

**Audit of the
CITY OF STRATHMOOR MANOR, KENTUCKY**

Fiscal Year Ended June 30, 2023

Performed by:
Tichenor & Associates, LLP
CERTIFIED PUBLIC ACCOUNTANTS
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Independent Auditors' Report

To the Honorable Mayor Brian Cobb and City Commission
City of Strathmoor Manor, Kentucky

Opinion

We have audited the accompanying combined financial statements of the governmental activities and the major fund of the City of Strathmoor Manor, Kentucky (the City), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's combined financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the governmental activities and the major fund of the City, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate

To the Honorable Mayor Brian Cobb and City Commission
City of Strathmoor Manor, Kentucky

whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose, Kentucky of expressing an opinion on the effectiveness of the City of Strathmoor Manor's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Strathmoor Manor's ability to continue as a going concern for a reasonable period of time.

To the Honorable Mayor Brian Cobb and the City Commission
City of Strathmoor Manor, Kentucky

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Management has omitted the Management Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

TICHENOR & ASSOCIATES, LLP

Tichenor & Associates, LLP
Louisville, Kentucky
February 21, 2024

BASIC FINANCIAL STATEMENTS

CITY OF STRATHMOOR MANOR, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 152,603
Cash and Cash Equivalents, Restricted	92,993
Short Term Investments	64,163
Prepaid Expenses	125
Insurance Premium Tax Receivable	17,299
Total Current Assets	327,183
Noncurrent Assets:	
Capital Assets (Net)	247,171
Total Noncurrent Assets	247,171
Total Assets	574,354
LIABILITIES	
Current Liabilities:	
Accounts Payable	28,969
Unearned Revenue	80,107
Total Current Liabilities	109,076
Total Liabilities	109,076
NET POSITION	
Net Investment in Capital Assets	247,171
Restricted for Roads	92,993
Unrestricted	125,114
Total Net Position	465,278
Total Liabilities and Net Position	\$ 574,354

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

**CITY OF STRATHMOOR MANOR, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Operating Grants and Contributions	Changes in Net Position Governmental Activities
Governmental Activities:			
General Government	\$ 32,704	\$ -	\$ (32,704)
Public Works	48,163	7,040	(41,123)
Public Safety	59,522	4,554	(54,968)
Sanitation	23,300	-	(23,300)
Unallocated Depreciation	14,048	-	(14,048)
 Total Primary Government	 \$ 398,221	 \$ 11,594	 (166,143.00)
 General Revenues:			
			132,558
Property Taxes			52,902
Insurance Premium Taxes			1,434
Franchise Taxes			1,108
Investment Income			
 Total General Revenues			 188,002
 Change in Net Position			 21,859
Net Position - Beginning			443,419
 Net Position - Ending			 \$ 465,278

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

**CITY OF STRATHMOOR MANOR, KENTUCKY
BALANCE SHEET – GOVERNMENTAL FUND
JUNE 30, 2023**

	General Fund	Municipal Road Aid Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 152,603	\$ 92,993	\$ 245,596
Investments	64,163	-	64,163
Insurance Premium Taxes Receivable	17,299	-	17,299
Prepaid Expenses	125	-	125
	\$ 234,190	\$ 92,993	\$ 327,183
Total Assets			
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 28,969	\$ -	\$ 28,969
Unearned Revenue	80,107	-	80,107
Total Liabilities	109,076	-	109,076
FUND BALANCE			
Restricted for:			
Road Maintenance	-	92,993	92,993
Nonspendable	125	-	125
Unassigned, reported in:			
General Fund	124,989	-	124,989
Total Fund Balance	125,114	92,993	218,107
Total Liabilities and Fund Balance	\$ 234,190	\$ 92,993	\$ 327,183
TOTAL GOVERNMENTAL FUND BALANCE			\$ 218,107
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:			
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.			
			247,171
Net Position of Governmental Activities			\$ 465,278

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

CITY OF STRATHMOOR MANOR, KENTUCKY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE30, 2023

	<u>General Fund</u>	<u>Municipal Road Aid Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Property Tax (after discounts and exemptions)	\$ 132,558	\$ -	\$ 132,558
Insurance Premium Tax	52,902	-	52,902
Base Court Revenue	4,554	-	4,554
Telecommunication Tax	1,434	-	1,434
Municipal Road Aid	-	7,040	7,040
Interest	1,007	101	1,108
	<hr/>	<hr/>	<hr/>
Total Revenue	192,455	7,141	199,596
TOTAL EXPENDITURES			
Governmental Activities:			
General Government			
Sanitation	23,300	-	23,300
Street Lights-Electric	9,555	-	9,555
Insurance	5,446	-	5,446
PVA fee	2,289	-	2,289
Attorney Fees	4,490	-	4,490
Bookkeeping	5,100	-	5,100
Manor Board and Clerk	3,600	-	3,600
General Government Miscellaneous	2,224	-	2,224
Public Works			
Landscaping, Lawn, and Tree Maintenance	46,038	-	46,038
Sidewalks and Curbs	175,723	-	175,723
Road Maintenance and Snow Removal	2,125	-	2,125
Public Safety			
Police Protection	30,000	-	30,000
Fire Protection	29,522	-	29,522
	<hr/>	<hr/>	<hr/>
Total Expenditures	339,412	-	339,412
Change in Fund Balance	(146,957)	7,141	(139,816)
Fund balances-Beginning of Year	<hr/>	<hr/>	<hr/>
Fund balances-June 30, 2023	272,071	85,852	357,923
	<hr/>	<hr/>	<hr/>
Fund balances-June 30, 2023	\$ 125,114	\$ 92,993	\$ 218,107

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

CITY OF STRATHMOOR MANOR, KENTUCKY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net Change in Fund Balance - Total Governmental Funds	(139,816)
Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities, the Cost of Those Assets is Allocated Over Their Estimated Useful Lives and Reported as Depreciation Expense.	
Capital asset purchases capitalized	175,723
Depreciation expense	<u>(14,048)</u>
	<u>161,675</u>
Change in Net Position of Total Governmental Activities	<u>\$ 21,859</u>

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

**CITY OF STRATHMOOR MANOR, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Strathmoor Manor, Kentucky (the City), is a home rule class city located in Jefferson County, Kentucky and was created in 1931 as a municipal corporation by The Louisville Chancery Court. It operates under a commission form of government providing the following types of services: sanitation, street maintenance, and police and fire protection services. Primary revenue sources susceptible to accrual are property taxes and insurance premium taxes.

Basis of Accounting - The accounting and reporting policies of the City, relating to the funds included in the accompanying basic financial statements conforms to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local government include those principles presented by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments and by the Financial Accounting Standards Board (when applicable). As allowed in section PBO of GASB's Codification of Governmental Accounting and Financial Reporting Standards the City has elected not to apply Financial Accounting Board Statements and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The City first applies restricted resources when an expense is incurred for restricted and unrestricted purposes. The more significant policies of the City are described below.

GASBS No.54

Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions, was issued in February 2009. This establishes accounting and financial reporting standards for all governments that report government funds. It establishes criteria for classifying fund balances into specially defined classifications and clarifies definitions for governmental fund types. GASBS Statement No. 54 is effective for financial statements for fiscal years beginning after June 15, 2010.

For the classification of fund balances in accordance with paragraph 18 of GASB No. 54: (1) Whether the government considers restricted and unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and (2) whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those restricted fund balances classification could be used.

Net Position/Fund Balances

In the statement of net position, the difference between the City's assets and liabilities is recorded as net position. The three components of net position are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Investment in Capital Assets - This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowing attributable to the acquisition, construction, or improvement of capital assets.

Restricted for Roads - Net assets that are restricted by external sources such as banks or by law are reported separately as restricted net position. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets.

Unrestricted Net Position - This category represents net assets not appropriated for expenditures or legally segregated for a specific future use.

In the balance sheet of governmental funds, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into the following classifications, as applicable:

Non-spendable - These resources include amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

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

Committed - Amounts constrained for a specific purpose by the City using its highest level of decision-making authority. For resources considered committed the Board of Commissioners issues a resolution that can only be changed with another corresponding resolution.

Assigned - These funds include amounts that the City intends to use for a specific purpose, but do not meet the definitions of restricted or committed fund balance.

Amounts may be assigned by the Board of Commissioners or a member from the Board of Commissioners given authority to assign amounts.

Unassigned - These funds include amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

Basis of Presentation

The Government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all activities of the City. These are City activities normally supported by taxes. The statement of activities demonstrates the degree to which expenses of a given program are affected by specific program revenues as indicated. Direct expenses are those that are clearly identifiable with a specific program. Indirect expenses are allocated to each program area based on direct expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity

The City is a home rule class city located in Jefferson County, Kentucky. The City is governed by a mayor and four commissioners.

The City's basic financial statements include the accounts of all City operations. The City's criteria for including organizations as component units with the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards include whether:

- The organization is legally separate (can sue and be sued in their own name).
- The City holds the corporation powers of the organization.
- The City appoints voting majority of the organization's board.
- The City is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the City.
- There is fiscal dependency by the organization on the City.

Component Unit Presentation

Based on the aforementioned criteria, the City has no component units.

General Fund - The general fund is the general operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the general fund.

Road Fund - The Road Fund is used to account for all financial sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The City considers all of its funds to be major funds.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting refers to timing of the measurement made regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resource measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statement presents increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting revenues are recognized when earned. Expenses are recognized at time liability is incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible, that is, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when related fund liability is incurred.

Budgetary Accounting

The budget information reflected in the budgetary comparison schedule is the annual budget adopted by the City in accordance with the provisions of Kentucky law. It is presented to the Commission in the form of an ordinance and may be amended by subsequent ordinance or by municipal order.

Budgetary Comparison Schedule

As required by generally accepted governmental accounting principles, the budgetary comparison schedule has been prepared in the same general form as the legally adopted budget and is presented using the modified accrual basis of accounting. Its format varies somewhat from the Statement of Revenues, Expenditures, and Changes in Fund Balance on page 9. The City's policy sets forth a minimum general fund balance and a designated amount for major repairs and replacement for the ensuing year. The actual column in the Budgetary Comparison Schedule on page 20 reflects a minimum general fund balance of \$102,725.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amount and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments are carried at cost. State statutes authorize the City to invest in obligations of the United States and of its agencies and instrumentalities, certificates of deposits, money market savings accounts, repurchase agreements, and other available bank investments provided that such financial institutions are insured by an agency of the U.S. Government. Investments in excess of the insured amount must be secured with approved securities pledged by the financial institutions. Cash and investments with maturities of three months or less are considered cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The accounting and reporting treatment applied to capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental fund statements and capitalized (recorded and accounted for) in the government-wide statement of net position at cost.

The City's policy for spending restricted resources is to allocate disbursements to restricted funds to the extent such disbursements were budgeted to be paid from restricted funds.

Effective for the year ended June 30, 2004, the City is required to implement GASB Statement Number 34 (See Note 4). One of the requirements of GASB 34 is to capitalize and depreciate infrastructure expenditures and other capital assets. The City elected to implement this standard prospectively, as it related to the capitalization of infrastructure and land expenditures. The valuation basis for general capital assets are historical costs, or where historical cost is not available, estimated historical cost based on replacement cost.

Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The City capitalizes assets with a cost over \$1,000.

Capital Assets

The estimated useful life of various classes of capital assets are as follows:

Infrastructure	10-25 years
Equipment	5-10 years

Impairment of Capital Assets

In accordance with GASB Statement No. 42 "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", the City's management evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital assets has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event of change in circumstance is outside the normal life cycle of the capital asset. No impairment losses were identified or recognized for the year ended June 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, receivables, and payables approximates their fair market values as of June 30, 2023.

Compensated Absences

City policy does not provide for any compensation for absences such as sick, vacation, or holiday pay.

Insurance Premium Taxes

The City's tax rate assessed on insurance premiums is 7%. The tax is assessed on non-health and non-workers compensation insurance and first year life insurance premiums.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the City's 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 receipts and expenditures during the reporting period. Actual results could differ from those estimates.

Date of Management's Review of Subsequent Events

City management has evaluated subsequent events through February 21, 2024. which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recorded at cost (which equals market value) and consist of the following at June 30, 2023:

	<u>General Fund</u>	<u>Road Aid Fund</u>	<u>Total</u>
Checking accounts	\$ 152,603	\$ 92,993	\$ 245,596

The cash and cash equivalents are deposited in the same bank account and are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The deposit balances in excess of \$250,000 are collateralized with securities pledged by the bank in the City's name.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - SHORT-TERM INVESTMENT

Investments consist of the following at June 30, 2023:

	<u>Fair Value</u>
Certificate of Deposit	\$ 64,163

The CD is fully covered by the FDIC.

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended June 30, 2023 is as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental activities:				
Infrastructure	\$ 126,978	\$ 175,723	\$ -	\$ 302,701
Equipment	6,702	-	-	6,702
Totals at historical cost	133,680	175,723	-	309,403
Less accumulated depreciation	(48,184)	(14,048)	-	(62,232)
Net capital assets	<u>\$ 85,496</u>	<u>\$ 161,675</u>	<u>\$ -</u>	<u>\$ 247,171</u>

The cost and accumulated depreciation for each category at June 30, 2023 is as follows:

	<u>Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net</u>
Infrastructure	\$ 302,701	\$ 57,821	\$ 244,880
Equipment	6,702	4,411	2,291
	<u>\$ 309,403</u>	<u>\$ 62,232</u>	<u>\$ 247,171</u>

NOTE 5 – PROPERTY TAXES

Property tax revenue is recorded in the General Fund and includes delinquent taxes and accrued penalties and interest. Property taxes receivable that is recorded in the government-wide financial statements include all deemed collectible property taxes receivable as of June 30, 2023. Property tax receivables that are recorded in the fund financial statements include only those tax receivables which are considered available and measurable.

For the year ended June 30, 2023, the City adopted an ad valorem tax rate of \$.30 per \$100 of assessed valuation of real property (assessed at January 1, 2022). The total assessed value of the

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – PROPERTY TAXES (CONTINUED)

property for the year ended June 30, 2023, amounted to \$45,014,940 which resulted in gross taxes of \$135,045. The tax was levied in July 2022 for the fiscal year ended June 30, 2023.

A 2% discount is allowed if tax is paid by July 31, 2022, and the gross tax is due by August 31, 2022, with penalties and interest due after August 31, 2022. Property tax revenue is reported net of discounts of \$2,415.

NOTE 6 - RISK MANAGEMENT

The City is subject to normal insurance risks, as other cities of its size. The City carries general liability, business, auto, and public officials' insurance coverage and bond insurance on the City Treasurer, Mayor, and Clerk. The City has not had any significant reduction in coverage in the past year.

NOTE 7 - COMMITMENTS

The City has the following contractual commitments at June 30, 2023:

- A three-year renewal contract with its waste management contractor for the period July 1, 2021, to June 30, 2023, requiring monthly payments of \$2,327 (\$16.50 per household per month for 141 households)
- An inter-local agreement between the City and the City of Strathmoor Village whereby the City will pay for police protection services during a three year period (July 1, 2021 through July 1, 2024) amounting to \$30,000 per year.

NOTE 8 - CONTINGENCIES

Presently, there is no known pending litigation nor any asserted or unasserted legal claims against the City.

NOTE 9 - SUBSEQUENT EVENTS

In preparing these financial statements, the City evaluated events and transactions for potential recognition or disclosure through [Exit Date], the date the financial statements were available to be issued. Management of the City reported no subsequent events for recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STRATHMOOR MANOR, KENTUCKY
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Property Tax (after discounts and exemptions)	\$ 134,000	\$ 134,000	\$ 132,558	\$ (1,442)
Insurance Premium Tax	48,000	48,000	52,902	4,902
Base Court Revenue	4,200	4,200	4,554	354
Telecommunication Tax	1,400	1,400	1,434	34
Rental	200	200	-	(200)
Interest	100	100	1,007	907
Total General Fund Budgeted Revenues	187,900	187,900	192,455	4,555
Prior Year Unassigned Fund Balance	269,750	272,100	272,071	(29)
General Fund revenues available for appropriation	457,650	460,000	464,526	4,526
Less minimum ending general fund balance	(120,000)	(102,725)	(102,725)	-
Less designated for FY 2023/2024 major repairs and replacements	-	-	-	-
General Fund revenues available for appropriation	337,650	357,275	361,801	4,526
Expenditures:				
Landscaping, Lawn, and Tree Maintenance	34,000	49,000	46,038	2,962
Garbage Collection	28,050	28,050	23,300	4,750
Fire Protection	32,000	32,000	29,522	2,478
Police Protection	30,000	30,000	30,000	-
Sidewalks and Curbs	169,000	176,000	175,723	277
Park Enhancements and Signage	2,500	-	-	-
Street Lights-Electric	10,800	10,800	9,555	1,245
Insurance	6,000	6,000	5,446	554
Attorney Fees	6,500	6,500	4,490	2,010
Bookkeeping	5,100	5,225	5,100	125
Manor Board and Clerk	3,600	3,600	3,600	-
Snow Removal	3,500	3,500	2,125	1,375
General Government	3,000	3,000	2,224	776
PVA fee	2,400	2,400	2,289	111
City Events	1,200	1,200	-	1,200
Total General Fund Budgeted Expenditures	337,650	357,275	339,412	17,863
Ending balance Unappropriated	-	-	22,389	22,389
Add minimum ending general fund balance	120,000	102,725	102,725	-
Ending Unassigned fund balance	<u>\$ 120,000</u>	<u>\$ 102,725</u>	<u>\$ 125,114</u>	<u>\$ 22,389</u>

See accompanying Notes to Budgetary Comparison Schedules

CITY OF STRATHMOOR MANOR, KENTUCKY
BUDGETARY COMPARISON SCHEDULE – KENTUCKY MUNICIPAL ROAD AID FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Kentucky Municipal Road Aid	\$ 6,500	\$ 6,500	\$ 7,040	\$ 540
Interest	-	-	101	101
Transfer from General Fund	-	-	-	-
Prior Year Unassigned Fund Balance	<u>89,250</u>	<u>85,850</u>	<u>85,852</u>	<u>2</u>
Road Fund revenues available for appropriation	<u>95,750</u>	<u>92,350</u>	<u>92,993</u>	<u>643</u>
Expenditures:				
Road Repair and Maintenance	<u>(73,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Restricted for Roads fund balance	<u>\$ 22,750</u>	<u>\$ 92,350</u>	<u>\$ 92,993</u>	<u>\$ 643</u>

See accompanying Notes to Budgetary Comparison Schedules

**CITY OF STRATHMOOR MANOR, KENTUCKY
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2023**

Note 1. Budgeting and Budgetary Control

Kentucky Revised Statute 91A.030 requires the City to prepare and adopt a budget ordinance for each fiscal year. The budget proposed together with a budget message shall be submitted to the legislative body not later than thirty (30) days prior to the beginning of the fiscal year it covers. The budget message shall contain an explanation of the governmental goals fixed by the budget for the coming fiscal year; explain important features of the activities anticipated in the budget; set forth the reasons for stated changes from the previous year in program goals, programs, and appropriation levels; and explain any major changes in fiscal policy.

The legislative body shall adopt a budget ordinance making appropriations for the fiscal year in such sums as the legislative body finds sufficient and proper, whether greater or less than the sums recommended in the budget proposal. The budget ordinance may be in any form that the legislative body finds most efficient in enabling it to make the necessary fiscal policy decisions.

No budget ordinance shall be adopted which provides for appropriations to exceed revenues in any one (1) fiscal year in violation of Section 157 of the Kentucky Constitution.

Note 2. Budgetary Basis of Accounting

The City's budget is prepared on the modified accrual basis of accounting, which is another comprehensive basis of accounting basis other than generally accepted accounting principles.

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Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of The Financial Statements Performed In Accordance With *Government Auditing Standards*

Independent Auditors' Report

To the Honorable Mayor Brian Cobb and City Commission
City of Strathmoor Manor, 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 and the general fund of the City of Strathmoor Manor, Kentucky as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Strathmoor Manor, Kentucky's basic financial statements, and have issued our report thereon dated February 21, 2024

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Strathmoor Manor, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Strathmoor Manor, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Strathmoor Manor, Kentucky's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the City of Strathmoor Manor, Kentucky's financial statements are free of 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*.

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.

TICHENOR & ASSOCIATES, LLP

Tichenor & Associates, LLP
Louisville, Kentucky
February 21, 2024

**CITY OF STRATHMOOR MANOR, KENTUCKY
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2023**

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Strathmoor Manor, Kentucky for fiscal year ended June 30, 2023.
2. No significant deficiencies in internal controls were disclosed during the audit.
3. No instances of noncompliance were disclosed during the audit.