

PRELIMINARY OFFICIAL STATEMENT DATED JULY 28, 2021

**Book-Entry Only
New Issue
Bank Qualified**

**Rating: Moody’s “A1”
See “Rating” herein**

In the opinion of Bond Counsel, under existing law (i) interest on the Bonds will be excludible from gross income of the holders thereof for purposes of federal income taxation, (ii) interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax, and (iii) interest on the Bonds is exempt from income taxation by the Commonwealth of Kentucky, all subject to the qualifications described herein under the heading “LEGAL MATTERS - Tax Treatment.” The Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky.

\$2,500,000*
CITY OF LAGRANGE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2021A

Dated: Date of Delivery

Due: September 1st, as shown below

Year	Amount*	Interest Rate	Price	Yield	Year	Amount*	Interest Rate	Price	Yield
2022	\$110,000	%			2032	\$125,000	%		
2023	110,000				2033	125,000			
2024	110,000				2034	130,000			
2025	110,000				2035	130,000			
2026	115,000				2036	135,000			
2027	115,000				2037	135,000			
2028	115,000				2038	140,000			
2029	115,000				2039	145,000			
2030	120,000				2040	145,000			
2031	120,000				2041	150,000			

Depository Trust Company (“DTC”) or its nominee. There will be no distribution of Bonds to owners of book entry interests. DTC will receive all payments of principal and interest with respect to the Bonds from U.S. Bank National Association, Louisville, Kentucky, as Paying Agent and Bond Registrar. DTC is required by its rules and procedures to remit such payments to participants in DTC for subsequent disbursement to the owners of book entry interests. So long as DTC or its nominee is the registered owner of the Bonds, references herein to the Bondholders or registered owners (other than under the captions “LEGAL MATTERS - Tax Treatment” and “CONTINUING DISCLOSURE”) shall mean DTC or its nominee, and not the owners of book entry interests in the Bonds. The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof.

The Bonds are subject to redemption prior to maturity as described herein.

The Bonds are offered when, as and if issued, subject to the approval of legality and tax exemption by Dinsmore & Shohl LLP, Bond Counsel, Covington, Kentucky. Certain legal matters have been passed upon for the City by Beach Craigmyle, City Attorney. The Bonds are expected to be available for delivery on or about August 25, 2021.



* Preliminary, subject to change as set out in the Official Terms and Conditions of Bond Sale.

This Preliminary Official Statement and information contained herein are subject to change, completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds. No dealer, broker, salesman, or other person has been authorized by the City to give any information or to make any representation, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Upon issuance, the Bonds will not be registered by the City under any federal or state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal, or other governmental entity or agency except the City will have, at the request of the City, passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

Insofar as the statements contained in this Official Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources prior to the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information. Neither this Official Statement nor any oral or written representations by or on behalf of the City preliminary to sale of the Bonds should be regarded as part of the City's contract with the holders of the Bonds.

References herein to provisions of Kentucky law, whether codified in the Kentucky Revised Statutes ("KRS") or uncodified, or to the provisions of the Kentucky Constitution or the City's ordinances or resolutions, are references to such provisions as they presently exist. Any of these provisions may from time to time be amended, repealed or supplemented.

As used in this Official Statement, "debt service" means principal of, interest and any premium on, the obligations referred to; "City" means the City of LaGrange, Kentucky; and "Kentucky" or "Commonwealth" means the Commonwealth of Kentucky.

CITY OF LAGRANGE, KENTUCKY

Mayor

John Black

City Council

Elsie Carter

Joe Davenport

Angrea Essenpreis

Bill Lammlein

Trey Kamer

Debbie Pollard

Jason Taylor

Leslie Wright

City Attorney

Beach Craigmyle

City Clerk

Stephanie Cooper

BOND COUNSEL

Dinsmore & Shohl LLP

Covington, Kentucky

FINANCIAL ADVISOR

RSA Advisors, LLC

Lexington, Kentucky

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association

Louisville, Kentucky

CUSIPS

Maturity Date	CUSIP[†]	Maturity Date	CUSIP[†]
September 1, 2022		September 1, 2032	
September 1, 2023		September 1, 2033	
September 1, 2024		September 1, 2034	
September 1, 2025		September 1, 2035	
September 1, 2026		September 1, 2036	
September 1, 2027		September 1, 2037	
September 1, 2028		September 1, 2038	
September 1, 2029		September 1, 2039	
September 1, 2030		September 1, 2040	
September 1, 2031		September 1, 2041	

[†] Copyright, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP Numbers are provided for convenience of reference only. Neither the City, the Financial Advisor, the Underwriter, nor Bond Counsel takes any responsibility for the accuracy of such numbers.

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INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information with respect to the issuance of \$2,500,000* aggregate principal amount of General Obligation Bonds, Series 2021A (the "Bonds") of the City of LaGrange, Kentucky (the "City") as specified on the cover page hereof.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The City

The Bonds are being issued by the City of LaGrange, Kentucky, a municipal corporation and political subdivision of the Commonwealth of Kentucky. The City is in Oldham County in Central Kentucky.

Sources of Payment for the Bonds

The Bonds are general obligation debt of the City. The basic security for the Bonds is the City's ability to levy an annual tax to pay the interest on and principal of the Bonds as and when the same become due and payable. (See "DESCRIPTION OF THE BONDS - Security and Source of Payment for the Bonds," herein.)

Purpose of the Bonds

The Bonds are being issued for the purpose of financing all or a portion of the costs of the acquisition, construction, equipping, and installation of an aquatic recreation facility, all to be located within the jurisdictional boundaries of the City.

Description of the Bonds

The Bonds will mature as set forth on the cover page hereof. The Bonds are being offered in denominations of \$5,000 or any integral multiple thereof.

Interest

The Bonds will bear interest at the rates set forth on the cover page hereof, payable semi-annually on March 1st and September 1st, beginning March 1st, 2022.

The record dates for all interest payment dates for the Bonds will be the fifteenth day of the month immediately preceding any interest payment date.

Redemption

The Bonds maturing on or after September 1, 2030 are subject to redemption prior to stated maturity on any date falling on or after September 1, 2029 (less than all of a single maturity to be selected by lot), in whole or in part, at a redemption price equal to the principal amount redeemed, plus accrued interest to the date of redemption. See "DESCRIPTION OF THE BONDS - Redemption Provisions - Optional Redemption" herein).

[The Bonds maturing on September 1, 20[] are subject to mandatory sinking fund redemption commencing September 1, 20[]. See "DESCRIPTION OF THE BONDS - Redemption Provisions- Mandatory Sinking Fund Redemption," herein].

If any Bonds are called for redemption, notice shall be given by mailing a copy of the redemption notice at least thirty days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed (see "DESCRIPTION OF THE BONDS - Redemption Provisions - Notice of Redemption," herein).

* Preliminary, subject to change as set out in the Official Terms and Conditions of Bond Sale.

Book Entry

The Bonds are issuable only as fully registered Bonds, without coupons. The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest due on the Bonds will be made directly to DTC. Principal of, redemption premium, if any, and interest on the Bonds will be paid directly to DTC by U.S. Bank National Association, Louisville, Kentucky, as Bond Registrar and Paying Agent (the “Registrar and Paying Agent”). See “APPENDIX E - Book Only Entry System.”

Tax Treatment

Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest, including original issue discount, if any, on the Bonds is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax. In rendering the opinions in this paragraph, Bond Counsel has assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. Bond Counsel expresses no other opinion as to the federal tax consequences of purchasing, holding or disposing of the Bonds. Interest on the Bonds is also exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The City has designated the Bonds as “qualified tax-exempt obligations” with respect to certain financial institutions under Section 265 of the Code.

See “APPENDIX D - Form of Legal Approving Opinion of Bond Counsel” hereto for the form of the opinion of Bond Counsel to be delivered in connection with the Bonds.

Parties to the Issuance of the Bonds

The Registrar and Paying Agent is U.S. Bank National Association, Louisville, Kentucky. Legal matters incident to the issuance of the Bonds and with regard to the tax treatment status of the interest on the Bonds are subject to the approving legal opinion of Dinsmore & Shohl LLP, Louisville, Kentucky, Bond Counsel. The Underwriter is identified under the heading “UNDERWRITER.” The Financial Advisor to the City is RSA Advisors, LLC.

Authority for Issuance

Authority for the issuance of the Bonds is provided by Sections 66.011 through 66.171 of the Kentucky Revised Statutes and an ordinance for the Bonds adopted by the City Council of the City on December 7, 2020 (the “Bond Ordinance”).

Further, under Kentucky law, the City may not issue bonds which, together with all other net indebtedness of the City plus the principal amount of any outstanding self-supporting obligations, is in excess of ten percent (10.0%) of the value of the taxable property therein, as determined by the next preceding certified assessment. As described in “APPENDIX C - Statement of Indebtedness”, the issuance of the Bonds and the City’s other outstanding obligations is in compliance with this requirement. See “CITY GOVERNMENT - Debt Limitation” herein for additional information.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued by the City. The Bonds will be delivered on or about August 25, 2021 in New York, New York through DTC.

Disclosure Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and continuing disclosure documents of the City are intended to be made available through to the Electronic Municipal Market Access (“EMMA”) system as described in 1934 Act Release No. 59062, or any

similar system that is acceptable to the Securities and Exchange Commission. Copies of the basic documentation relating to the Bonds, including the authorizing ordinance are available from the City.

Additional Information

Additional information concerning this Official Statement, as well as copies of the basic documentation relating to the Bonds, is available from RSA Advisors, LLC, Financial Advisor to the City of LaGrange, Kentucky, 325 West Main Street, Suite 300, Lexington, Kentucky 40507, Telephone (800) 255-0795 Attn: Mr. Dwight Salsbury.

DESCRIPTION OF THE BONDS

General

The Bonds are dated their date of initial issuance and delivery and bear interest from their dated date at the rates set forth on the cover page of this Official Statement, calculated on the basis of a 360 day year with 30 day months. The Bonds are being issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

The Bonds will bear interest at the rates set forth on the cover page hereof, payable semi-annually on March 1st and September 1st, beginning March 1, 2022.

Book Entry Only System

The Bonds initially will be issued solely in book-entry form to be held in the book-entry-only system maintained by DTC. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to tenders by Beneficial Owners of Beneficial Ownership Interests, each as hereinafter defined, Beneficial Owners will not be or be considered to be, and will not have any rights as, holders of the Bonds. For additional information about DTC and the book-entry-only system see “APPENDIX E - Book Entry Only System.”

Redemption Provisions

Optional Redemption

The Bonds maturing on or after September 1, 2030 are subject to redemption prior to stated maturity on any date falling on or after September 1, 2029 (less than all of a single maturity to be selected by lot), in whole or in part, at a redemption price equal to the principal amount redeemed, plus accrued interest to the date of redemption.

[Mandatory Sinking Fund Redemption]

The Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the redemption date, on the dates, in the years and in the principal amounts as follows:

Date	Maturing September 1, 20[]	Amount
September 1, 20[]		\$[]
September 1, 20[]*		\$[]
	* Maturity	

Notice of Redemption

If less than all Bonds that are payable by their terms on the same date are to be called, the particular Bonds or portions of Bonds payable on such same date and to be redeemed shall be selected by lot by the Registrar and Paying Agent, in such manner as the Registrar and Paying Agent in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof, and that, in selecting Bonds for redemption, the Registrar and Paying Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

At least thirty days before the redemption date of any Bonds the Registrar and Paying Agent shall cause a notice of such redemption either in whole or in part, signed by the Registrar and Paying Agent, to be mailed, postage prepaid, to all registered owners of Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books kept by the Registrar and Paying Agent, but failure so to mail any such notice to any owner shall not affect the validity of the proceedings for such redemption with respect to any other owner. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive numbers or letters, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date upon surrender of such Bonds, a new Bond in principal amount equal to the unredeemed portion of such Bonds will be issued.

On the date so designated for redemption, notice having been sent in the manner and under the conditions hereinabove provided and moneys for payment of the redemption price being held in separate accounts by the Registrar and Paying Agent for the holders of the Bonds or portions thereof to be redeemed, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, and the holders of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and to receive Bonds for any unredeemed portions of Bonds.

If at the time of mailing of notice of any optional redemption there shall not have been deposited with the Paying Agent and Registrar moneys in an amount sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional in that it is subject to the deposit of such moneys with the Paying Agent and Registrar not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

In case part but not all of an outstanding Bond shall be selected for redemption, the registered owner thereof or his attorney or legal representative shall present and surrender such Bond to the Registrar and Paying Agent for payment of the principal amount hereof so called for redemption, and the City shall execute and the Registrar and Paying Agent shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond of the same maturity and bearing interest at the same rate.

Security and Source of Payment for Bonds

The Bonds are general obligations of the City and the full faith, credit, and taxing power of the City is irrevocably pledged to the payment of principal of and interest on the Bonds when due. Authority for the issuance of the Bonds is provided by Sections 66.011 through 66.171 of the Kentucky Revised Statutes and the Bond Ordinance.

The basic security for the general obligation debt of the City, including the Bonds, is the City's ability to levy, and its pledge to levy, an annual tax to pay the interest on and principal of the Bonds as and when the same become due and payable. The tax must be levied in sufficient amount to pay, as the same become due, the principal of and interest on the Bonds as well as the principal of and interest on all outstanding general obligation bonds of the City. The Constitution of the Commonwealth mandates the collection of a tax sufficient to pay the interest on an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. The Bond Ordinance levies such annual tax which shall be collected to the extent other lawfully available monies of the City are not provided. The Bond Ordinance also creates or requires the maintenance of a sinking fund into which the proceeds of such tax or other lawfully available monies of the City are to be deposited for payment of the interest on and principal of the Bonds authorized by the Bond Ordinance and shall not be used for any other purpose.

Chapter 9 of the Federal Bankruptcy Code contains provisions relating to the adjustment of debts of a state's political subdivisions, public agencies and instrumentalities ("eligible entity"), such as the City. Under the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

Section 66.400 of the Kentucky Revised Statutes permits a political subdivision, such as the City, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set

forth in the Bankruptcy Code as they relate to such subdivision. In addition, the City does not need the approval or permission of the State Local Debt Officer or any other governmental authority before availing itself of the bankruptcy process.

Statutory Lien

In April 2019, the Kentucky General Assembly enacted amendments to KRS Chapter 58 via Senate Bill 192 (the “2019 Amendments”) to provide a statutory lien on tax revenues pledged for the benefit of general obligation debt.

The 2019 Amendments creating the statutory lien, provide, among other things, that the tax revenues pledged for the repayment of principal of, premium and interest on all general obligation bonds and notes, whether or not the pledge is stated in the bonds and notes or in the proceedings authorizing the issue and the pledge constitutes a first lien on such tax revenues. In addition, the legislation creates a statutory lien on annual appropriations for the payment of obligations subject to annual renewal, including without limitation leases entered into under KRS Chapter 58 and KRS Chapter 65.

The validity and priority of the statutory lien have not been adjudicated in any Chapter 9 bankruptcy proceeding or otherwise.

THE PROJECT

The Bonds are to be issued for the purpose of financing all or a portion of the costs of the acquisition, construction, equipping, and installation of an aquatic recreation facility, all to be located within the jurisdictional boundaries of the City.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:

Par amount of Bonds	\$[]
[Plus][Less] original issue [premium][discount]	[]
Total Sources	\$[]

Uses:

Underwriter’s Discount	\$[]
Deposit to Construction Fund	[]
Costs of Issuance	[]
Total Uses	\$[]

INVESTMENT CONSIDERATIONS

The following is a discussion of certain investment considerations for investors to consider of risks that could affect payments to be made with respect to the Bonds. Such discussion is not exhaustive and should be read in conjunction with all other parts of this Official Statement, and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement.

Limitation on Enforcement of Remedies

Enforcement of the remedies applicable to the Bonds under their authorizing Bond Ordinance may be limited or restricted by laws relating to bankruptcy and insolvency, and rights of creditors under application of general principles of equity, and may be substantially delayed in the event of litigation or statutory remedy procedures. All legal opinions delivered in connection with the Bonds relating to enforceability contain an exception relating to the limitations that may be imposed by bankruptcy and insolvency laws, and the rights of creditors under general principals of equity.

Risk of Bankruptcy

The obligations of the City under the Bonds and the Bond Ordinance are general obligations of the City and are secured only by the pledge to the bondholders of the City's full faith, credit, and taxing power, any monies held in the City's Debt Sinking Fund (on a parity with other general obligation debt), the Bond Payment Fund established under the authorizing Bond Ordinance (the "Bond Payment Fund"), and the statutory lien provided by KRS 66.400. A bondholder's enforcement of any remedies provided under an applicable Bond Ordinance may be limited or delayed in the event of application of federal bankruptcy laws or other laws affecting creditors' rights and may be substantially delayed and subject to judicial discretion in the event of litigation or the required use of statutory remedial procedures. The validity and priority of the statutory lien provided under KRS 66.400 have not been adjudicated in any Chapter 9 bankruptcy proceeding or otherwise.

KRS 66.400 permits the City to file a petition for relief under Chapter 9 of Title 11 of the United States Code (the "Bankruptcy Code") without the prior approval of any official or department of state government. If the City were to file such a petition, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the City and any interest in monies contained in the sinking fund, applicable Payment Fund, the City's general fund revenues or the City's taxing power. However, the petition does not stay the application of pledged special revenues as defined by the Bankruptcy Code.

During its bankruptcy, the City could use its property, including its tax receipts and proceeds thereof, but excluding pledged special revenues, for the benefit of the City's bankruptcy estate despite the claims of its creditors. Notwithstanding the foregoing, it is possible that pledged special revenues could also be used by the City post-petition to pay certain operating expenses.

In a Chapter 9 proceeding under the Bankruptcy Code, only the City, and not any other creditor or party in interest, could file a proposed plan of adjustment. The plan is the vehicle for satisfying, and provides for the comprehensive treatment of, all claims against the City, and could result in the modification of rights of any class of creditors, secured or unsecured, and which modification of rights could be contrary to state law. To confirm a plan of adjustment, with one exception discussed below, it must be approved by the vote of each class of impaired creditors. A class approves a plan if, of those who vote, those holding more than one-half in number and at least two-thirds in amount vote in favor of a plan. If fewer than all of the impaired classes accept the plan, the plan may nevertheless be confirmed by the bankruptcy court, and all claims and interests would be bound thereby regardless of whether or how they voted. For this "cramdown" to occur, at least one of the impaired classes must vote to accept the plan and the bankruptcy court must determine that the plan does not "discriminate unfairly" and is "fair and equitable" with respect to the non-consenting class or classes. To be confirmed, the bankruptcy court must also determine that the plan, among other requirements, is proposed in good faith and is in the best interest of creditors such that the plan represents a reasonable effort by the City to satisfy its debts that is a better alternative than dismissal of the bankruptcy case. Unlike in Chapter 11, in Chapter 9 this standard does not include use of a liquidation analysis.

Generally speaking, the City would likely receive a discharge after (1) the plan is confirmed; (2) the City deposits any consideration to be distributed under the plan with a disbursing agent appointed by the bankruptcy court; and (3) the bankruptcy court determines that the securities deposited with the disbursing agent will constitute valid and legal obligations of the City and that any provision made to pay or secure payment of such obligations is valid.

Prospective bondholders should consult their legal counsel regarding the impact of a bankruptcy filing by the City on the payment and security of the Bonds.

Impact of the COVID-19 Pandemic

General. The outbreak of a novel strain of coronavirus that can result in a severe respiratory disease, referred to as COVID-19, was first detected in China in December 2019. COVID-19 has since spread across the world, resulting in the death of more than 500,000 people internationally and more than 190,000 people in the United States. In March 2020, the outbreak of COVID-19 was declared a pandemic (the "COVID-19 Pandemic") by the World Health Organization, as well as a U.S. national emergency and a statewide emergency in the Commonwealth. The responses of governments, business, and individuals to the COVID-19 Pandemic have caused widespread and significant changes in economic activity. Certain sectors of the global, national, and local economies are experiencing negative effects due to reduced consumer spending and increased unemployment, as well as government mandated and voluntary responses to mitigate the COVID-19 Pandemic, including school and business closures, event cancellations, and reduced travel. Unemployment in the United States and in the Commonwealth has increased as a result of the COVID-19 Pandemic.

In late March of 2020, the United States enacted the “Coronavirus Aid, Relief, and Economic Security Act” (the “CARES Act”), a \$2.2 trillion economic stimulus bill aimed at mitigating the economic and health effects of COVID-19. The CARES Act provided money and support to individuals in the form of increased unemployment and direct payments and provided money and support to many different businesses and governmental entities. On May 1, 2021, a second \$1.9 trillion economic stimulus bill was passed, which will provide additional direct payments to individuals and another round of funding for various different businesses including an additional \$350 billion in relief to state, local, and tribal governments.

In December of 2020, the first COVID-19 vaccine, developed by Pfizer-BioNTech, began distribution in the United States and a subsequent vaccine, developed by Moderna, began distribution in late December. A third vaccine, developed by Johnson & Johnson, began distribution in late February of 2021. According to the United States Centers for Disease Control and Prevention, as of June 10, 2021, nearly 64% of the total United States population had received at least one dose of a vaccine, and 42.5% of the population is considered fully vaccinated. For the United States population over the age of 65, the percentages are approximately 86.5% and 75.7%, respectively.

There can be no assurances as to the continuing materiality, severity, or duration of the negative economic conditions caused by the COVID-19 Pandemic.

Impact on the Commonwealth. On March 18, 2020, pursuant to an executive order issued by the Governor of the Commonwealth, Andy Beshear, all businesses that encourage public congregation, such as entertainment, recreational, and sporting event facilities, were required to cease operations. In response to increases in new cases of COVID-19 in late June and early July 2020, Governor Beshear signed an executive order mandating masks in most public places for thirty days—and which executive order has been renewed and is ongoing.

On April 21, 2020, Governor Beshear announced the “Healthy at Work” initiative, a phased plan to reopen the economy of the Commonwealth, based on criteria set by public health experts and advice from industry experts, with progress to be monitored by the Kentucky Department for Public Health. The Healthy at Work initiative set out minimum requirements for all businesses, such as social distancing, face coverings, hand-washing, proper sanitation, and temperature checks. Additionally, the Healthy at Work initiative provides industry-specific guidance with additional rules and requirements for certain types of businesses.

In December of 2020, vaccines were made available in Kentucky under a phased plan prioritizing those who are most vulnerable to COVID-19. As of April 5, 2021, all Kentuckians age 12 and older are eligible to receive a vaccine. As of June 11, 2021, over two million Kentuckians have been immunized.

The current spread of COVID-19 is altering the behavior of businesses and people in a manner that may have negative effects on economic activity, and therefore adversely affect the financial condition of the Issuer and the Participants, either directly or indirectly.

Suitability of Investment

An investment in the Bonds involves a certain degree of risk. The interest rates borne by the Bonds is intended to compensate the investor for assuming this element of risk. Prospective investors should carefully examine this Official Statement, including the Appendices hereto, and assess their ability to bear the economic risk of such an investment and determine whether or not the Bonds are an appropriate investment for them.

Additional Debt

The City may from time to time issue additional general obligation bonds or notes. Such issuances of general obligation bonds or notes would increase debt service requirements and could adversely affect debt service coverage on the Bonds. See “DESCRIPTION OF THE BONDS - Security and Source of Payment for Bonds”.

General Economic Conditions

Adverse general economic conditions may result in, among other adverse circumstances, reduction in occupational license fee and general tax revenues or declines in investment portfolio values, resulting in increased funding requirements; negatively impacting the results of operations and the overall financial condition of the City.

Market for the Bonds

There is presently no secondary market for the Bonds and no assurance that a secondary market will develop. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

Bond Rating

There can be no assurance that the rating assigned to the Bonds at the time of issuance will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Bonds. See the information under the heading "RATING" herein for more information.

Tax Implications

Prospective purchasers of the Bonds may need to consult their own tax advisors before any purchase of the Bonds as to the impact of the Internal Revenue Code of 1986, as amended (the "Code"), upon their acquisition, holding, or disposition of the Bonds.

PROFILE OF THE ISSUER AND SURROUNDING AREA

Demographic, economic, and financial information with respect to the City and the surrounding area are set forth in "APPENDIX A - Demographic, Economic, and Financial Data" attached hereto.

CITY GOVERNMENT

Organization and Major Offices

The City operates pursuant to the general statutes of the Commonwealth of Kentucky governing municipalities.

Elected and Appointed Officials

The City is governed by a City Council, comprised of a Mayor, elected to a four year term, and six councilmembers who are elected to two year terms. The Mayor and members of the City Council are as follows:

John Black, Mayor	Trey Kamer, Council Member
Elsie Carter, Council Member	Debbie Pollard, Council Member
Joe Davenport, Council Member	Jason Taylor, Council Member
Andrea Essenpreis, Council Member	Leslie Wright, Council Member
Bill Lammlein, Council Member	

The current appointed City officials who serve at the pleasure of the Mayor are:

City Clerk	Stephanie Cooper
City Attorney	Beach Craigmyle

Financial Matters

The City Clerk is the fiscal officer of the City, and is appointed by and serves at the pleasure of the Mayor. The City Clerk is responsible for the accounting, collection, custody and disbursement of the funds of the City, and performs such other duties as the City Council requests.

The City's fiscal year commences July 1st and ends the following June 30th.

The administrative functions of the City are performed by or under the supervision of the following:

1. Establishment of overall financial policy, the City Council.
2. Planning and development, the Mayor.
3. Assessment of real and personal property, the Oldham County Property Valuation Administrator.
4. Financial control functions, the City Clerk.

5. Inspection and supervision of the accounts and reports of the City as required by law, by independent certified public accountants.

Financial Management

The City Council is responsible for appropriating the funds used to support the various City activities. The City Council exercises its legislative powers by budgeting, appropriating, levying taxes, issuing bonds and notes, and letting contracts for public works and services to provide this financial management.

Financial Reports and Examinations of Accounts

Each city in the Commonwealth is required to keep its accounting records and render financial reports in such a way as to: (a) determine compliance with statutory provisions; (b) determine fairly and with full disclosure the financial operations of consistent funds and account groups of the city in conformity with generally accepted governmental accounting principles; and (c) readily provide such financial data as may be required by the federal revenue sharing program.

Municipal accounting systems are required to be organized and operated on a fund basis. The City maintains its accounts and other fiscal records on an appropriation and modified accrual basis in accordance with the procedures established and prescribed by the Kentucky Department for Local Government.

As required by law, financial reports are prepared annually by the City and filed with the Kentucky Department of Local Government. Audits are required to be completed by the February 1st immediately following the fiscal year being audited.

The accounting procedures prescribed by the Kentucky Department of Local Government are generally applicable to all cities in Kentucky and may be different from generally accepted government accounting principles as presented and recommended in the National Council on Governmental Accounting publication "Governmental Accounting Auditing and Financial Reporting," and the Industry Audit Guide of the American Institute of Certified Public Accountants, entitled "Audits of State and Local Governmental Units." Those publications, among other things, provide for a modified accrual basis of accounting for the general fund, all special revenue funds and the debt service fund, and for a full accrual basis of accounting for all other funds, and further provide for the preparation for each fund of balance sheets, statements of revenues and expenditures, and statements showing changes in fund balances.

Budgeting and Appropriations Procedures

Detailed provisions for City budgeting, tax levies and appropriations are made in the Kentucky Revised Statutes. Cities are required to operate under an annual budget ordinance and no City may expend any moneys from a governmental or proprietary fund except in accordance with such budget. A budget proposal must be submitted to the City's legislative body no later than thirty days prior to the beginning of the fiscal year covered by the budget. No budget ordinance may be adopted which provides for appropriations to exceed revenues in a fiscal year. The full amount estimated to be required for debt service during the budget year must be appropriated.

Investment Policies

Section 66.480 of the Kentucky Revised Statutes sets forth the requirements and limitations for investments of the state's political subdivisions, including the City. Under that Section, the City must adopt an investment policy and may invest its funds only in the classifications of obligations which are eligible for investment, which are as follows:

- (a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including without limitation national or state banks chartered in Kentucky;
- (b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States governmental agency, including without limitation:
 1. United States Treasury;

2. Export-Import Bank of the United States;
 3. Farmers Home Administration;
 4. Governmental National Mortgage corporation; and
 5. Merchant Marine bonds;
- (c) Obligations of any corporation of the United States government, including without limitation:
1. Federal Home Loan Mortgage Corporation;
 2. Federal Farm Credit Banks;
 3. Bank for Cooperatives;
 4. Federal Intermediate Credit Banks;
 5. Federal Land Banks;
 6. Federal Home Loan Banks;
 7. Federal National Mortgage Association; and
 8. Tennessee Valley Authority;
- (d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations permitted by KRS 41.240(d);
- (e) Uncollateralized certificates of deposit issued by any bank or savings and loan institutions rated in one of the three highest categories by a nationally recognized rating agency;
- (f) Bankers' acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency;
- (g) Commercial paper rated in the highest category by a nationally recognized rating agency;
- (h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- (i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; and
- (j) Shares of mutual funds, each of which shall have the following characteristics;
1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 2. The management company of the investment company shall have been in operation for at least five years; and
 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

The City may invest funds in all investments permitted by the laws of the Commonwealth.

Debt Limitation

Kentucky Constitution Section 158 provides that cities having a population of less than fifteen thousand, but not less than three thousand, shall not incur indebtedness to an amount exceeding five percent (5.0%) of the value of the taxable property therein, to be estimated by the last assessment previous to the incurring of the indebtedness.

The foregoing limitation does not apply to the issue of renewal bonds, bonds to fund the floating indebtedness of the City, or bonds issued in the case of an emergency, when the public health or safety should so require. Subject to the limits and conditions set forth in that section and elsewhere in the Constitution, the General Assembly has the power to establish additional limits on indebtedness and conditions under which debt may be incurred by the City.

KRS 66.041 provides the same limitations as are set forth in the Constitution, describing that the limitations apply to "net indebtedness." In calculating "net indebtedness," KRS 66.031 provides that certain obligations are not to be considered in the calculation, including self-supporting obligations, revenue bonds, and special assessment debt. (For a complete list of exempt debt see the Statement of Indebtedness attached in "APPENDIX C - Statement of Indebtedness.")

“APPENDIX C - Statement of Indebtedness” of this Official Statement is a Statement of Indebtedness for the City, calculating the amount of the outstanding obligations of the City (including the Bonds) that are subject to the total direct debt limit (5.0% limit). The total principal amount of general obligation debt that could be issued by the City, subject to the 5.0% total direct debt limitation is \$[_____] and the City’s net debt subject to such limitation presently outstanding (including the Bonds) is \$[_____]* leaving a balance of \$[_____]* borrowing capacity issuable within such limitation.

However, as described below, the City’s ability to incur debt in these amounts may be restricted by tax limitations. In the case of general obligation debt, both the debt limitations and tax limitations must be met.

Tax Limitation

The Kentucky Constitution Section 157 indirectly imposes a debt limitation on general obligation indebtedness of cities having a population of less than fifteen thousand and not less than three thousand by limiting the tax rates such cities may impose upon the value of taxable property to one dollar (\$1.00) on each hundred dollars of assessed valuation.

Section 159 of the Kentucky Constitution requires the adoption, at the time indebtedness is authorized, of an annual tax sufficient to pay the interest on contracted indebtedness and to retire indebtedness over a period not exceeding forty years. If the maximum tax rate will not result in the collection of sufficient taxes to pay indebtedness at the time the indebtedness is authorized, the two constitutional provisions operate as a limit on general obligation debt. Because this indirect debt limit results from tax limitations and the requirement to levy taxes to pay indebtedness, it has application only to debts which are payable from taxes either initially or in the event other pledged non-tax revenues prove to be insufficient. It does not have any application where the type of debt being issued does not pledge the credit of the City or when the debt is payable solely out of the revenues of non-tax sources, such as utility income. The tax rate limit also does not apply if the indebtedness was legally incurred (within both the direct and indirect limits) but a tax rate above the one dollar (\$1.00) limit becomes necessary to pay the indebtedness.

Bond Anticipation Notes

Under Kentucky law, notes, including renewal notes, issued in anticipation of and payable from the proceeds of general obligation bonds (or renewal notes) may be issued from time to time upon the same terms and conditions as bonds. The ability of the City to retire bond anticipation notes from the proceeds of the sale of either renewal notes or bonds will be dependent upon the marketability of such renewal notes or bonds under market conditions then prevailing when the bonds are issued or the notes are renewed.

Future Borrowings of the City

The City reserves the right to issue additional general obligation bonds in the future, although no such additional general obligation debt is presently contemplated.

LEGAL MATTERS

General Information

Legal matters incident to the issuance of the Bonds and with regard to the tax treatment of the same are subject to the approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel. Upon delivery of the Bonds the Bonds will be accompanied by an approving opinion dated the date of such delivery, rendered by Dinsmore & Shohl LLP. A draft of the legal opinion is attached in “APPENDIX D - Form of Legal Approving Opinion of Bond Counsel”.

Bond Counsel has performed certain functions to assist the City in the preparation by the City of this Official Statement. However, Bond Counsel assumes no responsibility for, and will express no opinion regarding the accuracy or completeness of this Official Statement or any other information relating to the City or the Bonds that may be made available by the City or others.

The engagement of Bond Counsel is limited to the preparation of certain of the documents contained in the transcript of proceedings related to the Bonds, and an examination of such transcript of proceedings incident to rendering its legal opinion. Bond Counsel has reviewed the information in this Official Statement under Sections

* Preliminary, subject to change.

entitled “INTRODUCTION,” DESCRIPTION OF THE BONDS,” “THE PROJECTS,” “CITY GOVERNMENT - Debt Limitation,” “LEGAL MATTERS - General Information,” and “LEGAL MATTERS - Tax Treatment,” which review did not include any independent verification of financial statements and statistical data included therein, if any.

Transcript and Closing Certificates

A complete transcript of proceedings, a no-litigation certificate, and other appropriate closing documents will be delivered by the City when the Bonds are delivered to their respective original purchasers. The City will also provide to the original purchaser of the Bonds, at the time of such delivery, a certificate from the Mayor relating to the accuracy and completeness of this Official Statement.

Litigation

To the knowledge of the City, no litigation or administrative action or proceeding is pending or threatened directly affecting the Bonds, the security for the Bonds, or the improvements being refinanced from the proceeds of the Bonds. A No-Litigation Certificate to that effect will be delivered to the purchaser at the time of the delivery of the Bonds.

Tax Treatment

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the Bonds will be excludible from gross income for Federal income tax purposes. Bond Counsel for the Bonds is also of the opinion that interest on the Bonds will not be a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the “Code”) for purposes of the Federal alternative minimum tax. Furthermore, Bond Counsel for the Bonds is of the opinion that interest on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The City has designated the Bonds as “qualified tax-exempt obligations” with respect to certain financial institutions under Section 265 of the Code.

A copy of the opinion of Bond Counsel for the Bonds is set forth in “APPENDIX D - Form of Legal Approving Opinion of Bond Counsel,” attached hereto.

The Code imposes various restrictions, conditions, and requirements relating to the qualification of the Bonds as so-called “tax-exempt” bonds. The City has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be includable in income for federal income tax purposes. Failure to comply with these covenants could result in the Bonds not qualifying as “tax-exempt bonds,” and thus interest on the Bonds being includable in the gross income of the holders thereof for federal income tax purposes. Such failure to qualify and the resulting inclusion of interest could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect either the federal or Kentucky tax status of the Bonds.

Certain requirements and procedures contained or referred to in the Bond Ordinance and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel for the Bonds is of the opinion that interest on the Bonds will be excludible from gross income for Federal income tax purposes and that interest on the Bonds is excludable from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder’s Federal, state, or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership, or disposition of the Bonds may result in other collateral federal, state, or local tax consequences for certain taxpayers. Such effects may include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of the Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

Original Issue Premium

“Acquisition Premium” is the excess of the cost of a bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next earliest call date. The Bonds that bear an interest rate that is higher than the yield (as shown on the cover page hereof), are being initially offered and sold to the public at an Acquisition Premium (the “Premium Bonds”). For federal income tax purposes, the amount of Acquisition Premium on each bond the interest on which is excludable from gross income for federal income tax purposes (“tax-exempt bonds”) must be amortized and will reduce the Holder’s adjusted basis in that bond. However, no amount of amortized Acquisition Premium on tax-exempt bonds may be deducted in determining the Holder’s taxable income for federal income tax purposes. The amount of any Acquisition Premium paid on the Premium Bonds, or on any of the Bonds, that must be amortized during any period will be based on the “constant yield” method, using the original Holder’s basis in such bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

Holders of any Bonds, including any Premium Bonds, purchased at an Acquisition Premium should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for state tax purposes.

Original Issue Discount

The Bonds having a yield that is higher than the interest rate (as shown on the cover page hereof) are being offered and sold to the public at an original issue discount (“OID”) from the amounts payable at maturity thereon (the “Discount Bonds”). OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the “issue price” of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond. The amount accrued will be based on a single rate of interest, compounded semiannually (the “yield to maturity”) and, during each semi-annual period, the amount will accrue ratably on a daily basis. The OID accrued during the period that an initial purchaser of a Discount Bond at its issue price owns it is added to the purchaser’s tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond. In practical effect, accrued OID is treated as stated interest is treated, that is, as excludable from gross income for federal income tax purposes.

In addition, original issue discount that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed above. Consequently, owners of any Discount Bond should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

RATING

The Bonds have been rated “A1” by Moody’s Investor’s Service, Inc. (“Moody’s”). The rating reflects only the view of the rating agency and any explanation of the significance of the rating may be obtained only from the rating agency. Generally, a rating agency bases its rating on information and materials furnished to it and on investigations, studies and assumptions made by the rating agency. There is no assurance that the rating will continue

for any given period of time or that the rating will not be revised downward or withdrawn entirely if, in the judgment of the applicable rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the “Rule”) and so long as the Bonds are outstanding, the City (the “Obligated Person”) agrees pursuant to an Undertaking (the “Disclosure Undertaking”), to cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking Board (“MSRB”), or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB’s Electronic Municipal Market Access (“EMMA”) system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained in “Appendix A” and “Appendix B” of this Official Statement (the “Financial Data”). The annual financial information shall be provided within 210 days after the end of the fiscal year ending June 30, commencing with the fiscal year ending June 30, 2021; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the Obligated Person;
- (ii) to the MSRB through EMMA, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:
 - (a) Principal and interest payment delinquencies;
 - (b) Non-payment related defaults, if material;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
 - (g) Modifications to rights of security holders, if material;
 - (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
 - (i) Defeasances;
 - (j) Release, substitution or sale of property securing repayment of the securities, if material;
 - (k) Rating changes;
 - (l) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
 - (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (o) Incurrence of a Financial Obligation of the City or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms

of a Financial Obligation of the City or obligated person, any of which affect security holders, if material; and

(p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City or obligated person, any of which reflect financial difficulties.

(iii) in a timely manner, to the MSRB through EMMA, notice of a failure (of which the Obligated Persons have knowledge) of the Obligated Person to provide the required Annual Financial Information on or before the date specified in the Disclosure Agreement.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The Disclosure Undertaking provides bondholders, including beneficial owners of the Bonds, with certain enforcement rights in the event of a failure by the Obligated Person to comply with the terms thereof; however, a default under the Disclosure Undertaking does not constitute an event of default under the Bond Ordinance for the Bonds. The Disclosure Undertaking may also be amended or terminated under certain circumstances in accordance with the Rule, accompanied with an opinion of nationally recognized bond counsel, as more fully described therein.

For purposes of this transaction with respect to events as set forth in the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds;
- (c) there are no liquidity providers applicable to the Bonds; and
- (d) there is no property securing the repayment of the Bonds.

The City has materially complied with the requirements of the Rule during the past five years.

UNDERWRITING

The Bonds are being purchased for reoffering by [_____] (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$[_____] (reflecting the par amount of the Bonds, plus original issue premium of \$[_____] , less underwriter’s discount of \$[_____]). The initial public offering prices which produce the yields set forth on the cover page of this Official Statement may be changed by the Underwriter and the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth on the cover page hereof.

FINANCIAL ADVISOR

RSA Advisors, LLC (“RSA”), Lexington, Kentucky, has been employed by the City to serve as Financial Advisor. Certain information relative to the location, economy and finances of the City is found in the Preliminary Official Statement, in final form, and the Official Statement, in final form. All such data, as is the case for other information herein contained, was prepared for and with the assistance of the City under the direction of RSA. While not guaranteed as to completeness or accuracy, the Preliminary Official Statement, in final form, and the Official Statement, in final form, are believed to be correct as of their respective dates. As the Financial Advisor for this transaction, RSA has reviewed the information in the Preliminary Official Statement and the Official Statement, in final form, in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction; but RSA does not guarantee the accuracy or completeness of such information.

MISCELLANEOUS

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the City from official and other sources and is believed by the City to be reliable, but such information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not

guaranteed. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Bonds.

[Signature page to follow]

[SIGNATURE PAGE TO OFFICIAL STATEMENT]

This Official Statement has been duly executed and delivered for and on behalf of the City of LaGrange, Kentucky, by its Mayor.

Dated: _____, 2021

CITY OF LAGRANGE, KENTUCKY

By: _____
Mayor

APPENDIX A

**CITY OF LAGRANGE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2021A**

DEMOGRAPHIC, ECONOMIC, AND FINANCIAL DATA

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APPENDIX A

City of LaGrange Demographic, Economic and Financial Data

CITY OF LAGRANGE, KENTUCKY

LaGrange, the county seat of Oldham County had an estimated 2020 population of 9,183. LaGrange is located in North-Central Kentucky and is 79 miles southwest of Cincinnati, Ohio; 67 miles northwest of Lexington, Kentucky; and 26 miles northeast of Louisville, Kentucky. Oldham County had an estimated population of 67,543 persons in 2020.

The Economic Framework

LaGrange has a labor force of 4,613 people. The top 5 jobs by occupation are as follows: office and administrative support – 861 (15.47%); sales – 658 (11.83%); executive managers and administrators – 546 (9.81%); health diagnosing and treating practitioners – 375 (6.74%); and food preparation/serving – 325 (5.84%).

Transportation

U.S. Highway 71, runs through Oldham County. The nearest commercial airline service is in Louisville, Kentucky at the Louisville International Airport, which is located 26 miles west of LaGrange.

Power and Fuel

Electric power is provided to Oldham County by the E.ON U S-KU, E.ON U S-LG&E, East Kentucky and Shelby Energy Cooperative Inc. Natural gas services are provided by E.ON US-LG&E.

Education

The Oldham County School System provides primary education to the residents of Oldham County. There are 39 colleges and universities and 13 technology centers (ATC) within 60 miles of Lagrange.

LABOR MARKET STATISTICS

The LaGrange Labor Market Area includes Jefferson, Carroll, Gallatin, Trimble, Henry, Oldham, Shelby, Bullitt, and Spencer counties in Kentucky. Also included is Jefferson, Floyd and Clark Counties in Indiana.

Population

Description	Estimate Year				
	2016	2017	2018	2019	2020
Oldham County	65,827	62,912	67,267	67,510	67,543
LaGrange	8,761	8,466	9,070	9,090	9,183
Crestwood	4,909	4,681	5,027	5,052	5,106

Source: Kentucky Cabinet for Economic Development

Population Projections

Description	-----Estimate Year-----		
	2025	2030	2035
Oldham County	74,806	81,831	90,346

Source: Kentucky Cabinet for Economic Development

Unemployment Statistics

Description	-----Year Ending December 31-----				
	2016	2017	2018	2019	2020
County of Oldham					
Civilian Labor Force	31,913	32,919	33,311	33,501	32,081
Employment	30,822	31,761	32,218	32,403	30,486
Unemployment	1,091	1,158	1,093	1,098	1,595
Unemployment Rate	3.4%	3.5%	3.3%	3.3%	5.0%
State of Kentucky:					
Civilian Labor Force	2,015,160	2,053,074	2,057,791	2,072,586	1,988,456
Employment	1,911,978	1,952,513	1,968,611	1,983,577	1,861,208
Unemployment	103,182	100,561	89,180	89,009	137,248
Unemployment Rate	5.1%	4.9%	4.3%	4.3%	6.9%
US Comparable Rate:					
Unemployment Rate	4.9%	4.4%	3.9%	3.7%	8.1%

Source: The Kentucky Department for Employment Services, Not Seasonally Adjusted

LOCAL GOVERNMENT

Structure

LaGrange's Government structure consists of a Mayor and eight Council Members. The Mayor serves a four-year term while the Council Members serve two-year terms. Oldham County is served by a Judge/Executive and eight Magistrates. The Judge Executive and Magistrates are elected to serve a four-year term.

Planning and Zoning

Mandatory state codes enforced—Kentucky Plumbing Code, National Electric Code, Kentucky Boiler Regulations and Standards, Kentucky Building Code (modeled after BOCA code).

Sales and Use Tax

A state sales and use tax is levied at the rate of 6.0% on the purchase or lease price of taxable goods and on utility services. Local sales taxes are not levied in Kentucky.

State and Local Property Taxes

The Kentucky Constitution requires the state to tax all classes of taxable property, and state statutes allow local jurisdictions to tax only a few classes. All locally taxed property is subject to county taxes and school district taxes (either a county school district or an independent school district). Property located inside the city limits may also be subject to city property taxes. Property assessments in Kentucky are at 100% fair cash value. Accounts receivable are taxed at 85% of face value. Special local taxing jurisdictions (fire protection districts, watershed districts and sanitation districts) levy taxes within their operating areas (usually a small portion of community or county).

The table below lists the tax collection history of the City as reported by the City.

Tax Collection History

	Fiscal Year <u>2016</u>	Fiscal Year <u>2017</u>	Fiscal Year <u>2018</u>	Fiscal Year <u>2019</u>	Fiscal Year <u>2020</u>
% Collected Real Estate					
Total Taxes Due	1,211,483	1,267,025	1,305,880	1,515,634	1,568,919
Total Taxes Paid	1,191,351	1,244,939	1,282,217	1,447,531	1,461,814
% Collected	98%	98%	98%	96%	93%

Ten Largest Taxpayers

The following table lists the ten largest real property taxpayers of the City as reported by the City Clerk/Treasurer.

<u>Rank</u>	<u>Taxpayer Name</u>	<u>Real Estate Valuation</u>	<u>Tangible Valuation</u>	<u>Total RE & Tangible</u>
		\$	\$	\$
1	Rawlings	25,640,000	4,702,003	30,342,003
2	Wal-mart	10,440,000	8,018,323	18,458,323
3	Kroger	4,650,000	3,536,611	8,186,611
4	Oldham Oaks Apts	9,700,000		9,700,000
5	Cedar Crest	4,277,150		4,277,150
6	Tractor Supply	2,891,000	625,419	3,516,419
7	Feeders Supply	1,960,000	392,595	2,352,595
8	Fairdale	2,410,000		2,410,000
9	Lannert Farm	1,980,000		1,980,000
10	Blue Bell	1,200,000	129,102	1,329,102

EDUCATION

Public Schools

Oldham County Schools

Total Enrollment (2019-2020)	12,561
Pupil-Teacher Ratio	17 - 1

Source: Kentucky Department of Education

Vocational Training

Vocational training is available at both the state vocational-technical schools and the area vocational education centers. The state vocational-technical schools are post-secondary institutions. The area vocational education centers are designed to supplement the curriculum of high school students. Both the state vocational-technical schools and the area vocational education centers offer evening courses to enable working adults to upgrade current job skills.

Arrangements can be made to provide training in the specific production skills required by an industrial plant. Instruction may be conducted either in the vocational school or in the industrial plant, depending upon the desired arrangement and the availability of special equipment.

Bluegrass State Skills Corporation

<u>Institution</u>	<u>Location</u>	<u>Cumulative Enrollment 2019-2020</u>
Shelby County ATC	Shelbyville	598
Carroll County ATC	Carrollton	464
Four Rivers Career Academy	Frankfort	339
Bullitt County ATC	Shepherdsville	498
Nelson County ATC	Bardstown	491
Meade County ATC	Brandenburg	581
Trailblazer Academy	Harrodsburg	391
Boone County ATC	Hebron	215
Marion County ATC	Lebanon	574
Harrison County ATC	Cynthiana	478

The Bluegrass State Skills Corporation, an independent public corporation created and funded by the Kentucky General Assembly, provides programs of skills training to meet the needs of business and industry from entry level to advanced training, and from upgrading present employees to retraining experienced workers. The Bluegrass State Skills Corporation is the primary source for skills training assistance for a new or existing company. The Corporation works in partnership with other employment and job training resources and programs, as well as Kentucky's economic development activities, to package a program customized to meet the specific needs of a company.

Colleges and Universities

<u>Institution</u>	<u>Location</u>	<u>Enrollment Fall 2020</u>
Hanover College	Hanover, IN	1,070
Bellarmino University	Louisville	3,331
Galen College of Nursing	Louisville	2,126
Sullivan University	Louisville	3,331
University of Louisville	Louisville	21,670
Indiana University Southeast	New Albany, IN	4,397
Kentucky State University	Frankfort	2,171
Midway University	Midway	1,702
Georgetown College	Georgetown	1,484
Asbury University	Wilmore	1,930
Transylvania University	Lexington	949
University of Kentucky	Lexington	29,402

EXISTING INDUSTRY

Firm	Product	Total Employed
<i>Buckner</i>		
Aggressive Tool & Die, Inc.	Tool & die, molds	11
Clayton & Lambert Manufacturing CO	Grain bins, storage silos, stainless steel panels for in ground pools and spas & pool structures, outdoor poster panels, standing seam roofs	15
Fastline Publications	Monthly magazine publishing and printing	135
Hartlage Manufacturing Inc	Injection molded plastic parts	18
Metro Window Co. Inc.	Custom windows and doors	9
OCTA Inc	Tube specialist- cutting, bending, forming, etc	79
Toolcraft CO	Foil container dies, special machinery, precision CNC machining, tool & die, jigs & fixtures, cutting, boring, drilling, grinding, lathe & mill work	7
Treehouse Foods	Mexican salsas, barbeque steak sauces, chocolate & pancake syrups, jams & jellies, mayonnaise & condiments	315
<i>Crestwood</i>		
Kentucky Artisan Distillery	Distillery, specializing in bourbons, blended spirits	15
Oldham County Stone CO	Crushed limestone for all construction and related uses.	17

The Nemeth Group, Inc.	Design and manufacturing of radio frequency machinery and wood gluing machinery using radio frequency, dielectric and induction heating equipment. RF tubes and parts, service	18
<i>Goshen</i>		
Star Aviation, Inc.	Specializes in the repair and customer specified manufacture of aircraft powerplant and systems wire harnesses	10
<i>LaGrange</i>		
Allstate Ready-Mix	Ready-mix concrete	22
Encompass	Construction design and development	29
Lesco Design & Manufacturing CO Inc	Steel fabricators: conveyors, cranes & related material handling equipment & vehicle loading ramps.	100
Northland Corp	Kiln dried hardwood lumber	65
Parts Unlimited Inc	Headquarters & warehouse/sales center	80
Professional Fence Properties LLC	Fencing contractor	9
The Oldham Era	Weekly newspaper publishing	7
The Rawlings Group	Headquarters, insurance subrogation and coordination of benefits services	1,439

Source: Kentucky Cabinet for Economic Development (2/25/2020)

PROPERTY TAX RATES

The following table lists the tax rates for the last five (5) available years as reported by the Department of Revenue, Frankfort, Kentucky:

	-----Tax Year 2016-----			-----Tax Year 2017-----			-----Tax Year 2018-----			-----Tax Year 2019-----			-----Tax Year 2020-----		
	Real Estate	Tangible	Motor Vehicle	Real Estate	Tangible	Motor Vehicle	Real Estate	Tangible	Motor Vehicle	Real Estate	Tangible	Motor Vehicle	Real Estate	Tangible	Motor Vehicle
County-															
Ambulance	\$0.0474	\$0.0474	\$0.0500	\$0.0474	\$0.0474	\$0.0500	\$0.0474	\$0.0474	\$0.0500	\$0.0474	\$0.0474	\$0.0500	\$0.0474	\$0.0474	\$0.0500
Extension Services	N/A	N/A	N/A	\$0.0150	\$0.0150	N/A	\$0.0145	\$0.0150	\$0.0150	\$0.0140	\$0.0143	\$0.0150	\$0.0136	\$0.0146	\$0.0150
General	\$0.0900	\$0.1180	\$0.1338	\$0.0890	\$0.1180	\$0.1338	\$0.0870	\$0.1180	\$0.1338	\$0.0870	\$0.1180	\$0.1338	\$0.0870	\$0.1180	\$0.1338
Health	\$0.0200	\$0.0200	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250
Library	\$0.0410	\$0.0951	\$0.0200	\$0.0410	\$0.0866	\$0.0200	\$0.0410	\$0.0947	\$0.0200	\$0.0410	\$0.09330	\$0.0200	\$0.0410	\$0.0933	\$0.0200
Totals:	\$0.1984	\$0.2805	\$0.2288	\$0.2174	\$0.2920	\$0.2288	\$0.2149	\$0.3001	\$0.2438	\$0.2144	\$0.2980	\$0.2438	\$0.2140	\$0.2983	\$0.2438
School-															
Oldham County	\$0.7770	\$0.7770	\$0.6430	\$0.7770	\$0.7770	\$0.6430	\$0.7880	\$0.7880	\$0.6430	\$0.7880	\$0.7880	\$0.6430	\$0.8000	\$0.8000	\$0.6430
City-															
LaGrange	\$0.2000	\$0.2650	\$0.2650	\$0.2000	\$0.2650	\$0.2650	\$0.2000	\$0.2650	\$0.2000	\$0.2000	\$0.2650	\$0.2000	\$0.2000	\$0.2650	\$0.2000

OVERLAPPING BOND INDEBTEDNESS

The table below lists the overlapping indebtedness of the City (excluding school building revenue bonds of the Oldham County School District) as reported by the Department for Local Government, Frankfort, Kentucky:

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
Oldham County			
General Obligation	50,296,946	9,950,884	40,346,062
Sewer Refunding	15,150,000	10,355,000	4,795,000
City of Crestwood			
General Obligation	1,000,000	252,352	747,648
KIA Loan	5,605,118	5,213,664	391,454
Educational Development Revenue	1,400,000	1,196,518	203,482
City of LaGrange			
General Obligation	15,409,645	9,017,082	6,392,563
Roads Renewable	3,000,000	2,860,000	140,000
Real Property Revenue	10,000,000	8,280,000	1,720,000
Building Revenue	4,405,000	785,000	3,620,000
Special Districts			
Ballardsville Fire Protection District	1,735,000	515,000	1,220,000
LaGrange Fire Protection District	5,605,000	1,210,145	4,394,855
North Oldham Fire Protection District	3,955,357	1,683,745	2,271,612
Oldham County Library Taxing District	3,020,000	770,000	2,250,000
Oldham County Public Health District	700,000	377,228	322,772
Oldham County Water District	13,243,100	903,000	12,340,100
Totals:	134,525,166	53,369,618	81,155,548

Source: Oldham County 2020 Local Debt Report

APPENDIX B

**CITY OF LAGRANGE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2021A**

**AUDITED FINANCIAL STATEMENTS OF THE CITY OF LAGRANGE, KENTUCKY FOR THE
FISCAL YEAR ENDING JUNE 30, 2020**

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CITY OF LA GRANGE
La Grange, Kentucky

FINANCIAL STATEMENTS
June 30, 2020

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INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of La Grange, Kentucky

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the City of La Grange, Kentucky's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2020, 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.

Other Matters

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 and OPEB schedules on pages 3-10 and 44-56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 basic financial statements.

The budgetary comparison – other governmental funds and the combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021, 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 the City of La Grange, Kentucky's internal control over financial reporting and compliance.

RFH

RFH, PLLC
Lexington, Kentucky
March 31, 2021

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, 2020. Please read in conjunction with the auditors' report beginning on page 1 and the City's financial statements, which begin on page 11.

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 \$2,472,610, or 18.00%, and the net position of the business-type activities increased by \$514,888, or 2.83%.
- In the City's governmental activities, revenues decreased \$1,447,602 or 15%, and expenses decreased by \$136,459 or 2 percent. The majority of the revenue decrease is the result of \$2,095,413 of roads accepted into the City's system in the prior year that was reported as capital contributions. In the business-type activities, revenues increased by \$391,726, which is a increase of 9%, and expenses increased by \$376,133 or 9%.

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 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 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Current Assets	\$ 8,241,704	\$ 7,318,283	\$ 4,120,858	\$ 3,886,937	\$ 12,362,562	\$ 11,205,220
Noncurrent and Capital Assets	9,283,187	8,326,371	22,703,762	22,043,971	31,986,949	30,370,342
OLDA Investment	8,609,430	8,582,936	-	-	8,609,430	8,582,936
Total Assets	<u>26,134,321</u>	<u>24,227,590</u>	<u>26,824,620</u>	<u>25,930,908</u>	<u>52,958,941</u>	<u>50,158,498</u>
Deferred Outflows of Resources	1,551,412	1,703,372	572,032	396,381	2,123,444	2,099,753
Total Assets and Deferred Outflows	<u>\$ 27,685,733</u>	<u>\$ 25,930,962</u>	<u>\$ 27,396,652</u>	<u>\$ 26,327,289</u>	<u>\$ 55,082,385</u>	<u>\$ 52,258,251</u>
Current Liabilities	\$ 1,508,294	\$ 1,629,747	\$ 746,913	\$ 1,267,784	\$ 2,255,207	\$ 2,897,531
Long-Term Debt Outstanding	2,788,751	3,929,168	5,820,359	5,117,504	8,609,110	9,046,672
Other Non-Current Liabilities	74,106	67,113	37,507	42,409	111,613	109,522
Net Pension Liability	5,053,332	4,791,167	1,527,858	1,212,945	6,581,190	6,004,112
Net OPEB Liability	1,305,893	1,407,767	365,286	353,605	1,671,179	1,761,372
Total Liabilities	<u>10,730,376</u>	<u>11,824,962</u>	<u>8,497,923</u>	<u>7,994,247</u>	<u>19,228,299</u>	<u>19,819,209</u>
Deferred Inflows of Resources	744,922	368,175	163,102	112,303	908,024	480,478
Net Position:						
Net investment in Capital Assets	5,124,373	4,984,138	15,827,991	15,967,862	20,952,364	20,952,000
Restricted	4,140,216	3,284,566	739,497	263,742	4,879,713	3,548,308
Unrestricted	6,945,846	5,469,121	2,168,139	1,989,135	9,113,985	7,458,256
Total Net Position	<u>\$ 16,210,435</u>	<u>\$ 13,737,825</u>	<u>\$ 18,735,627</u>	<u>\$ 18,220,739</u>	<u>\$ 34,946,062</u>	<u>\$ 31,958,564</u>

Net position of the City's governmental activities increased by 18 percent, from \$13,737,825 in 2019 to \$16,210,435 in 2020. The net position of the business-type activities increased from \$18,220,739 in 2019 to \$18,735,627 in 2020, which is a 3 percent increase. The net position from one activity generally cannot be used to make up for any deficits in the other activities.

NET POSITION, continued

Table A-2

Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Revenues						
<u>Program Revenues</u>						
Charges for Service	\$ 515,739	\$ 505,250	\$ 4,443,774	\$ 4,072,609	\$ 4,959,513	\$ 4,577,859
Operating Grants & Contributions	464,454	168,019	-	-	464,454	168,019
Capital Grants & Contributions	160,160	2,258,425	204,967	192,134	365,127	2,450,559
<u>General Revenue</u>						
Taxes	1,691,617	1,642,981	-	-	1,691,617	1,642,981
License fees	5,342,831	5,104,417	-	-	5,342,831	5,104,417
Investment Earnings	63,662	39,682	24,110	16,382	87,772	56,064
Rents	-	-	-	-	-	-
Community Center Donations	4,900	10,400	-	-	4,900	10,400
Change in OLDA Investment	26,494	30,198	-	-	26,494	30,198
Miscellaneous	142,833	100,920	-	-	142,833	100,920
Total Revenue	8,412,690	9,860,292	4,672,851	4,281,125	13,085,541	14,141,417
<u>Program Expenses</u>						
General Government	865,041	848,502	-	-	865,041	848,502
Public Safety - Police	1,779,176	1,867,525	-	-	1,779,176	1,867,525
Public Works	1,420,010	1,235,773	-	-	1,420,010	1,235,773
Parks and Recreation	180,236	217,558	-	-	180,236	217,558
Sanitation	414,508	357,650	-	-	414,508	357,650
Storm Water	23,799	33,486	-	-	23,799	33,486
Community Development	183,721	306,831	-	-	183,721	306,831
Public Properties	-	-	-	-	-	-
Bus	134,098	144,930	-	-	134,098	144,930
ABC	492,715	571,326	-	-	492,715	571,326
Interest on Debt	141,432	187,617	-	-	141,432	187,617
Golf Course	-	-	568,267	555,792	568,267	555,792
Utility Commission	-	-	3,895,040	3,531,382	3,895,040	3,531,382
Total Program Expenses	5,634,736	5,771,198	4,463,307	4,087,174	10,098,043	9,858,372
Change in Net Position Before Transfers	2,777,954	4,089,094	209,544	193,951	2,987,498	4,283,045
Transfers	(305,344)	(277,077)	305,344	277,077	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-
Change in Net Position	\$ 2,472,610	\$ 3,812,017	\$ 514,888	\$ 471,028	\$ 2,987,498	\$ 4,283,045

The City's total revenue decreased from \$14,141,417 in 2019 to \$13,085,541 in 2020 or 8 percent. The decrease from 2019 is related to a decrease in the number of roads accepted into the City's system during 2020. 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 & Expenditures

	<u>FY 2020</u>	<u>FY 2019</u>	<u>Variance</u>
Taxes	\$ 1,691,617	\$ 1,642,981	\$ 48,636
Licenses and permits	5,342,831	5,104,417	238,414
Intergovernmental	624,614	331,031	293,583
Charges for Services	515,739	505,250	10,489
Other Revenues	<u>211,395</u>	<u>151,002</u>	<u>60,393</u>
Total Revenues	<u>8,386,196</u>	<u>7,734,681</u>	<u>651,515</u>
General Government	745,695	733,720	11,975
Public Safety-Police	1,381,021	1,440,721	(59,700)
Public Works	820,851	817,291	3,560
Sanitation	414,508	357,650	56,858
Park and Recreation	158,298	195,620	(37,322)
Storm Water	23,799	33,486	(9,687)
Community Development	183,721	306,831	(123,110)
ABC	341,650	395,590	(53,940)
Bus	109,766	123,670	(13,904)
Capital Outlay	700,230	584,493	115,737
Debt Service	<u>1,256,849</u>	<u>2,275,117</u>	<u>(1,018,268)</u>
Total Expenditures	<u>\$ 6,136,388</u>	<u>\$ 7,264,189</u>	<u>\$ (1,127,801)</u>

Revenues for the City's governmental funds increased by 8 percent, and total expenditures decreased by 15 percent. The majority of the decrease in expenditures was the result of the City electing to pay down an additional \$1 million of debt during 2019. The City's major source of revenue in the governmental funds is taxes, licenses and permits, which makes up 84% of total revenues, these revenue sources increased by \$287,050 in 2020.

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	\$ 1,600,500	\$ 1,691,617	\$ 91,117
Licenses and permits	5,145,000	4,982,640	(162,360)
Intergovernmental	106,640	388,936	282,296
Charges for Services	480,000	509,862	29,862
Other Revenues	70,200	202,757	132,557
Foundations and Parks Fund	-	3,576	3,576
ABC Fund	535,793	360,533	(175,260)
Bus Fund	65,735	86,006	20,271
Municipal Aid Fund	321,000	160,269	(160,731)
Total Revenues	<u>\$ 8,324,868</u>	<u>\$ 8,386,196</u>	<u>\$ 61,328</u>

Table A-5

Condensed Governmental Funds - Expenditures

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Government	\$ 763,736	\$ 745,695	\$ (18,041)
Public Safety-Police	1,507,351	1,381,021	(126,330)
Public Works	1,268,468	806,251	(462,217)
Sanitation	362,940	414,508	51,568
Park and Recreation	218,750	158,298	(60,452)
Storm Water	100,000	23,799	(76,201)
Community Development	210,665	183,721	(26,944)
Capital Outlay	1,236,971	509,745	(727,226)
Debt Service	1,962,230	1,256,849	(705,381)
ABC Fund	535,793	406,650	(129,143)
Bus Fund	132,227	109,766	(22,461)
Foundations and Parks Fund	-	-	-
Municipal Aid Fund	321,000	140,085	(180,915)
Total Expenditures	<u>\$ 8,620,131</u>	<u>\$ 6,136,388</u>	<u>\$ (2,483,743)</u>

The City budgeted for a total of \$8,324,868 in revenues for 2020 but ended up with revenues of \$8,386,196 which put the City 1 percent over the revenue budget. A total of \$8,620,131 was budgeted for expenses, but expenditures totaled \$6,136,388 for the fiscal year 2020. The City was under budget on expenses by \$2,483,743 or 29% as detailed above.

CAPITAL ASSETS

The City has a total of \$51,222,089 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 \$2,004,594 (4 percent) from last year's total investment of \$49,217,495.

Table A-6

Capital Assets at Year End Without Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Land & Improvements	\$ 855,409	\$ 815,409	\$ -	\$ -	\$ 855,409	\$ 815,409
Construction in progress	111,000	104,242	-	-	111,000	104,242
Buildings & Improvements	2,201,501	2,092,668	-	-	2,201,501	2,092,668
Vehicles & Equipment	3,257,762	2,945,563	-	-	3,257,762	2,945,563
Infrastructure Assets	4,709,564	4,477,124	-	-	4,709,564	4,477,124
Business-Type Assets	-	-	40,086,853	38,782,489	40,086,853	38,782,489
Total Capital Assets	<u>\$11,135,236</u>	<u>\$10,435,006</u>	<u>\$ 40,086,853</u>	<u>\$ 38,782,489</u>	<u>\$ 51,222,089</u>	<u>\$ 49,217,495</u>

DEBT

This year the City has \$10,066,270 in total debt, a 8 percent decrease from last year's total of \$10,955,473.

Table A-7

Debt Outstanding at Year End

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Capital Leases	\$ 532,917	\$ 597,917	\$ 2,523,389	\$ 1,352,211	\$ 3,056,306	\$ 1,950,128
Bond Issues	3,396,250	4,446,667	3,470,000	4,449,156	6,866,250	8,895,823
Accrued Absences	74,106	67,113	69,608	42,409	143,714	109,522
Total Debt Outstanding	<u>\$ 4,003,273</u>	<u>\$ 5,111,697</u>	<u>\$ 6,062,997</u>	<u>\$ 5,843,776</u>	<u>\$ 10,066,270</u>	<u>\$ 10,955,473</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected officials consider many factors when setting the fiscal year 2021 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 Ms. Stephanie Cooper, City Clerk, 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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,426,510	\$ 2,647,588	\$ 7,074,098
Investments	2,070,891	843,757	2,914,648
Receivables, net	1,711,262	562,227	2,273,489
Inventory of supplies	-	98,353	98,353
Prepaid expenses	-	1,974	1,974
Internal balances	33,041	(33,041)	-
Total current assets	8,241,704	4,120,858	12,362,562
Non-current assets			
Restricted cash and cash equivalents	3,625,897	739,497	4,365,394
Investment in joint venture, net equity Oidham-LaGrange Development Authority	8,609,430	-	8,609,430
Total non-current assets	12,235,327	739,497	12,974,824
Capital assets			
Construction in progress	111,000	749,547	860,547
Land and improvements, net	855,409	2,351,709	3,207,118
Plant and sewer system, net	-	18,021,581	18,021,581
Depreciable buildings, property, and equipment, net	1,767,658	841,428	2,609,086
Infrastructure, net	2,923,223	-	2,923,223
Total capital assets	5,657,290	21,964,265	27,621,555
Total assets	26,134,321	26,824,620	52,958,941
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	1,046,095	394,526	1,440,621
Deferred outflows - OPEB	505,317	177,506	682,823
Total deferred outflows of resources	1,551,412	572,032	2,123,444
Total assets and deferred outflows of resources	\$ 27,685,733	\$ 27,396,652	\$ 55,082,385
LIABILITIES			
Current liabilities			
Accounts payable	\$ 261,815	\$ 233,134	\$ 494,949
Accrued payroll liabilities	106,063	48,152	154,215
Accrued interest	-	8,253	8,253
Compensated absences - current	-	32,101	32,101
Unearned revenue	-	40,113	40,113
Customer deposits	-	69,245	69,245
Current portion of long-term obligations	1,140,416	315,915	1,456,331
Total current liabilities	1,508,294	746,913	2,255,207
Non-current liabilities			
Non-current portion of long-term obligations	2,788,751	5,820,359	8,609,110
Compensated absences - non-current	74,106	37,507	111,613
Net pension liability	5,053,332	1,527,858	6,581,190
Net OPEB liability	1,305,893	365,286	1,671,179
Total non-current liabilities	9,222,082	7,751,010	16,973,092
Total liabilities	10,730,376	8,497,923	19,228,299
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	299,465	35,387	334,852
Deferred inflows - OPEB	445,457	127,715	573,172
Total deferred inflows of resources	744,922	163,102	908,024
NET POSITION			
Net investment in capital assets	5,124,373	15,827,991	20,952,364
Restricted for:			
ABC	316,310	-	316,310
Customer deposits	-	69,245	69,245
Debt service	3,411,117	167,278	3,578,395
Road improvements	198,009	-	198,009
Storm water	214,780	-	214,780
Construction	-	502,974	502,974
Unrestricted	6,945,846	2,168,139	9,113,985
Total net position	16,210,435	18,735,627	34,946,062
Total liabilities, deferred inflows of resources and net position	\$ 27,685,733	\$ 27,396,652	\$ 55,082,385

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, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Primary government							
Governmental activities							
General government	\$ 865,041	\$ -	\$ 300,950	\$ -	\$ (564,091)	\$ -	\$ (564,091)
Public safety-Police	1,779,176	-	87,986	-	(1,691,190)	-	(1,691,190)
Public works	1,420,010	-	-	160,160	(1,259,850)	-	(1,259,850)
Sanitation	414,508	409,862	-	-	(4,646)	-	(4,646)
Parks and recreation	180,236	-	-	-	(180,236)	-	(180,236)
Storm water	23,799	100,000	-	-	76,201	-	76,201
Community development	183,721	-	-	-	(183,721)	-	(183,721)
ABC	492,715	-	-	-	(492,715)	-	(492,715)
Bus	134,098	5,877	75,518	-	(52,703)	-	(52,703)
Interest on long-term debt	141,432	-	-	-	(141,432)	-	(141,432)
Total governmental activities	5,634,736	515,739	464,454	160,160	(4,494,383)	-	(4,494,383)
Business-type activities							
Utility Commission	3,895,040	3,883,241	-	186,467	-	174,668	174,668
Golf Course	568,267	560,533	-	18,500	-	10,766	10,766
Total business-type activities	4,463,307	4,443,774	-	204,967	-	185,434	185,434
Total primary government	\$ 10,098,043	\$ 4,959,513	\$ 464,454	\$ 365,127	(4,494,383)	185,434	(4,308,949)
General revenues							
Taxes							
Property taxes, levied for general purposes					1,474,042	-	1,474,042
Bank shares					84,357	-	84,357
Motor vehicle tax					133,218	-	133,218
License fees							
Franchise fees					400,734	-	400,734
Business licenses					500,827	-	500,827
Compensation tax					2,129,830	-	2,129,830
Insurance premiums					1,929,367	-	1,929,367
Other fees and permits					382,073	-	382,073
Investment earnings					63,662	24,110	87,772
Community Center					4,900	-	4,900
Miscellaneous					142,833	-	142,833
Total general revenues					7,245,843	24,110	7,269,953
Increase (decrease) in joint venture - Oldham-LaGrange Development Authority					26,494	-	26,494
Transfers in (out)					(305,344)	305,344	-
Total general and other revenues					6,966,993	329,454	7,296,447
Change in net position					2,472,610	514,888	2,987,498
Net position, beginning of year					13,737,825	18,220,739	31,958,564
NET POSITION, END OF YEAR					\$ 16,210,435	\$ 18,735,627	\$ 34,946,062

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

CITY OF LA GRANGE, KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,228,423	\$ 823,984	\$ 8,052,407
Investments	2,070,891	-	2,070,891
Receivables, net	1,590,940	120,322	1,711,262
Due from other funds	389,442	-	389,442
 Total assets	 \$ 11,279,696	 \$ 944,306	 \$ 12,224,002
LIABILITIES			
Accounts payable	\$ 260,706	\$ 1,109	\$ 261,815
Accrued payroll liabilities	102,791	3,272	106,063
Compensated absences	73,355	751	74,106
Due to other funds	-	356,401	356,401
 Total liabilities	 436,852	 361,533	 798,385
FUND BALANCE			
Restricted:			
ABC	-	316,310	316,310
Debt service	3,411,117	-	3,411,117
Road improvements	-	198,009	198,009
Storm water	214,780	-	214,780
Committed	-	83,653	83,653
Unassigned	7,216,947	(15,199)	7,201,748
 Total fund balances	 10,842,844	 582,773	 11,425,617
 Total liabilities and fund balances	 \$ 11,279,696	 \$ 944,306	 \$ 12,224,002

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

Fund balances reported above	\$ 11,425,617
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,657,290
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.	8,609,430
Net deferred inflows/outflows related to the long-term net pension and net OPEB liabilities are not reported in the funds.	806,490
Long-term liabilities, including bonds payable, net pension liability, and net OPEB liability are not due and payable in the current period and therefore are not reported in the funds.	(10,288,392)

Net position of governmental activities \$ 16,210,435

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, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,691,617	\$ -	\$ 1,691,617
Licenses and permits	4,982,640	360,191	5,342,831
Intergovernmental	388,936	235,678	624,614
Charges for services	509,862	5,877	515,739
Other revenues	202,757	8,638	211,395
Total revenues	7,775,812	610,384	8,386,196
EXPENDITURES			
Current			
General government	745,695	-	745,695
Public safety-Police	1,381,021	-	1,381,021
Public works	806,251	14,600	820,851
Sanitation	414,508	-	414,508
Parks and recreation	158,298	-	158,298
Storm water	23,799	-	23,799
Community development	183,721	-	183,721
ABC	-	341,650	341,650
Bus	-	109,766	109,766
Capital outlay	509,745	190,485	700,230
Debt service	1,256,849	-	1,256,849
Total expenditures	5,479,887	656,501	6,136,388
Excess (deficiency) of revenues over expenditures	2,295,925	(46,117)	2,249,808
OTHER FINANCING SOURCES (USES)			
Transfer in (out)	(371,836)	66,492	(305,344)
Total other financing sources and uses	(371,836)	66,492	(305,344)
Net change in fund balances	1,924,089	20,375	1,944,464
Fund balances, beginning	8,918,755	562,398	9,481,153
Fund balances, ending	\$ 10,842,844	\$ 582,773	\$ 11,425,617
Reconciliation to government-wide change in net position:			
Net change in fund balances			\$ 1,944,464
Add: capital outlay expenditures capitalized			700,230
Add: debt service expenditures			1,256,849
Add: increases in the equity interest of joint ventures			26,494
Less: change in pension liability			(625,857)
Less: change in OPEB liability			(63,141)
Less: depreciation on governmental activities assets			(624,997)
Less: interest expense			(141,432)
Change in net position - governmental activities			\$ 2,472,610

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

CITY OF LA GRANGE, KENTUCKY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

ASSETS	Business-type Activities		
	Utility Commission	Golf Course	Totals
Current assets			
Cash and cash equivalents	\$ 2,508,226	\$ 139,362	\$ 2,647,588
Investments	843,757	-	843,757
Receivables, net	547,857	14,370	562,227
Inventory of supplies	90,405	7,948	98,353
Prepaid expenses	-	1,974	1,974
Total current assets	3,990,245	163,654	4,153,899
Non-current assets			
Restricted cash and cash equivalents	725,369	14,128	739,497
Total non-current assets	725,369	14,128	739,497
Capital assets			
Construction in progress	749,547	-	749,547
Land	149,897	1,614,643	1,764,540
Land improvements	-	2,568,585	2,568,585
Plant and sewer system	32,665,137	-	32,665,137
Buildings and improvements	882,327	-	882,327
Vehicle and equipment	928,080	530,637	1,458,717
Less: accumulated depreciation	(15,740,625)	(2,381,963)	(18,122,588)
Total capital assets	19,634,363	2,329,902	21,964,265
Total assets	24,349,977	2,507,684	26,857,661
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	394,526	-	394,526
Deferred outflows - OPEB	177,506	-	177,506
Total deferred outflows of resources	572,032	-	572,032
Total assets and deferred outflows of resources	\$ 24,922,009	\$ 2,507,684	\$ 27,429,693
LIABILITIES			
Current liabilities			
Accounts payable	\$ 220,244	\$ 12,890	\$ 233,134
Accrued payroll liabilities	30,652	17,500	48,152
Accrued interest payable	5,715	2,538	8,253
Compensated absences	32,101	-	32,101
Unearned revenue	-	40,113	40,113
Customer deposits	69,245	-	69,245
Due to other funds	33,041	-	33,041
Current portion of long-term obligations	209,665	106,250	315,915
Total current liabilities	600,663	179,291	779,954
Non-current liabilities			
Non-current portion of long-term obligations	4,953,276	867,083	5,820,359
Compensated absences	37,507	-	37,507
Net pension liability	1,527,858	-	1,527,858
Net OPEB liability	365,286	-	365,286
Total non-current liabilities	6,883,927	867,083	7,751,010
Total liabilities	7,484,590	1,046,374	8,530,964
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	35,387	-	35,387
Deferred inflows - OPEB	127,715	-	127,715
Total deferred inflows of resources	163,102	-	163,102
NET POSITION			
Net investment in capital assets	14,471,422	1,356,569	15,827,991
Restricted for:			
Customer deposits	69,245	-	69,245
Debt service	153,150	14,128	167,278
Construction project	502,974	-	502,974
Unrestricted	2,077,526	90,613	2,168,139
Total net position	17,274,317	1,461,310	18,735,627
Total liabilities, deferred inflows of resources and net position	\$ 24,922,009	\$ 2,507,684	\$ 27,429,693

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, 2020

	Business-type Activities		
	Utility Commission	Golf Course	Totals
Operating revenues			
Charges for services	\$ 3,780,644	\$ 560,533	\$ 4,341,177
Other income	102,597	-	102,597
Total operating revenues	<u>3,883,241</u>	<u>560,533</u>	<u>4,443,774</u>
Operating expenses			
General and administrative	2,153,394	118,677	2,272,071
Rent	-	656	656
Salaries and wages	630,470	143,285	773,755
Repairs and maintenance	-	58,171	58,171
Cost of sales	-	33,067	33,067
Other operating expenses	-	52,393	52,393
Depreciation	975,562	133,766	1,109,328
Total operating expenses	<u>3,759,426</u>	<u>540,015</u>	<u>4,299,441</u>
OPERATING INCOME (LOSS)	<u>123,815</u>	<u>20,518</u>	<u>144,333</u>
Non-operating income (expense)			
Interest and investment revenue	23,942	168	24,110
Interest expense	(135,614)	(28,252)	(163,866)
Total non-operating (expense)	<u>(111,672)</u>	<u>(28,084)</u>	<u>(139,756)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	12,143	(7,566)	4,577
Transfers in	-	305,344	305,344
Capital contributions	186,467	18,500	204,967
CHANGE IN NET POSITION	198,610	316,278	514,888
Net position, beginning of year	<u>17,075,707</u>	<u>1,145,032</u>	<u>18,220,739</u>
NET POSITION, END OF YEAR	<u>\$ 17,274,317</u>	<u>\$ 1,461,310</u>	<u>\$ 18,735,627</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, 2020

	Business-type Activities		
	Utility Commission	Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 3,830,075	\$ 573,421	\$ 4,403,496
Payments to suppliers	(1,885,647)	(221,011)	(2,106,658)
Payments for employee services and benefits	(975,354)	(167,665)	(1,143,019)
Receipts (refunds) of customer meter deposits	195	-	195
Net cash provided by operating activities	<u>969,269</u>	<u>184,745</u>	<u>1,154,014</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment under interfund agreements	-	305,344	305,344
Net cash provided by non-capital financing activities	<u>-</u>	<u>305,344</u>	<u>305,344</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	186,467	18,500	204,967
Proceeds from issuance of capital debt	1,027,525	-	1,027,525
Purchases of capital assets	(1,056,115)	(142,099)	(1,198,214)
Principal paid on capital debt	(410,046)	(274,167)	(684,213)
Interest paid on capital debt	(142,407)	(31,178)	(173,585)
Net cash (used in) capital and related financing activities	<u>(394,576)</u>	<u>(428,944)</u>	<u>(823,520)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net change in investments	(239,243)	-	(239,243)
Interest and dividends	23,942	168	24,110
Net cash provided by investing activities	<u>(215,301)</u>	<u>168</u>	<u>(215,133)</u>
Net increase in cash and cash equivalents	359,392	61,313	420,705
Cash and cash equivalents-beginning of the year	<u>2,874,203</u>	<u>92,177</u>	<u>2,966,380</u>
CASH AND CASH EQUIVALENTS-END OF THE YEAR	<u>\$ 3,233,595</u>	<u>\$ 153,490</u>	<u>\$ 3,387,085</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 123,815	\$ 20,518	\$ 144,333
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	975,562	133,766	1,109,328
Net change in pension liability	190,764	-	190,764
Net change in OPEB liability	10,978	-	10,978
Change in assets and liabilities:			
Receivables, net	(53,166)	12,341	(40,825)
Inventory	(4,746)	346	(4,400)
Prepaid expenses	-	909	909
Due to/due from other funds	-	5,132	5,132
Accounts and other payables	(274,133)	5,964	(268,169)
Accrued expenses	-	5,224	5,224
Unearned revenue	-	545	545
Customer deposits payable	195	-	195
Net cash provided by operating activities	<u>\$ 969,269</u>	<u>\$ 184,745</u>	<u>\$ 1,154,014</u>
Cash and cash equivalents consists of the following:			
Unrestricted cash	\$ 2,508,226	\$ 139,362	\$ 2,647,588
Restricted cash	725,369	14,128	739,497
	<u>\$ 3,233,595</u>	<u>\$ 153,490</u>	<u>\$ 3,387,085</u>
Supplemental disclosure of cash flow information:			
Noncash capital and related financing activities:			
Accounts payable for capital items, net	<u>\$ 106,149</u>	<u>\$ -</u>	<u>\$ 106,149</u>

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

CITY OF LA GRANGE, KENTUCKY
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2020

	Tourism Agency Fund
ASSETS	
Cash	\$ <u>13,032</u>
Total assets	\$ <u>13,032</u>
LIABILITIES	
Due to Tourism	\$ <u>13,032</u>
Total liabilities	\$ <u>13,032</u>

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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.	Governmental 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, 2020

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 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 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, 2020

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 an Agency Fund. The Agency 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, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting and Measurement Focus (continued)

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

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

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

E. Deposits and Investments

Cash and cash equivalents include cash on hand and demand deposits. Certificates of deposit include all certificates owned by the City reported at fair value. 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 \$75,678 in the general fund and \$9,927 in the proprietary funds, which approximates fair market value.

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, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets and Depreciation

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

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

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

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

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

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

J. Unearned Revenue

Unearned revenue represents grant revenues received but unearned. Revenues are recognized when eligible expenditures are incurred.

K. Compensated Absences

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

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

L. Long-Term Debt and Bond Issuance Costs

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

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Balances

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

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

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

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

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

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

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

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

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

As of June 30, 2020, the Bus Fund has a negative fund balance of \$15,199. Going forward, the City intends to increase appropriations from the General Fund to the Bus Fund to eliminate the negative fund balance and to keep the City's buses operational.

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.

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. 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.

P. 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.

Q. 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.

R. Management's Review of Subsequent Events

The City has evaluated and considered the need to recognize or disclose subsequent events through March 31, 2021, 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, 2020, have not been evaluated by the City.

2. CASH AND INVESTMENTS

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, 2020, the book balance of the City's deposits totaled \$14,367,172 and the bank balances totaled \$14,598,075.

The following is a detail of the City's cash and investment deposit coverage at June 30, 2020:

FDIC insured	\$ 4,709,793
Collateralized	9,459,807
Invested in money market funds	<u>428,475</u>
Total	<u>\$ 14,598,075</u>

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

2. CASH AND INVESTMENTS (CONTINUED)

Restricted assets consist of the following:

	General Fund	Utility Commission	Golf Course	Total
Cash – Debt service reserve	\$ 3,411,117	\$ 153,150	\$ 14,128	\$ 3,578,395
Cash – Storm Water	214,780	-	-	214,780
Cash – Construction	-	502,974	-	502,974
Cash – Customer deposits	-	69,245	-	69,245
Total	<u>\$ 3,625,897</u>	<u>\$ 725,369</u>	<u>\$ 14,128</u>	<u>\$ 4,365,394</u>

The City's investments at June 30, 2020 consist entirely of certificates of deposit with local banks or brokered certificates of deposit and are stated at fair value:

Type of Investment	Fair Value	Cost	Interest Rate	Maturity Date
BL&D Bank	\$ 269,349	\$ 269,349	.35%	1/16/2022
BL&D Bank	146,394	146,394	2.500%	11/5/2021
BL&D Bank	131,599	131,599	2.500%	11/5/2021
PNC Bank	67,379	67,379	0.200%	11/5/2021
Citizens Union Bank	157,747	157,747	2.250%	4/3/2023
Citizens Union Bank	71,289	71,289	2.250%	4/3/2024
Bank Hapoalim B.M	241,259	241,259	2.600%	2/25/2021
Equitable Bank	241,259	241,259	2.600%	2/25/2021
First Commerce Bank	62,016	62,016	2.600%	2/25/2021
KS StateBank	241,259	241,259	2.600%	2/25/2021
Mid Penn Bank	78,803	78,803	2.600%	2/25/2021
Prosperity Bank	241,259	241,259	2.600%	2/25/2021
Reliant Bank	241,259	241,259	2.600%	2/25/2021
Signature Bank	241,259	241,259	2.600%	2/25/2021
Smart Bank	241,259	241,259	2.600%	2/25/2021
Farmers Bank	241,259	241,259	2.600%	2/25/2021
	<u>\$ 2,914,648</u>	<u>\$ 2,914,648</u>		

3. ACCOUNTS RECEIVABLE

	General Fund	Nonmajor Funds	Governmental Funds Total
Governmental activities:			
Taxes	\$ 146,966	\$ -	\$ 146,966
Licenses and fees	1,214,058	97,097	1,311,155
Intergovernmental	270,660	23,225	293,885
Other	34,934	-	34,934
	<u>1,666,618</u>	<u>120,322</u>	<u>1,786,940</u>
Gross receivables			
Less: allowance for uncollectible	(75,678)	-	(75,678)
	<u>\$ 1,590,940</u>	<u>\$ 120,322</u>	<u>\$ 1,711,262</u>
Net receivables			

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

3. ACCOUNTS RECEIVABLE (CONTINUED)

	Utility Commission	Golf Course Fund	Proprietary Funds Total
Business-type activities:			
Customer accounts	\$ 392,307	\$ 3,370	\$ 395,677
Unbilled receivables	165,099	-	165,099
Other	<u>378</u>	<u>11,000</u>	<u>11,378</u>
Gross receivables	557,784	14,370	572,154
Less: allowance for uncollectible	<u>(9,927)</u>	<u>-</u>	<u>(9,927)</u>
Net receivables	<u>\$ 547,857</u>	<u>\$ 14,370</u>	<u>\$ 562,227</u>

4. CAPITAL ASSETS

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not depreciated:				
Construction in progress	\$ 104,242	\$ 85,845	\$ (79,087)	\$ 111,000
Land	<u>815,409</u>	<u>40,000</u>	<u>-</u>	<u>855,409</u>
Totals	<u>919,651</u>	<u>125,845</u>	<u>(79,087)</u>	<u>966,409</u>
Capital assets that are depreciated:				
Buildings and improvements	2,092,668	108,833	-	2,201,501
Machinery and equipment	<u>2,945,563</u>	<u>312,199</u>	<u>-</u>	<u>3,257,762</u>
Totals	<u>5,038,231</u>	<u>421,032</u>	<u>-</u>	<u>5,459,263</u>
Total non-infrastructure assets	<u>5,957,882</u>	<u>546,877</u>	<u>(79,087)</u>	<u>6,425,672</u>
Infrastructure assets	<u>4,477,124</u>	<u>232,440</u>	<u>-</u>	<u>4,709,564</u>
Total capital assets	<u>10,435,006</u>	<u>779,317</u>	<u>(79,087)</u>	<u>11,135,236</u>
Less: accumulated depreciation				
Buildings and improvements	989,335	66,950	-	1,056,285
Machinery and equipment	2,488,773	146,547	-	2,635,320
Infrastructure	<u>1,374,841</u>	<u>411,500</u>	<u>-</u>	<u>1,786,341</u>
Totals	<u>4,852,949</u>	<u>624,997</u>	<u>-</u>	<u>5,477,946</u>
General capital assets, net	<u>\$ 5,582,057</u>	<u>\$ 154,320</u>	<u>\$ (79,087)</u>	<u>\$ 5,657,290</u>

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

4. CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Business-Type Activities				
Land	\$ 1,764,540	\$ -	\$ -	\$ 1,764,540
Construction in progress	942,606	1,116,475	(1,309,534)	749,547
Buildings and improvements	3,390,742	58,169	-	3,448,911
Water tank	3,039,105	-	-	3,039,105
Mains, hydrants and new water services	4,981,276	45,787	-	5,027,063
Wastewater treatment plant	10,750,614	-	-	10,750,614
Sewage system lines and pump stations	12,538,820	1,309,534	-	13,848,354
Transportation equipment	771,091	83,933	-	855,024
General office equipment	<u>603,695</u>	<u>-</u>	<u>-</u>	<u>603,695</u>
Totals	38,782,489	2,613,898	(1,309,534)	40,086,853
Less: accumulated depreciation	<u>17,013,260</u>	<u>1,109,328</u>	<u>-</u>	<u>18,122,588</u>
Business-type capital assets, net	<u>\$ 21,769,229</u>	<u>\$ 1,504,570</u>	<u>\$ (1,309,534)</u>	<u>\$ 21,964,265</u>

\$1,163,775 of golf course land is recorded under a capital lease with no accumulated depreciation.

Depreciation expense was charged to the Governmental functions as follows:

General government	\$ 59,251
Police	38,922
Public works	462,976
Parks and recreation	21,938
Bus	9,943
ABC	<u>31,967</u>
Total depreciation expense	<u>\$ 624,997</u>

5. LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Direct Placements

Capital Lease Obligation – Kentucky Bond Corporation

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

**CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

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

Capital Lease Obligation – Kentucky Bond Corporation (continued)

The minimum obligations of the above lease at June 30, 2020, are as follows:

Fiscal Year	Principal	Interest	Bank Fee	Total
2021	\$ 65,000	\$ 15,988	\$ 1,782	\$ 82,770
2022	65,000	14,038	1,620	80,658
2023	67,083	12,088	1,457	80,628
2024	70,000	10,075	1,290	81,365
2025	72,084	7,975	1,115	81,174
2026-2028	<u>193,750</u>	<u>10,686</u>	<u>2,053</u>	<u>206,489</u>
Total	<u>\$ 532,917</u>	<u>\$ 70,850</u>	<u>\$ 9,317</u>	<u>\$ 613,084</u>

Kentucky Bond Corporation Financing Program Revenue Bonds 2014 First Series C

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

The minimum obligations of the above bonds at June 30, 2020, are as follows:

Fiscal Year	Principal	Interest	Fees	Total
2021	\$ 1,075,416	\$ 87,565	\$ 9,241	\$ 1,172,222
2022	1,102,500	62,233	6,552	1,171,285
2023	888,750	33,504	3,796	926,050
2024	<u>329,584</u>	<u>9,064</u>	<u>1,261</u>	<u>339,909</u>
Total	<u>\$ 3,396,250</u>	<u>\$ 192,366</u>	<u>\$ 20,850</u>	<u>\$ 3,609,466</u>

The total governmental activity debt is summarized as follows:

Current portion of revenue bonds	\$ 1,075,416
Current portion of capital lease obligation	<u>65,000</u>
Total current portion of long-term obligations	<u>\$ 1,140,416</u>
Long-term portion of revenue bonds	2,320,834
Long-term portion of capital lease obligation	467,917
Compensated absences	74,106
Net pension liability	5,053,332
Net OPEB liability	<u>1,305,893</u>
Long-term portion of long-term obligations	<u>\$ 9,222,082</u>

**CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

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

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

	July 1, 2019	Additions	Retirements	June 30, 2020
Capital lease obligations	\$ 597,917	\$ -	\$ 65,000	\$ 532,917
Revenue bonds	4,446,667	-	1,050,417	3,396,250
Compensated absences	67,113	6,993	-	74,106
Net pension liability	4,791,167	262,165	-	5,053,332
Net OPEB liability	<u>1,407,767</u>	<u>-</u>	<u>101,874</u>	<u>1,305,893</u>
Total	<u>\$ 11,310,631</u>	<u>\$ 269,158</u>	<u>\$ 1,217,291</u>	<u>\$ 10,362,498</u>

6. LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES

Business-Type Activities – Utility Commission

Direct Borrowing

Capital Lease Obligation – PNC Bank

On September 24, 2010, the Commission entered into a lease agreement in the amount of \$2,284,645 with PNC Bank for the payoff of previous outstanding debt to the Kentucky Infrastructure Authority (KIA), Kentucky League of Cities and Bedford Loan & Deposit Bank. The principal and interest payments are to be made from the income and revenues of the water and sewer system. PNC Bank shall hold a lien on the system's revenues until such lease and interest payments are paid in full. The lease bears interest at a rate of 3.07% with a maturity date of September 24, 2020.

The minimum obligations of the above lease at June 30, 2020, are as follows:

Fiscal Year	Principal	Interest	Total
2021	<u>\$ 59,665</u>	<u>\$ 344</u>	<u>\$ 60,009</u>
Total	<u>\$ 59,665</u>	<u>\$ 344</u>	<u>\$ 60,009</u>

Direct placement

Bonds Payable to Kentucky Rural Water Finance Corporation

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

**CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

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

Business-Type Activities – Utility Commission (continued)

The minimum obligations of the above revenue bonds at June 30, 2020, are as follows:

Fiscal Year	Principal	Interest	Fees	Total
2021	\$ 150,000	\$ 131,716	\$ 450	\$ 282,166
2022	160,000	125,051	450	285,501
2023	165,000	119,198	450	284,648
2024	170,000	114,193	450	284,643
2025	175,000	108,931	450	284,381
2026-2030	965,000	430,800	2,250	1,398,050
2031-2035	1,165,000	210,877	2,250	1,378,127
2036-2038	<u>520,000</u>	<u>20,446</u>	<u>900</u>	<u>541,346</u>
Total	<u>\$ 3,470,000</u>	<u>\$ 1,261,212</u>	<u>\$ 7,650</u>	<u>\$ 4,738,862</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 \$3,121,200 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, 2020, the Commission had drawn \$1,490,391 on the loan. Principal payments will commence on either June 1st, or December 1st, within twelve months from completion of the project. It is anticipated that the first principal payment will be due in fiscal year 2021. The entire balance of the loan has been included in long-term debt.

Total debt is summarized as follows:

Current portion of compensated absences	\$ 32,101
Current portion of PNC Capital Lease	59,665
Current portion of Kentucky Rural Water Bonds	<u>150,000</u>
Total current portion of long-term obligations	<u>\$ 241,766</u>
Long-term portion of PNC Capital Lease	\$ -
Long-term portion of Kentucky Rural Water Bonds	3,320,000
Long-term portion of Kentucky Infrastructure Authority	1,490,391
Bond premium Kentucky Rural Water Note	142,885
Compensated absences	37,507
Net pension liability	1,527,858
Net OPEB liability	<u>365,286</u>
Long-term portion of long-term obligations	<u>\$ 6,883,927</u>

The changes in utility long-term debt are as follows:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Bonds and leases payable	\$ 4,402,577	\$ 1,027,525	\$ 410,046	\$ 5,020,056
Bond premium	151,290	-	8,405	142,885
Net pension liability	1,212,945	314,913	-	1,527,858
Net OPEB liability	353,605	11,681	-	365,286
Compensated absences	<u>42,409</u>	<u>27,199</u>	<u>-</u>	<u>69,608</u>
	<u>\$ 6,162,826</u>	<u>\$ 1,381,318</u>	<u>\$ 418,451</u>	<u>\$ 7,125,693</u>

**CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

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

Business-Type Activities – Golf Course

Direct Placement

Capital Lease Obligation – Kentucky Bond Corporation

During 2017, the City entered into a lease agreement with the Kentucky Bond Corporation to refinance the 2007 capital lease obligation with the Kentucky Area Development District. The 2007 capital lease obligation 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 lease is a fixed rate lease and is to run for a term of ten years with payments to be made monthly. The lease carries a stated interest rate of 3% with bank fees totaling \$21,854 by the end of the obligation.

The future minimum obligations of the above capital lease at June 30, 2020, are as follows:

Fiscal Year	Principal	Interest	Service Fee	Total
2021	\$ 106,250	\$ 29,200	\$ 2,883	\$ 138,333
2022	123,333	26,013	2,618	151,964
2023	143,333	22,313	2,309	167,955
2024	157,083	18,013	1,951	177,047
2025	164,167	13,300	1,558	179,025
2026-2027	<u>279,167</u>	<u>12,275</u>	<u>1,223</u>	<u>292,665</u>
Total	<u>\$ 973,333</u>	<u>\$ 121,114</u>	<u>\$ 12,542</u>	<u>\$ 1,106,989</u>

Bonds Payable – City of La Grange General Obligation Bonds of 2010

The City issued bonds dated March 1, 2010 in the amount of \$1,730,000. These bonds were used to pay off a previous bond issue from 2000. The bonds matured annually from March 1, 2010 to March 1, 2020, in various amounts from \$100,000 to \$210,000. Interest at 2-3.5% per annum was payable September 1 and March 1. Bonds maturing after March 1, 2011 were subject to early redemption provisions. The bonds were paid in full during fiscal year 2020.

The total golf course debt is summarized as follows:

Current portion of capital lease	<u>\$ 106,250</u>
Total current portion of long-term obligations	<u>\$ 106,250</u>
Long-term portion of capital lease	<u>\$ 867,083</u>
Total long-term obligations	<u>\$ 867,083</u>

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

	July 1, 2019	Additions	Retirements	June 30, 2020
Capital lease	\$ 1,032,500	\$ -	\$ 59,167	\$ 973,333
Bond issue	<u>215,000</u>	<u>-</u>	<u>215,000</u>	<u>-</u>
	<u>\$ 1,247,500</u>	<u>\$ -</u>	<u>\$ 274,167</u>	<u>\$ 973,333</u>

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

7. RETIREMENT PLAN

CERS

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 Retirement Systems 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, 2020, 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, 2020, participating employers contributed 24.06% of each employee's wages for non-hazardous job classifications and 39.58% 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 8. Plan members contributed 19.33% to the pension trust for non-hazardous job classifications and 30.06% 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, 2020, the City contributed \$230,352, or 100% of the required contribution for non-hazardous job classifications, and the City contributed \$191,873, 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, 2020

7. 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
	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, 2020, the City reported a liability for its proportionate share of the net pension liability as follows:

Total Net		
Pension Liability	Non-hazardous	Hazardous
<u>\$ 6,581,190</u>	<u>\$ 3,182,242</u>	<u>\$ 3,398,948</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, 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, 2019, was as follows:

Non-hazardous	Hazardous
.045%	.123%

The proportionate share measured at June 30, 2019 relative to June 30, 2018 increased by .001% for non-hazardous and decreased for hazardous by .016%.

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

7. RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2020, the City recognized pension expense of \$1,240,478. At June 30, 2020, 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	\$ 225,665	\$ 13,446
Changes of assumptions	652,012	-
Net difference between projected and actual earnings on Plan investments	-	99,403
Changes in proportion and differences between City contributions and proportionate share of contributions	140,719	222,003
City contributions subsequent to the measurement date	<u>422,225</u>	<u>-</u>
Total	<u>\$ 1,440,621</u>	<u>\$ 334,852</u>

The \$422,225 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, 2021. 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,	
2021	\$ 498,967
2022	\$ 136,091
2023	\$ 41,783
2024	\$ 6,703

Actuarial Assumptions – The total pension liability reported at June 30, 2019, 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, 2018, actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013. The total pension liability was rolled-forward from the valuation date (June 30, 2018) to the plan's fiscal year ending June 30, 2019.

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

7. RETIREMENT PLAN (CONTINUED)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	62.50%	
US Equity	18.75%	4.30%
Non-US Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Special credit/high yield	15.00%	2.60%
Liquidity	14.50%	
Core Bonds	13.50%	1.35%
Cash	1.00%	0.20%
Diversifying Strategies	23.00%	
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	15.00%	4.10%
Total	100.00%	6.25%

Discount Rate – The discount rate used to measure the total pension liability was 6.25 percent. 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 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%	\$ 3,980,082	5.25%	\$ 4,249,449
Current discount rate	6.25%	\$ 3,182,242	6.25%	\$ 3,398,948
1% increase	7.25%	\$ 2,517,250	7.25%	\$ 2,701,662

Payable to the Pension Plan – At June 30, 2020, the City reported a payable of \$52,226 for the outstanding amount of contributions to the pension and OPEB plan required for the year ended June 30, 2020.

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description – As more fully described in Note 7, 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 7, plan members contribute to CERS for non-hazardous and hazardous job classifications. For the year ending June 30, 2020, the employer's contribution was 4.76% to the insurance trust for non-hazardous job classifications and 9.52% 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, 2020, the City contributed \$56,813, or 100% of the required contribution for non-hazardous job classifications, and \$60,766, 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, 2020, the City reported a liability for its proportionate share of the net OPEB liability as follows:

Total Net		
OPEB Liability	Non-hazardous	Hazardous
<u>\$ 1,671,179</u>	<u>\$ 760,983</u>	<u>\$ 910,196</u>

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 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, 2019 was as follows:

Non-hazardous	Hazardous
.045%	.123%

The proportionate share at June 30, 2019 relative to June 30, 2018 for non-hazardous increased by .001% and hazardous decreased by .016%.

For the year ended June 30, 2020, the City recognized OPEB expense of \$211,833. At June 30, 2020, 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	\$ -	\$ 398,933
Changes of assumptions	500,240	3,229
Net difference between projected and actual earnings on Plan investments	-	86,132
Changes in proportion and differences between City contributions and proportionate share of contributions	48,013	84,878
City contributions subsequent to the measurement date	<u>134,570</u>	<u>-</u>
Total	<u>\$ 682,823</u>	<u>\$ 573,172</u>

The \$134,570 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, 2021. This includes adjustments of \$16,339 for the nonhazardous implicit subsidy and \$652 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,		
2021	\$	39,209
2022	\$	(8,840)
2023	\$	(27,704)
2024	\$	(16,552)
2025	\$	(9,563)
2026	\$	(1,469)

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

Actuarial Assumptions – The total OPEB liability reported at June 30, 2019, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Non-hazardous and
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 7.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.

Post – 65: Initial trend starting at 5.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 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 assumption used in the June 30, 2018, valuation was 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, 2018) to the plan's fiscal year ending June 30, 2019.

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 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
Growth	62.50%	
US Equity	18.75%	4.30%
Non-US Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Special credit/high yield	15.00%	2.60%
Liquidity	14.50%	
Core Bonds	13.50%	1.35%
Cash	1.00%	0.20%
Diversifying Strategies	23.00%	
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	15.00%	4.10%
Total	100.00%	6.25%

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

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

Discount Rate – The discount rate used to measure the total OPEB liability was 5.68% and 5.69% 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 3.56%, as reported in Fidelity Index's "20 –Year Municipal GO AA Index" as of June 28, 2019. 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	
		City's proportionate share of net OPEB liability		City's proportionate share of net OPEB liability
	Discount rate		Discount rate	
1% decrease	4.68%	\$ 1,019,405	4.69%	\$ 1,269,909
Current discount rate	5.68%	\$ 760,983	5.69%	\$ 910,196
1% increase	6.68%	\$ 548,061	6.69%	\$ 618,216

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		\$ 565,948		\$ 633,329
Current trend rate		\$ 760,983		\$ 910,196
1% increase		\$ 997,488		\$ 1,247,962

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

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

9. OPERATING LEASE

In February 2017, the golf course entered into an operating lease with Wells Fargo Financial Leasing, Inc. to lease 58 golf carts. The lease terms call for 24 payments of \$8,729. The payments are made six months at a time from May through October. In November 2020, the golf course entered into an operating lease with Dever E-Z-GO to lease 58 golf carts. The lease term calls for 24 payments of \$8,758 from May through October and begins at the expiration of the Wells Fargo Financial lease. The future lease obligations at June 30, 2020, are as follows:

Fiscal Year	
2021	\$ 52,432
2022	52,548
2023	52,548
2024	52,548
2025	<u>35,032</u>
Total	<u>\$ 245,108</u>

Operating lease expense for the year ended June 30, 2020, totaled \$52,374.

10. PROPERTY TAX CALENDAR

Property taxes for fiscal year 2020 were levied in September 2019 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, 2020

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, 2020, are as follows:

Total assets	\$ 16,486,457
Total liabilities	\$ 19,998
Total net position	\$ 16,466,459

The net equity investment in Oldham-LaGrange Development Authority for the City of La Grange at June 30, 2020, is \$8,609,430. The net equity is determined by the following:

	OLDA Audit 6/30/2020	City Allocation	County Allocation
Beginning net equity, July 1, 2019	\$ 16,413,471	\$ 8,582,936	\$ 7,830,535
Operating loss before transfers in	(67,012)	(33,506)	(33,506)
Principal payments transfers in	<u>120,000</u>	<u>60,000</u>	<u>60,000</u>
Ending net equity, June 30, 2020	<u>\$ 16,466,459</u>	<u>\$ 8,609,430</u>	<u>\$ 7,857,029</u>

CITY OF LA GRANGE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 2020, the General Fund transferred \$64,492 to the Bus Fund and \$305,344 to the Golf Course.

14. INTERFUND BALANCES

This table shows interfund balances as of June 30, 2020:

	General Fund	Utility Commission	ABC Fund	Bus Fund	Total Due To
General Fund	\$ <u> -</u>	\$ <u>33,041</u>	\$ <u>83,471</u>	\$ <u>272,930</u>	\$ <u>389,442</u>
Total due from	\$ <u> -</u>	\$ <u>33,041</u>	\$ <u>83,471</u>	\$ <u>272,930</u>	\$ <u>389,442</u>

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

15. COVID-19 PANDEMIC

In early 2020, various restrictions were placed on travel and business across the United States in response to the COVID-19 pandemic. The duration and pervasiveness of these restrictions are uncertain as of the date of these financial statements. The City is evaluating the impact of COVID-19 and related responses on the operations and finances of the City. Restrictions placed on the local businesses could negatively impact the City's revenue and expenses for an unknown period of time. At this time, a specific estimate of the impact could not reasonably be determined due to a number of unknown factors regarding the severity and duration of the event.

SUPPLEMENTARY INFORMATION

CITY OF LA GRANGE, KENTUCKY
REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON
GENERAL FUND
for the year ended June 30, 2020

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Taxes				
General property taxes	\$ 1,393,000	\$ 1,393,000	\$ 1,465,716	\$ 72,716
Bank shared tax	65,000	65,000	84,357	19,357
Omitted tangibles	2,500	2,500	8,326	5,826
Motor vehicle taxes	<u>140,000</u>	<u>140,000</u>	<u>133,218</u>	<u>(6,782)</u>
Total municipal taxation	<u>1,600,500</u>	<u>1,600,500</u>	<u>1,691,617</u>	<u>91,117</u>
Licenses, permits and billings				
Business licenses	453,000	453,000	500,827	47,827
Insurance premiums	1,877,000	1,877,000	1,929,367	52,367
ABC license fees	15,000	15,000	21,882	6,882
Compensation tax	2,375,000	2,375,000	2,129,830	(245,170)
Franchise fees	<u>425,000</u>	<u>425,000</u>	<u>400,734</u>	<u>(24,266)</u>
Total licenses, permits and billings	<u>5,145,000</u>	<u>5,145,000</u>	<u>4,982,640</u>	<u>(162,360)</u>
Intergovernmental revenues				
Grants	14,000	14,000	292,028	278,028
Federal overtime	9,000	9,000	9,115	115
KLEFPF	73,640	73,640	78,871	5,231
LGEA	<u>10,000</u>	<u>10,000</u>	<u>8,922</u>	<u>(1,078)</u>
Total intergovernmental	<u>106,640</u>	<u>106,640</u>	<u>388,936</u>	<u>282,296</u>
Charges for service				
Sanitation fees	380,000	380,000	409,862	29,862
Storm water fees	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total charges for service	<u>480,000</u>	<u>480,000</u>	<u>509,862</u>	<u>29,862</u>
Other revenue				
Interest	2,500	2,500	63,662	61,162
Penalties	12,000	12,000	915	(11,085)
Encroachment fees	4,500	4,500	3,500	(1,000)
Community center	6,200	6,200	4,900	(1,300)
State forfeiture	-	-	23	23
Miscellaneous	<u>45,000</u>	<u>45,000</u>	<u>129,757</u>	<u>84,757</u>
Total other revenue	<u>70,200</u>	<u>70,200</u>	<u>202,757</u>	<u>132,557</u>
TOTAL REVENUE	<u>\$ 7,402,340</u>	<u>\$ 7,402,340</u>	<u>\$ 7,775,812</u>	<u>\$ 373,472</u>

CITY OF LA GRANGE, KENTUCKY
REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON
GENERAL FUND
for the year ended June 30, 2020

	Enacted Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES				
General Government				
Salaries	\$ 154,149	\$ 154,149	\$ 167,668	\$ (13,519)
Overtime	2,000	2,000	-	2,000
Part-time salaries	2,000	2,000	-	2,000
Employee Insurance	56,229	56,229	49,562	6,667
Employer portion FICA	15,943	15,943	15,307	636
Employer portion medicare	3,729	3,729	3,580	149
Mayor/Council	103,000	103,000	103,000	-
Employer portion retirement	37,088	37,088	26,853	10,235
Unemployment insurance	4,000	4,000	-	4,000
Computer maintenance	40,000	40,000	40,733	(733)
Tax preparation (PVA)	38,900	38,900	40,368	(1,468)
Ordinance codification	5,000	5,000	428	4,572
Workers compensation	13,255	13,255	11,999	1,256
Property/liability insurance	61,000	61,000	48,889	12,111
Auditing	23,400	23,400	23,400	-
Gas/electric/telephone	114,000	114,000	130,461	(16,461)
Legal fees	15,000	15,000	33,198	(18,198)
Legal advertisements	10,000	10,000	6,722	3,278
Office supplies	10,000	10,000	7,751	2,249
Repair and maintenance	10,000	10,000	3,718	6,282
Seminars/education	12,000	12,000	5,359	6,641
Miscellaneous	31,043	31,043	26,117	4,926
Small equipment purchases	1,000	1,000	232	768
Board of adjustments and appeals	1,000	1,000	350	650
Total general government	<u>763,736</u>	<u>763,736</u>	<u>745,695</u>	<u>18,041</u>
Public Safety-Police				
Police salaries	710,955	710,955	679,846	31,109
Overtime salaries	19,425	19,425	21,490	(2,065)
Part-time salaries	17,105	17,105	8,652	8,453
KLEFPF	64,000	64,000	61,994	2,006
Federal overtime	9,000	9,000	1,052	7,948
Employee insurance	182,431	182,431	116,218	66,213
Employer portion FICA	43,545	43,545	43,864	(319)
Employer portion medicare	10,184	10,184	9,662	522
Employer portion retirement	207,159	207,159	218,364	(11,205)
Workers compensation	21,921	21,921	32,640	(10,719)
Automobile insurance	21,124	21,124	25,146	(4,022)
Liability insurance	25,660	25,660	25,485	175
Radio maintenance	1,110	1,110	357	753
Computer maintenance	13,320	13,320	16,395	(3,075)
Seminars and education	5,920	5,920	4,866	1,054
Uniform expense	14,800	14,800	10,301	4,499
Miscellaneous	27,550	27,550	29,692	(2,142)
Crime prevention	4,000	4,000	3,045	955
Criminal investigations	1,480	1,480	1,458	22
Firing range expenses	1,000	1,000	347	653
Small equipment purchases	4,000	4,000	3,869	131
Gas and oil	36,000	36,000	31,655	4,345
Equipment repairs	25,000	25,000	(410)	25,410
Drug enforcement funds	1,000	1,000	1,000	-
Dry cleaning	1,500	1,500	1,853	(353)
Telephone/cellular/pagers	21,000	21,000	20,345	655
K-9	1,000	1,000	923	77
One call	3,912	3,912	-	3,912
Oldham County dispatch	12,250	12,250	10,912	1,338
Total public safety-police	<u>1,507,351</u>	<u>1,507,351</u>	<u>1,381,021</u>	<u>126,330</u>

CITY OF LA GRANGE, KENTUCKY
REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON
GENERAL FUND
for the year ended June 30, 2020

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public Works				
Salaries	\$ 387,892	\$ 387,892	\$ 342,995	\$ 44,897
Overtime salaries	15,000	15,000	5,957	9,043
Part-time salaries	27,918	27,918	28,051	(133)
Employee insurance	174,047	174,047	113,313	60,734
Employer portion FICA	22,702	22,702	22,872	(170)
Employer portion medicare	5,309	5,309	5,349	(40)
Employer portion retirement	88,100	88,100	76,949	11,151
Workers compensation	30,000	30,000	25,664	4,336
Vehicle insurance	29,000	29,000	16,180	12,820
Utilities	18,000	18,000	13,747	4,253
Seminars/Education	3,000	3,000	2,713	287
Uniforms	3,000	3,000	2,604	396
Small equipment purchases	4,500	4,500	3,945	555
Gas and oil	21,000	21,000	28,806	(7,806)
Equipment/vehicle repairs	167,000	167,000	29,037	137,963
Computer maintenance	500	500	525	(25)
Crushed rock	1,000	1,000	1,019	(19)
Signs and posts	6,000	6,000	4,969	1,031
Sidewalks	60,000	60,000	30,871	29,129
Paving material	100,000	100,000	12,053	87,947
Street paint	2,000	2,000	1,711	289
Snow removal	3,000	3,000	182	2,818
Grounds maintenance	10,000	10,000	5,206	4,794
Building maintenance	50,000	50,000	1,979	48,021
Equipment rental	2,000	2,000	1,990	10
Tires and batteries	8,000	8,000	4,700	3,300
Electric/telephone welcome center	3,500	3,500	2,894	606
Repairs welcome center	4,000	4,000	815	3,185
Miscellaneous	2,500	2,500	2,173	327
CDL license	1,000	1,000	306	694
Contract help	14,000	14,000	14,000	-
Safety	2,000	2,000	2,638	(638)
Street lighting	2,500	2,500	38	2,462
Total public works	<u>1,268,468</u>	<u>1,268,468</u>	<u>806,251</u>	<u>462,217</u>
Sanitation	<u>362,940</u>	<u>362,940</u>	<u>414,508</u>	<u>(51,568)</u>
Parks and Recreation	<u>218,750</u>	<u>218,750</u>	<u>158,298</u>	<u>60,452</u>
Storm Water	<u>100,000</u>	<u>100,000</u>	<u>23,799</u>	<u>76,201</u>
Community Development				
Main street	5,000	5,000	5,018	(18)
La Grange crossroads district	45,000	45,000	45,622	(622)
Economic development, OLDA	80,000	80,000	80,000	-
Historic preservation	5,000	5,000	250	4,750
Tree replacement	2,000	2,000	2,000	-
La Grange elementary	-	-	-	-
Festivals - Christmas, OC Day	5,000	5,000	5,645	(645)
GIS	3,000	3,000	1,400	1,600
Mayor's discretionary fund	2,500	2,500	1,815	685
Building maintenance	15,000	15,000	7,288	7,712
Signage and lighting	20,000	20,000	12,631	7,369
Miscellaneous	28,165	28,165	22,052	6,113
Total community development	<u>210,665</u>	<u>210,665</u>	<u>183,721</u>	<u>26,944</u>
Capital Outlay	<u>1,236,971</u>	<u>1,236,971</u>	<u>509,745</u>	<u>727,226</u>
Total capital outlay	<u>1,236,971</u>	<u>1,236,971</u>	<u>509,745</u>	<u>727,226</u>
Debt Service	<u>1,962,230</u>	<u>1,962,230</u>	<u>1,256,849</u>	<u>705,381</u>
TOTAL EXPENDITURES	<u>\$ 7,631,111</u>	<u>\$ 7,631,111</u>	<u>\$ 5,479,887</u>	<u>\$ 2,151,224</u>

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

Reporting Fiscal Year (Measurement Date)	2014 (2013)	2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)
City's proportion of the net pension liability	0.040%	0.040%	0.039%	0.041%	0.042%	0.044%	0.045%
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
City's covered employee payroll	\$ 887,128	\$ 927,729	\$ 920,089	\$ 970,461	\$ 1,018,799	\$ 1,078,524	\$ 1,140,500
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%
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%

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

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

Reporting Fiscal Year (Measurement Date)	2014 (2013)	2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)
City's proportion of the net pension liability	0.140%	0.140%	0.134%	0.133%	0.136%	0.139%	0.123%
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
City's covered employee payroll	\$ 666,630	\$ 690,007	\$ 687,758	\$ 726,269	\$ 745,833	\$ 772,520	\$ 694,695
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%
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%

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

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

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

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

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

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

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 - NONHAZARDOUS
 Last Four Fiscal Years**

Reporting Fiscal Year (Measurement Date)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)
City's proportion of the net OPEB liability	0.041%	0.042%	0.044%	0.045%
City's proportionate share of the net OPEB liability (asset)	\$ 659,818	\$ 841,208	\$ 772,583	\$ 760,983
City's covered employee payroll	\$ 970,461	\$ 1,018,799	\$ 1,078,524	\$ 1,140,500
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%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	52.39%	57.62%	60.44%

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 Four Fiscal Years**

Reporting Fiscal Year (Measurement Date)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)
City's proportion of the net OPEB liability	0.133%	0.136%	0.139%	0.123%
City's proportionate share of the net OPEB liability (asset)	\$ 671,137	\$ 1,123,174	\$ 988,789	\$ 910,196
City's covered employee payroll	\$ 726,269	\$ 745,833	\$ 772,520	\$ 694,695
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%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	58.99%	64.24%	64.44%

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

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

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

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

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

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

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

CITY OF LA GRANGE, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

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, 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.

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.

CITY OF LA GRANGE, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

2. CHANGES OF ASSUMPTIONS (CONTINUED)

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, 2020

	Enacted Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
MUNICIPAL ROAD AID FUND				
REVENUES				
Intergovernmental revenues	\$ 156,000	\$ 156,000	\$ 160,160	\$ 4,160
Interest	-	-	109	109
Carryover	165,000	165,000	-	(165,000)
TOTAL REVENUES	\$ 321,000	\$ 321,000	\$ 160,269	\$ (160,731)
EXPENDITURES				
Public works	\$ 50,000	\$ 50,000	\$ 14,600	\$ 35,400
Capital outlay	271,000	271,000	125,485	145,515
TOTAL EXPENDITURES	\$ 321,000	\$ 321,000	\$ 140,085	\$ 180,915
 PARKS BOARD FUND				
REVENUES				
Other revenues	\$ -	\$ -	\$ 3,576	\$ 3,576
TOTAL REVENUES	\$ -	\$ -	\$ 3,576	\$ 3,576
EXPENDITURES				
Parks and recreation	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ -	\$ -	\$ -	\$ -

**CITY OF LA GRANGE, KENTUCKY
SUPPLEMENTARY BUDGETARY COMPARISON
OTHER GOVERNMENTAL FUNDS
for the year ended June 30, 2020**

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ABC FUND				
REVENUES				
Licenses and permits	\$ 344,000	\$ 344,000	\$ 360,191	\$ 16,191
Other revenues	-	-	342	342
Carryover	<u>191,793</u>	<u>191,793</u>	<u>-</u>	<u>(191,793)</u>
TOTAL REVENUES	<u>\$ 535,793</u>	<u>\$ 535,793</u>	<u>\$ 360,533</u>	<u>\$ (175,260)</u>
EXPENDITURES				
ABC	\$ 460,793	\$ 460,793	\$ 341,650	\$ 119,143
Capital outlay	<u>75,000</u>	<u>75,000</u>	<u>65,000</u>	<u>10,000</u>
TOTAL EXPENDITURES	<u>\$ 535,793</u>	<u>\$ 535,793</u>	<u>\$ 406,650</u>	<u>\$ 129,143</u>
BUS FUND				
REVENUES				
Intergovernmental revenues	\$ 56,235	\$ 56,235	\$ 75,518	\$ 19,283
Charges for service	9,500	9,500	5,877	(3,623)
Miscellaneous	<u>-</u>	<u>-</u>	<u>4,611</u>	<u>4,611</u>
TOTAL REVENUES	<u>\$ 65,735</u>	<u>\$ 65,735</u>	<u>\$ 86,006</u>	<u>\$ 20,271</u>
EXPENDITURES				
General and administrative	\$ 4,600	\$ 4,600	\$ 3,063	\$ 1,537
Salaries and wages	105,627	105,627	93,729	11,898
Repairs and maintenance	6,500	6,500	4,693	1,807
Fuel	<u>15,500</u>	<u>15,500</u>	<u>8,281</u>	<u>7,219</u>
TOTAL EXPENDITURES	<u>\$ 132,227</u>	<u>\$ 132,227</u>	<u>\$ 109,766</u>	<u>\$ 22,461</u>

**CITY OF LA GRANGE, KENTUCKY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020**

	Municipal Road Aid Fund	Foundations and Parks Fund	ABC Fund	Bus Fund	Total
ASSETS					
Cash and cash equivalents	\$ 185,379	\$ 83,653	\$ 302,684	\$ 252,268	\$ 823,984
Accounts receivable	<u>12,630</u>	<u>-</u>	<u>97,097</u>	<u>10,595</u>	<u>120,322</u>
Total assets	<u>\$ 198,009</u>	<u>\$ 83,653</u>	<u>\$ 399,781</u>	<u>\$ 262,863</u>	<u>\$ 944,306</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,109	\$ 1,109
Accrued payroll payable	-	-	-	3,272	3,272
Accrued leave	-	-	-	751	751
Due to other fund	<u>-</u>	<u>-</u>	<u>83,471</u>	<u>272,930</u>	<u>356,401</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>83,471</u>	<u>278,062</u>	<u>361,533</u>
FUND BALANCE					
Restricted	198,009	-	316,310	-	514,319
Committed	-	83,653	-	-	83,653
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,199)</u>	<u>(15,199)</u>
Total fund balance	<u>198,009</u>	<u>83,653</u>	<u>316,310</u>	<u>(15,199)</u>	<u>582,773</u>
Total liabilities and fund balance	<u>\$ 198,009</u>	<u>\$ 83,653</u>	<u>\$ 399,781</u>	<u>\$ 262,863</u>	<u>\$ 944,306</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, 2020

	Municipal Road Aid Fund	Foundations and Parks Fund	ABC Fund	Bus Fund	Total
REVENUES					
Licenses and permits	\$ -	\$ -	\$ 360,191	\$ -	\$ 360,191
Intergovernmental revenues	160,160	-	-	75,518	235,678
Charges for service	-	-	-	5,877	5,877
Other revenues	109	3,576	342	4,611	8,638
	<u>160,269</u>	<u>3,576</u>	<u>360,533</u>	<u>86,006</u>	<u>610,384</u>
Total revenues					
EXPENDITURES					
Public works	14,600	-	-	-	14,600
ABC	-	-	341,650	-	341,650
Bus	-	-	-	109,766	109,766
Capital outlay	125,485	-	65,000	-	190,485
	<u>140,085</u>	<u>-</u>	<u>406,650</u>	<u>109,766</u>	<u>656,501</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>20,184</u>	<u>3,576</u>	<u>(46,117)</u>	<u>(23,760)</u>	<u>(46,117)</u>
Other financing sources					
Transfers in	-	-	-	66,492	66,492
	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,492</u>	<u>66,492</u>
Total other financing sources					
Net change in fund balances	20,184	3,576	(46,117)	42,732	20,375
Fund balances, beginning	<u>177,825</u>	<u>80,077</u>	<u>362,427</u>	<u>(57,931)</u>	<u>562,398</u>
Fund balances, ending	<u>\$ 198,009</u>	<u>\$ 83,653</u>	<u>\$ 316,310</u>	<u>\$ (15,199)</u>	<u>\$ 582,773</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, 2020, 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 31, 2021.

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 a certain deficiency in internal control that we consider to be a material weakness 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 deficiency (2020-001) described in the accompanying schedule of findings and responses to be a material weakness.

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 (2020-002) described in the accompany schedule of findings and responses to be a significant deficiency.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 31, 2021

CITY OF LA GRANGE, KENTUCKY
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2020

2020-001 *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: The City is in the process of implementing new internal controls to ensure the year-end close is done accurately and to ensure the City's accounting records are in compliance with generally accepted accounting principles.

2020-002 *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 Clerk and finance staff will be attending training and will work with the auditors to obtain the required expertise necessary to review the financial statements as prepared by the auditor for compliance with generally accepted accounting principles.

APPENDIX C

**CITY OF LAGRANGE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2021A**

STATEMENT OF INDEBTEDNESS OF CITY CLERK

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7. The current tax rate of the City, for other than school purposes, upon the value of the taxable property therein is \$0.____ per \$100 for real property and \$0.____ per \$100 for personal property, neither of which exceeds the maximum permissible tax rate for the City as set forth in Section 157 of the Kentucky Constitution.
8. The issuance of the Bonds and Bond Anticipation Notes, notes or other obligations set forth in 3 hereof will not cause the tax rate set forth in 7 hereof to increase in an amount which would exceed the maximum permissible tax rate for the City as set forth in Section 157 of the Kentucky Constitution.

IN WITNESS WHEREOF, I have hereunto set my hand this August 25, 2021.

/s/ _____
Stephanie Cooper
City Clerk/Treasurer

APPENDIX D

**CITY OF LAGRANGE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2021A**

FORM OF LEGAL APPROVING OPINION OF BOND COUNSEL

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The form of the legal approving opinion of Dinsmore & Shohl LLP, bond counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds referred to therein and may vary from the form set forth to reflect circumstances both factual and legal at the time of its delivery. Recirculation of the Final Official Statement shall create no implication that Dinsmore & Shohl LLP has reviewed any of the matters set forth in the opinion after the date of the opinion.

[Date of delivery]

Ladies and Gentlemen:

We have examined the transcript submitted relating to the issue of \$2,500,000* General Obligation Bonds, Series 2021A (the “Bonds”) of the City of LaGrange, Kentucky (the “City”), dated the date of their initial delivery, numbered R-1 upward and of the denomination of \$5,000 and any integral multiple thereof. The Bonds mature, bear interest, and are subject to mandatory and optional redemption upon the terms set forth therein. We have also examined a specimen Bond.

Based on this examination, we are of the opinion, based upon laws, regulations, rulings, and decisions in effect on the date hereof, that:

1. The Bonds constitute valid obligations of the City in accordance with their terms, which unless paid from other sources, are payable from taxes to be levied by the City without limitation as to rate.

2. Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest on the Bonds is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal or state tax consequences of purchasing, holding, or disposing of the Bonds.

3. The interest on the Bonds is not subject to taxation by the Commonwealth of Kentucky, and the Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or by any political subdivision thereof.

The City has designated the Bonds as “qualified tax-exempt obligations” with respect to investments by certain financial institutions under Section 265 of the Code.

In giving this opinion, we have relied upon covenants and certifications of facts, estimates, and expectations made by officials of the City and others contained in the transcript which we have not independently verified. It is to be understood that the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium, and other laws in effect from time to time affecting creditors’ rights, and to the exercise of judicial discretion.

Very truly yours,

* Preliminary, subject to change as set out in the Official Terms and Condition of Bond Sale.

APPENDIX E

**CITY OF LAGRANGE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2021A**

BOOK ONLY ENTRY SYSTEM

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APPENDIX E

CITY OF LAGRANGE, KENTUCKY GENERAL OBLIGATION BONDS, SERIES 2021A

BOOK-ENTRY-ONLY SYSTEM

The Bonds initially will be issued solely in book entry form to be held in the book-entry only system maintained by DTC, New York, NY. So long as such book entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to Beneficial Owners (as defined below) of beneficial ownership interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the applicable Bond Ordinance.

The following information about the book-entry only system applicable to the Bonds has been supplied by DTC. Neither the City nor the Registrar and Paying Agent make any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond for each maturity will be issued and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Registrar and Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by the Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC or its nominee, the Registrar and Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Registrar and Paying Agent and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Registrar and Paying Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Registrar and Paying Agent's DTC account.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable but neither the City nor the Registrar and Paying Agent take any responsibility for the accuracy thereof.

NEITHER THE CITY NOR THE REGISTRAR AND PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE REGISTRAR AND PAYING AGENT AS BEING A HOLDER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PURCHASE PRICE OF TENDERED BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESPECTIVE BOND ORDINANCE TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit

balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption, elections to tender Bonds or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Bonds.

The City and the Registrar and Paying Agent cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Bonds made to DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

DTC may determine to discontinue providing its service as securities depository with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. In such event, the applicable Bond Ordinance provides for issuance of fully registered Bonds ("Replacement Bonds") directly to the Beneficial Owners of Bonds, other than DTC or its nominee, only in the event that DTC resigns or is removed as the securities depository for the Bonds. Upon the occurrence of this event, the City and the Registrar and Paying Agent may appoint another qualified depository. If the City and the Registrar and Paying Agent fail to appoint a successor depository, the Bonds shall be withdrawn from DTC and issued in fully registered form, whereupon the City shall execute and the Registrar and Paying Agent, as authenticating agent, shall authenticate and deliver Replacement Bonds in the denomination of \$5,000 or integral multiples thereof. The City will pay for all costs and expenses of printing, executing and authenticating the Replacement Bonds. Transfer and exchange of such Replacement Bonds will be made as provided in the applicable Bond Ordinance.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE ISSUER BELIEVES TO BE RELIABLE, BUT THE ISSUER TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

APPENDIX F

**CITY OF LAGRANGE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2021A**

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

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OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$2,500,000*

**City of LaGrange, Kentucky
General Obligation Bonds, Series 2021A**

Notice is hereby given that electronic bids will be received by the City of LaGrange, Kentucky (the “City”), until 11:00 A.M. local time on August 4, 2021, (or at such later time and date announced at least forty-eight hours in advance via the BiDCOMP™/PARITY™ system) for the purchase of approximately \$2,500,000* of the City’s General Obligation Bonds, Series 2021A (the “Bonds”). Alternatively, written sealed or facsimile bids for the Bonds by the designated time will be received by the City Clerk, City of LaGrange, Kentucky, 307 West Jefferson Street, LaGrange, Kentucky 40031. Electronic bids must be submitted through BiDCOMP™/PARITY™ as described herein and no other provider of electronic bidding services will be accepted. Bids will be opened and acted upon later that same day.

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

These Bonds are authorized pursuant to Sections 66.011 to 66.181, inclusive, of the Kentucky Revised Statutes and are being issued in accordance with a Bond Ordinance (the “Bond Ordinance”) adopted by the City on December 7, 2020. The Bonds are general obligation bonds and constitute a direct indebtedness of the City.

The Bonds are secured by the City’s ability to levy and its pledge to levy an ad valorem tax on all property within the City in a sufficient amount to pay the principal of and interest on the Bonds when due.

The Bonds are being issued for the purpose of financing all or a portion of the costs of the acquisition, construction, equipping, and installation of an aquatic recreation facility, all to be located within the jurisdictional boundaries of the City. Provisions are made in the Ordinance for the payment of the Bonds and the security therefor; for the application of the proceeds of the Bonds; for the establishment of a Bond Payment Fund; for the establishment of a Sinking Fund; and for certain covenants of the City with respect to the Bonds. The Bonds are to be sold at public, competitive sale, and shall mature, or be subject to mandatory sinking fund redemption, in varying amounts on September 1, 2022 and each September 1st thereafter through September 1, 2041. The Bonds pledge the full faith, credit, and taxing power of the City and provision is made for the collection of a tax to pay the principal of, and interest on the Bonds, subject to certain credits, as provided in Section 7 of the Ordinance. As required by KRS 83A.060, the following Section 7 of the Ordinance is set forth in its entirety.

BOND MATURITIES AND PAYING AGENT

The Bonds will be dated their date of initial delivery, bearing interest from such date, payable on each on March 1st and September 1st, commencing with March 1st, 2022.

The Bonds are scheduled to mature on September 1st, in each of the years as follows:

MATURITY

Maturity	Amount*	Maturity	Amount*
2022	\$110,000	2032	\$125,000
2023	110,000	2033	125,000
2024	110,000	2034	130,000
2025	110,000	2035	130,000
2026	115,000	2036	135,000
2027	115,000	2037	135,000
2028	115,000	2038	140,000
2029	115,000	2039	145,000
2030	120,000	2040	145,000
2031	120,000	2041	150,000

The Bonds maturing on and after September 1, 2030 shall be subject to optional redemption prior to their maturity on any date on or after September 1, 2029, in whole or in part, in such order of maturity as may be selected

* Preliminary, subject to change as set forth herein.

by the City and by lot within a maturity at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest to the date of redemption.

At least thirty days before the redemption date of any Bonds, the Paying Agent and Registrar shall cause a notice of such redemption either in whole or in part, signed by the Paying Agent and Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Bonds to be redeemed at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Bonds for which such notice has been sent. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive number or letters, if any, of such Bonds to be redeemed.

U.S. Bank National Association, Louisville, Kentucky, has been appointed Paying Agent and Registrar for the Bonds.

BIDDING CONDITIONS AND RESTRICTIONS

The terms and conditions of the sale of the Bonds are as follows:

(A) Electronic bids for the Bonds must be submitted through BiDCOMP™/PARITY™ system and no other provider of electronic bidding services will be accepted. Subscription to the BiDCOMP™/PARITY™ Competitive Bidding System is required in order to submit an electronic bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by BiDCOMP™/PARITY™ shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in BiDCOMP™/PARITY™ conflict with the terms of the Official Terms and Conditions of Bond Sale, this Official Terms and Conditions of Bond Sale shall prevail. Electronic bids made through the facilities of BiDCOMP™/PARITY™ shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the City. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by BiDCOMP™/PARITY™. The use of BiDCOMP™/PARITY™ facilities are at the sole risk of the prospective bidders. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form. Written sealed bids (in a sealed envelope marked "Official Bid for Bonds") or facsimile bids for the Bonds by the designated time will be received by the City Clerk, City of LaGrange, Kentucky, 307 West Jefferson Street, LaGrange, Kentucky 40031.

(B) Bidders are required to bid for the entire issue of Bonds at a minimum price of not less than \$2,450,000 (98% of par) (excluding original issue discount, if applicable), PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.

(C) Interest rates for the Bonds must be in multiples of one-eighth of one percent (0.125%) and/or one-twentieth of one percent (0.05%), which rates must be on an ascending scale, in that the rate on the Bonds in any maturity is not less than the rate on the applicable Bonds for any preceding maturity and all Bonds of the same maturity and all Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.

(D) The determination of the best purchase bid for the Bonds shall be made on the basis of all bids submitted for exactly \$2,500,000 principal amount of Bonds offered for sale hereunder; but the City may adjust the principal amount of Bonds which may be awarded to such best bidder upward by \$250,000 (10%) or downward by any amount (the "Permitted Adjustment"). In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price of which such adjusted principal amount of Bonds will be sold will be the same price per \$1,000 of Bonds as the price per \$1,000 for the \$2,500,000 of Bonds bid.

While it is the City's intention to sell and issue the approximate par amounts of the Bonds as set forth herein, there is no guarantee that adjustments and/or revisions may not be necessary in order to properly size the Bonds. Accordingly, the City reserves the right in its sole discretion to adjust up or down the original par amount of the Bonds per maturity, even if the issue size of the Bonds does not change. Among other factors the City may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the Bonds, is the size of individual maturities or sinking fund installments, assuring level debt service, and/or other preferences of the City.

(E) In the event of any such adjustment and/or revision with respect to the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid on the Bonds) shall be adjusted in the

same proportion as the amount of such revision in par amount of the Bonds bears to the original par amount of such Bonds offered for sale.

Unless bids for the Bonds are rejected, the Bonds will be awarded on an all or none basis on the sale date to the bidder whose bid result in the lowest true interest costs for the Bonds, to be calculated by computing the total interest payable on the Bonds from the expected date of delivery, through the final maturity date, plus discount or less premium. For purposes of calculating the true interest cost, the principal amount of any Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year for the Bonds. In the event that two or more bidders offer to purchase the Bonds at the same lowest true interest rate, the Mayor or the City Clerk, upon the advice of the City Finance Officer/Treasurer shall determine (in his or her sole discretion) which of the bidders shall be awarded the Bonds.

The successful bidder for the Bonds will be notified by no later than 5:00 p.m. (Eastern Daylight Savings Time), on the sale date of the exact revisions and/or adjustment required, if any.

(F) Bidders have the option of specifying that Bonds maturing in any two or more consecutive years may, in lieu of maturing in each of such years, be combined to comprise one or more maturities of Bonds scheduled to mature in the latest of such year and be subject to mandatory sinking fund redemption at par in each of the years and in the principal amounts of such term Bonds scheduled in the year of maturity of the term Bonds, which principal amount shall mature in that year.

(G) The CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid for by the successful bidder or bidders. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of any accepted proposal for the purchase of the Bonds.

(H) The City will provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. A final Official Statement will be provided in Electronic Form to the successful bidder, in sufficient time to meet the delivery requirements of the successful bidder under SEC and Municipal Securities Rulemaking City Council Delivery Requirements. The successful bidder will be required to pay for the printing of Final Official Statements.

(I) Bids need not be accompanied by a certified or bank cashier's good faith check, but the successful bidder will be required to wire transfer to the order of the City an amount equal to 2.0% of the amount of the principal amount of Bonds awarded by the close of business on the day following the award. Said good faith amount will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such Bonds when ready. The good-faith amount will be applied (without interest) to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take delivery and pay for the Bonds unless delivery is made within forty-five days from the date the bid is accepted.

(J) Unless the successful bidder elects to notify the Financial Advisor within twenty-four hours of the award that standard bond certificates be issued, the Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. They will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchases of the Bonds under the DTC system must be made by or through securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the "Direct Participants"), which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the records of Direct Participants or securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the "Indirect Participants"). Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued. The successful bidder may also elect to notify the Financial Advisor within twenty-four (24) hours of the award that standard bond certificates be issued. In the event that certificated Bonds are to be issued at the election of a successful bidder, the costs of printing such Bond Certificates shall be borne by such bidder.

(K) The City reserves the right to reject any and all bids or to waive any informality in any bid. The Bonds are offered for sale subject to the principal and interest on the Bonds not being subject to Federal or Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery to the successful bidder, all in accordance with the final approving legal opinion of Dinsmore & Shohl LLP, Louisville, Kentucky, which opinion will be qualified in accordance with the section hereof on TAX EXEMPTION.

(L) Bidders are advised that RSA Advisors, LLC has been employed as Financial Advisor in connection with the issuance of the Bonds. Their fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. They may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.

(M) The winning bidder for the Bonds shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A-1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under these Official Terms and Conditions of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City’s financial advisor identified herein and any notice or report to be provided to the City shall be provided to the City’s Financial Advisor.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Series Bonds) will apply to the initial sale of each of the Bonds (the “competitive sale requirements”) because:

- (1) the City shall disseminate these Official Terms and Conditions of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in these Official Terms and Conditions of Bond Sale.

Any bid submitted pursuant to this these Official Terms and Conditions of Bond Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(N) In the event that the competitive sale requirements are not satisfied, the City shall so advise the applicable winning bidder. The City will treat the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). Bids will not be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

If the competitive sale requirements are not satisfied, the winning bidder for the Bonds shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate setting forth the hold-the-offering-price rule as the issue price of that maturity, in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) substantially in the form attached hereto as Exhibit A-2, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel.

(O) The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such

agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(P) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(Q) Additional information, including the Preliminary Official Statement, the Official Terms and Conditions of Bond Sale and the Official Bid Form, may be obtained from the City's Financial Advisor, RSA Advisors, LLC, 325 West Main Street, Suite 300, Lexington, Kentucky 40507, Telephone (800) 255-0795 Attn: Mr. Dwight Salsbury. Further information regarding BiDCOMP™/PARITY™ may be obtained from BiDCOMP™/PARITY™, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422.

(R) At the election and cost of the purchaser of the Bonds, one or more maturities of the Bonds may be insured under a municipal bond insurance policy. In such event, the City agrees to cooperate with the purchaser to qualify the Bonds for bond insurance; however the City will not assume any of the expenses incident to the issuance of such a bond insurance policy, other than the costs for securing a rating of the Bonds.

CONTINUING DISCLOSURE

In accordance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule") the City (the "Obligated Person") will agree pursuant to a Continuing Disclosure Undertaking dated as of the date of issuance and delivery of the Bonds (the "Disclosure Undertaking"), to cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking City Council ("MSRB"), for each fiscal year of the City, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained in "Appendix A" and "Appendix B" of the Official Statement (the "Financial Data"). The annual financial information shall be provided within 210 days after the end of the fiscal year ending June 30th, commencing with the fiscal year ending June 30, 2020; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the Obligated Person; and
- (ii) to the MSRB, notice of the occurrence of the following events, if material, with respect to the Bonds:
 - (a) Principal and interest payment delinquencies;
 - (b) Non-payment related defaults;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions or events affecting the tax-exempt status of the security;
 - (g) Modifications to rights of security holders;
 - (h) Bond calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event;
 - (i) Defeasances;
 - (j) Release, substitution or sale of property securing repayment of the securities;
 - (k) Rating changes; and

- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
 - (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (o) Incurrence of a Financial Obligation of the City or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City or obligated person, any of which affect security holders, if material; and
 - (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City or obligated person, any of which reflect financial difficulties.
- (iii) in a timely manner, to the MSRB, notice of a failure (of which the Obligated Persons have knowledge) of an Obligated Person to provide the required Annual Financial Information on or before the date specified in the Disclosure Undertaking.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The Disclosure Undertaking provides bondholders, including beneficial owners of the Bonds, with certain enforcement rights in the event of a failure by the Obligated Person to comply with the terms thereof; however, a default under the Disclosure Undertaking does not constitute an event of default under the Bond Ordinance. The Disclosure Undertaking may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein.

For purposes of this transaction with respect to material events as defined under the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds;
- (c) there are no liquidity providers applicable to the Bonds; and
- (d) there is no property securing the Bonds.

TAX EXEMPTION

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds will be excludible from gross income for Federal income tax purposes. Bond Counsel for the Bonds is also of the opinion that interest on the Bonds will not be a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the “Code”) for purposes of the Federal minimum tax. Furthermore, Bond Counsel for the Bonds is of the opinion that interest on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds. The City has covenanted to comply with certain restrictions designed to ensure that interest on the related issues of Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of the interest on the Bonds.

Certain requirements and procedures contained or referred to in the Bond documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel for the Bonds is of the opinion that interest on the Bonds will be excludible from gross income for Federal income tax purposes and that interest on the Bonds is excludible from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership or disposition of the Bonds may result in other collateral federal, state or local tax consequences for certain taxpayers. Such effects may include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of the Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

The City has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

/s/ Hon. John Black

Mayor, City of LaGrange, Kentucky

EXHIBIT A-1

FORM OF ISSUE PRICE CERTIFICATE

[In case of receipt of at least three qualified bids for the Bonds]

ISSUE PRICE CERTIFICATE

\$ _____ City of LaGrange, Kentucky General Obligation Bonds, Series 2021A

The undersigned, on behalf of [Name of Underwriter] (“[Short Name of Underwriter]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [Short Name of Underwriter] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [Short Name of Underwriter] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [Short Name of Underwriter] to purchase the Bonds.

(b) [Short Name of Underwriter] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [Short Name of Underwriter] constituted a firm offer to purchase the Bonds.

2. CUSIP Number. The CUSIP number assigned to the final maturity of the Bonds is [CUSIP Number].

3. Yield on the Bonds. It computed the yield on the Bonds, [Yield%], as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the Bonds is the Expected Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.

4. Weighted Average Maturity. The “weighted average maturity” of the Bonds has been calculated to be ____ years. The weighted average maturity is the sum of the products of the respective Expected Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Expected Offering Prices of the Bonds as of the date hereof.

5. Defined Terms.

(a) “City” means the City of LaGrange, Kentucky.

(b) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 4, 2021.

(e) “Underwriter” means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in

clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of Underwriter]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the City from time to time relating to the Bonds.

[NAME OF UNDERWRITER]

By: _____

Name: _____

Dated: August 25, 2021

**SCHEDULE A
TO
ISSUE PRICE CERTIFICATE
EXPECTED OFFERING PRICES**

(Attached)

**SCHEDULE B
TO
ISSUE PRICE CERTIFICATE**

COPY OF BID

(Attached)

EXHIBIT A-2

FORM OF ISSUE PRICE CERTIFICATE

[In case of receipt of less than three qualified bids for the Bonds]

§ _____ City of LaGrange, Kentucky General Obligation Bonds, Series 2021A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [Name of Underwriter] ([“[Short Name of Underwriter]”]), on behalf of itself and [Names of other Underwriters] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. Initial Offering Price of the Hold-the-Offering-Price Maturities.

(a) [Short Name of Underwriter][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Official Terms and Conditions of Bond Sale, [Short Name of Underwriter] has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. CUSIP Number. The CUSIP number assigned to the final maturity of the Bonds is [CUSIP Number].

4. Yield on the Bonds. It computed the yield on the Bonds, [Yield%], as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the Bonds is the Initial Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.

5. Weighted Average Maturity. The “weighted average maturity” of the Bonds has been calculated to be [] years. The weighted average maturity is the sum of the products of the respective Initial Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Initial Offering Prices of the Bonds as of the date hereof.

6. Defined Terms.

(a) “General Rule Maturities” means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) “Hold-the-Offering-Price” Maturities means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) “Holding Period” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (March 26, 2020), or (ii) the date on which [Short Name of Underwriter][the Underwriting Group] [has][have] sold at least

10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) “Issuer” means the City of LaGrange, Kentucky.

(e) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 4, 2021.

(h) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of Underwriter]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[NAME OF UNDERWRITER][as Representative of
the Underwriter Group]

By: _____
Name: _____
Dated: August 25, 2021

**SCHEDULE A
TO
ISSUE PRICE CERTIFICATE**

**SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

(Attached)

**SCHEDULE B
TO
ISSUE PRICE CERTIFICATE
PRICING WIRE OR EQUIVALENT COMMUNICATION**

(Attached)

APPENDIX G

**CITY OF LAGRANGE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2021A**

OFFICIAL BID FORM

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OFFICIAL BID FORM

Subject to the terms and conditions set forth in the Ordinance adopted by the City of LaGrange, Kentucky (the "City") on December 7, 2020, providing for the sale of \$2,500,000* of its General Obligation Bonds, Series 2021A (the "Bonds"), and in accordance with the Official Terms and Conditions of Bond Sale, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the Bonds.

We hereby bid for said \$2,500,000* principal amount of the Bonds maturing on September 1, 2022, and each September 1st thereafter of the years and in the amounts set forth below, the total sum of \$ _____ (not less than \$2,450,000 plus accrued interest from August 25, 2021, at the following annual rate(s), payable semiannually, commencing March 1, 2022 (rates on ascending scale, number of interest rates unlimited):

Maturity	Amount*	Interest Rate	Maturity	Amount*	Interest Rate
September 1, 2022	\$110,000	_____ %	September 1, 2032	\$125,000	_____ %
September 1, 2023	110,000	_____ %	September 1, 2033	125,000	_____ %
September 1, 2024	110,000	_____ %	September 1, 2034	130,000	_____ %
September 1, 2025	110,000	_____ %	September 1, 2035	130,000	_____ %
September 1, 2026	115,000	_____ %	September 1, 2036	135,000	_____ %
September 1, 2027	115,000	_____ %	September 1, 2037	135,000	_____ %
September 1, 2028	115,000	_____ %	September 1, 2038	140,000	_____ %
September 1, 2029	115,000	_____ %	September 1, 2039	145,000	_____ %
September 1, 2030	120,000	_____ %	September 1, 2040	145,000	_____ %
September 1, 2031	120,000	_____ %	September 1, 2041	150,000	_____ %

PURCHASER'S OPTION - The Purchaser of the Bonds may specify to the City that any Bonds may be combined with immediately succeeding sequential maturities into a Term Bond or Term Bonds, bearing a single rate of interest, with the maturities set forth above (or as such may be adjusted as provided herein) comprising mandatory sinking fund redemption amounts for such Term Bond(s).

The amounts indicated above maturing in the following years: _____ are sinking fund redemption amounts for term bonds due _____.

The amounts indicated above maturing in the following years: _____ are sinking fund redemption amounts for term bonds due _____.

Completed bid forms may be submitted via facsimile to the offices of the City Clerk, City of LaGrange, Kentucky, 307 West Jefferson Street, LaGrange, Kentucky 40031. Neither the City nor the Financial Advisor assumes any responsibility whatsoever with regard to the receipt of bids, or that adequate personnel and/or equipment are available to accept all telephonic transfers of bids before the appointed date and time of sale. Bidders have the sole responsibility of assuring that their bids have been received via facsimile or delivered before the appointed date and time of sale. Any bids in progress by facsimile at the appointed time will be considered as received by the appointed time. No bids will be received via telephone. Bids may be submitted electronically via PARITY® pursuant to this Notice until the appointed date and time, but no bid will be received after such time.

It is understood that the City will furnish the final, approving Legal Opinion of Dinsmore & Shohl LLP, Bond Counsel to the City. We understand that no certified or bank cashier's check will be required to accompany the bid, but that if we are the successful bidder, we shall be required to wire transfer an amount equal to two percent (2.0%) of the amount of Bonds awarded by the close of business on the day following the award. Said amount will be applied (without interest) to the purchase price when the Bonds are tendered to us for delivery.

* Preliminary, subject to change as set forth in the Official Terms and Conditions of Bond Sale.

If we are the successful bidder, we agree to accept and make payment for the Bonds in immediately available funds within forty-five days from the date of sale in accordance with the terms of the sale.

Respectfully submitted,

Bidder

Address

By: _____
Signature

Total interest cost from August 25, 2021, to final maturity	\$ _____
Plus discount or less premium, if any	\$ _____
True interest cost (i.e. TIC)	\$ _____
True interest rate (%)	_____ %

The above computation of true interest cost and of true interest rate or cost is submitted for information only and is not a part of this Bid.

Accepted this August 4, 2021 by the City of LaGrange, Kentucky, as follows:

Maturity	Amount	Interest Rate	Maturity	Amount	Interest Rate
September 1, 2022	\$ _____	_____ %	September 1, 2032	\$ _____	_____ %
September 1, 2023	\$ _____	_____ %	September 1, 2033	\$ _____	_____ %
September 1, 2024	\$ _____	_____ %	September 1, 2034	\$ _____	_____ %
September 1, 2025	\$ _____	_____ %	September 1, 2035	\$ _____	_____ %
September 1, 2026	\$ _____	_____ %	September 1, 2036	\$ _____	_____ %
September 1, 2027	\$ _____	_____ %	September 1, 2037	\$ _____	_____ %
September 1, 2028	\$ _____	_____ %	September 1, 2038	\$ _____	_____ %
September 1, 2029	\$ _____	_____ %	September 1, 2039	\$ _____	_____ %
September 1, 2030	\$ _____	_____ %	September 1, 2040	\$ _____	_____ %
September 1, 2031	\$ _____	_____ %	September 1, 2041	\$ _____	_____ %

Mayor
City of LaGrange, Kentucky