\$ 117,307	\$ 120,531	\$ 142,123	\$ 156,170	\$ 185,005	\$ 230,352	\$ 258,517	\$ 287,025	\$ 396,181
Contributions relative to contractually required employer contribution	<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>	<u>396,181</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 927,729	\$ 920,089	\$ 970,461	\$ 1,018,799	\$ 1,078,524	\$ 1,140,500	\$ 1,193,536	\$ 1,339,984	\$ 1,300,747	\$ 1,693,082
Employer contributions as a percentage of covered-employee payroll	13.44%	12.75%	12.42%	13.95%	14.48%	16.22%	19.30%	19.29%	22.07%	23.40%

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required employer contribution	\$ 150,215	\$ 142,572	\$ 147,142	\$ 173,373	\$ 183,539	\$ 186,476	\$ 191,873	\$ 187,891	\$ 239,265	\$ 301,294
Contributions relative to contractually required employer contribution	<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>	<u>301,294</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 690,007	\$ 687,758	\$ 726,269	\$ 745,833	\$ 772,520	\$ 694,695	\$ 638,299	\$ 661,358	\$ 672,093	\$ 703,795
Employer contributions as a percentage of covered-employee payroll	21.77%	20.73%	20.26%	23.25%	23.76%	26.84%	30.06%	28.41%	35.60%	42.81%

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

Reporting Fiscal Year (Measurement Date)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)	2023 (2022)
City's proportion of the net OPEB liability	0.041%	0.042%	0.044%	0.045%	0.047%	0.052%	0.047%
City's proportionate share of the net OPEB liability (asset)	\$ 659,818	\$ 841,208	\$ 772,583	\$ 760,983	\$ 1,126,069	\$ 1,004,091	\$ 928,162
City's covered employee payroll	\$ 970,461	\$ 1,018,799	\$ 1,078,524	\$ 1,140,500	\$ 1,193,536	\$ 1,339,984	\$ 1,300,747
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%	71.36%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	52.39%	57.62%	60.44%	51.67%	62.91%	60.95%

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 Seven Fiscal Years

Reporting Fiscal Year (Measurement Date)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)	2023 (2022)
City's proportion of the net OPEB liability	0.133%	0.136%	0.139%	0.123%	0.110%	0.104%	0.103%
City's proportionate share of the net OPEB liability (asset)	\$ 671,137	\$ 1,123,174	\$ 988,789	\$ 910,196	\$ 1,009,288	\$ 845,201	\$ 878,611
City's covered employee payroll	\$ 726,269	\$ 745,833	\$ 772,520	\$ 694,695	\$ 638,299	\$ 661,358	\$ 672,093
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%	130.73%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	58.99%	64.24%	64.44%	58.84%	66.81%	64.13%

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required employer contribution	\$ 46,736	\$ 45,267	\$ 45,030	\$ 48,189	\$ 50,691	\$ 59,995	\$ 56,813	\$ 63,783	\$ 63,526	\$ 57,395
Contributions relative to contractually required employer contribution	<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>	<u>57,395</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 927,729	\$ 920,089	\$ 970,461	\$ 1,018,799	\$ 1,078,524	\$ 1,140,500	\$ 1,193,536	\$ 1,339,984	\$ 1,300,747	\$ 1,693,082
Employer contributions as a percentage of covered-employee payroll	5.04%	4.92%	4.64%	4.73%	4.70%	5.26%	4.76%	4.76%	4.88%	3.39%

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required employer contribution	\$ 96,118	\$ 93,398	\$ 92,163	\$ 74,668	\$ 77,301	\$ 78,505	\$ 60,766	\$ 59,505	\$ 58,674	\$ 47,717
Contributions relative to contractually required employer contribution	<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>	<u>47,717</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 690,007	\$ 687,758	\$ 726,269	\$ 745,833	\$ 772,520	\$ 694,695	\$ 638,299	\$ 661,358	\$ 672,093	\$ 703,795
Employer contributions as a percentage of covered-employee payroll	13.93%	13.58%	12.69%	10.01%	10.01%	11.30%	9.52%	9.00%	8.73%	6.78%

CITY OF LA GRANGE, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

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, 2022 – 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, 2022, for OPEB:

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

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for pension.

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, 2023

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, 2023**

	Enacted Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
MUNICIPAL ROAD AID FUND				
REVENUES				
Intergovernmental revenues	\$ 156,000	\$ 156,000	\$ 139,385	\$ (16,615)
Interest	-	-	280	280
Carryover	40,000	40,000	-	(40,000)
TOTAL REVENUES	\$ 196,000	\$ 196,000	\$ 139,665	\$ (56,335)
EXPENDITURES				
Public works	\$ 196,000	\$ 196,000	\$ 45,804	\$ 150,196
Capital outlay	-	-	79,077	(79,077)
TOTAL EXPENDITURES	\$ 196,000	\$ 196,000	\$ 124,881	\$ 71,119
 FOUNDATIONS AND PARKS FUND				
REVENUES				
Other revenues	\$ -	\$ -	\$ 4,659	\$ 4,659
TOTAL REVENUES	\$ -	\$ -	\$ 4,659	\$ 4,659
EXPENDITURES				
Foundation and parks	\$ -	\$ -	\$ 999	\$ (999)
Capital outlay	-	-	36,199	(36,199)
TOTAL EXPENDITURES	\$ -	\$ -	\$ 37,198	\$ (37,198)

**CITY OF LA GRANGE, KENTUCKY
SUPPLEMENTARY BUDGETARY COMPARISON
OTHER GOVERNMENTAL FUNDS
for the year ended June 30, 2023**

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ABC FUND				
REVENUES				
Licenses and permits	\$ 440,000	\$ 440,000	\$ 475,747	\$ 35,747
Other revenues	19,600	-	412	412
Carryover	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>\$ 459,600</u>	<u>\$ 440,000</u>	<u>\$ 476,159</u>	<u>\$ 36,159</u>
EXPENDITURES				
ABC	\$ 398,884	\$ 398,884	\$ 276,279	\$ 122,605
Capital outlay	<u>60,716</u>	<u>60,716</u>	<u>-</u>	<u>60,716</u>
TOTAL EXPENDITURES	<u>\$ 459,600</u>	<u>\$ 459,600</u>	<u>\$ 276,279</u>	<u>\$ 183,321</u>
BUS FUND				
REVENUES				
Intergovernmental revenues	\$ 244,775	\$ 244,775	\$ 179,902	\$ (64,873)
Charges for service	6,000	6,000	5,477	(523)
Other revenues	<u>-</u>	<u>-</u>	<u>2,400</u>	<u>2,400</u>
TOTAL REVENUES	<u>\$ 250,775</u>	<u>\$ 250,775</u>	<u>\$ 187,779</u>	<u>\$ (62,996)</u>
EXPENDITURES				
General and administrative	\$ 37,586	\$ 37,586	\$ 21,929	\$ 15,657
Salaries and wages	135,692	135,692	153,094	(17,402)
Repairs and maintainence	4,000	4,000	6,589	(2,589)
Fuel	25,000	25,000	17,807	7,193
Capital outlay	<u>68,497</u>	<u>68,497</u>	<u>15,142</u>	<u>53,355</u>
TOTAL EXPENDITURES	<u>\$ 270,775</u>	<u>\$ 270,775</u>	<u>\$ 214,561</u>	<u>\$ 56,214</u>

**CITY OF LA GRANGE, KENTUCKY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023**

	Municipal Road Aid Fund	Foundations and Parks Fund	ABC Fund	Bus Fund	Total
ASSETS					
Cash and cash equivalents	\$ 136,220	\$ 35,826	\$ 608,561	\$ 206,659	\$ 987,266
Accounts receivable	<u>-</u>	<u>-</u>	<u>130,591</u>	<u>57,837</u>	<u>188,428</u>
Total assets	<u>\$ 136,220</u>	<u>\$ 35,826</u>	<u>\$ 739,152</u>	<u>\$ 264,496</u>	<u>\$ 1,175,694</u>
LIABILITIES					
Accounts payable	\$ 40,747	\$ -	\$ -	\$ 5,822	\$ 46,569
Accrued payroll liabilities	-	-	-	2,279	2,279
Compensated Absences	-	-	-	4,273	4,273
Due to other fund	<u>193</u>	<u>-</u>	<u>174,444</u>	<u>110,621</u>	<u>285,258</u>
Total liabilities	<u>40,940</u>	<u>-</u>	<u>174,444</u>	<u>122,995</u>	<u>338,379</u>
FUND BALANCE					
Restricted	95,280	-	564,708	-	659,988
Committed	-	35,826	-	-	35,826
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,501</u>	<u>141,501</u>
Total fund balance	<u>95,280</u>	<u>35,826</u>	<u>564,708</u>	<u>141,501</u>	<u>837,315</u>
Total liabilities and fund balance	<u>\$ 136,220</u>	<u>\$ 35,826</u>	<u>\$ 739,152</u>	<u>\$ 264,496</u>	<u>\$ 1,175,694</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, 2023

	Municipal Road Aid Fund	Foundations and Parks Fund	ABC Fund	Bus Fund	Total
REVENUES					
Licenses and permits	\$ -	\$ -	\$ 475,747	\$ -	\$ 475,747
Intergovernmental revenues	139,385	-	-	179,902	319,287
Charges for service	-	-	-	5,477	5,477
Other revenues	<u>280</u>	<u>4,659</u>	<u>412</u>	<u>2,400</u>	<u>7,751</u>
 Total revenues	 <u>139,665</u>	 <u>4,659</u>	 <u>476,159</u>	 <u>187,779</u>	 <u>808,262</u>
EXPENDITURES					
Public works	45,804	-	-	-	45,804
Foundation and parks	-	999	-	-	999
ABC	-	-	276,279	-	276,279
Bus	-	-	-	199,420	199,420
Capital outlay	<u>79,077</u>	<u>36,199</u>	<u>-</u>	<u>15,142</u>	<u>130,418</u>
 Total expenditures	 <u>124,881</u>	 <u>37,198</u>	 <u>276,279</u>	 <u>214,562</u>	 <u>652,920</u>
 Excess (deficiency) of revenues over expenditures	 <u>14,784</u>	 <u>(32,539)</u>	 <u>199,880</u>	 <u>(26,783)</u>	 <u>155,342</u>
Other financing sources					
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total other financing sources	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Net change in fund balances	 14,784	 (32,539)	 199,880	 (26,783)	 155,342
Fund balances, beginning	<u>80,496</u>	<u>68,365</u>	<u>364,828</u>	<u>168,284</u>	<u>681,973</u>
 Fund balances, ending	 <u>\$ 95,280</u>	 <u>\$ 35,826</u>	 <u>\$ 564,708</u>	 <u>\$ 141,501</u>	 <u>\$ 837,315</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, 2023, 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 March 9, 2026.

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 (2023-001, 2023-003, and 2023-004) 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 (2023-002) 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 (2023-005 and 2023-006).

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

March 9, 2026

CITY OF LA GRANGE, KENTUCKY
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2023

2023-001 *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: City had to develop and create a new computer database to manage the fiscal year 2023. In January 2024, the City hired a licensed CPA to work part-time as the Finance Director and subsequent efforts were made to implement internal controls to properly identify all transactions within the current accounting period to account for all transactions according to standard accounting principles. However, due to lack of documentation at the time of recording, some transactions were unaccounted for. In October 2024, the City hired a licensed CPA to implement procedures which have been implemented to ensure future period transactions are reviewed and properly recorded.

2023-002 *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 review financial statements for compliance with generally accepted accounting principles to ensure future periods are prepared according to GAAP. Finance Director will work with its computer support service provider to develop financial statements directly from the new accounting program.

CITY OF LA GRANGE, KENTUCKY
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2023

2023-003 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 2023 bank accounts timely. The audit was delayed because of the issues City personnel had with reconciling the bank accounts.

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: A new accounting system was implemented for fiscal year 2022 and is designed to handle bank reconciliations on a "real time" basis. Due to staffing limitations, this constraint offered challenges for staff, at the time. The creation of a new database in the accounting system, current accounting staff can perform bank reconciliations timely and accurately for future periods.

2023-004 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 2023, 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 during the year under audit.

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: With assistance from the Finance Director & computer support services, the City is working on resolving this finding for future fiscal reporting periods.

CITY OF LA GRANGE, KENTUCKY
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2023

2023-005 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 2023 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: Due to staffing limitations, assistance from the Finance Director & computer support services, the City is working to resolve this finding for future reporting periods.

2023-006 – The City should expend funds in accordance with Kentucky Revised Statute 424.260.

Criteria: As prescribed in Kentucky Revised Statute 424.260, the City is required to advertise for bid involving an expenditure of more than \$30,000 before entering into a contract.

Condition: Personnel employed to perform purchasing functions for the City did not have sufficient experience and training to ensure compliance with KRS 424.260.

Cause: Personnel in the finance department were not aware that certain purchases which exceeded \$40,000 were required to be advertised for bid.

Effect: The City failed to properly advertise for bid a purchase that exceeded \$40,000. Consequently, the City did not comply with KRS 424.260.

Recommendation: We recommend that all purchases in the aggregate with a cost greater than \$30,000 be advertised for bid as required by KRS 424.260.

Management's Response: With assistance from the Finance Director, the City is working with the City Clerk on resolving this finding during future fiscal years.