

CITY OF SYCAMORE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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Goforth & Herron, PSC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Commissioners
City of Sycamore
Louisville, KY

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, and each major fund of the City of Sycamore, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Sycamore'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 aggregate discretely presented component unit and each major fund of the City of Sycamore, as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 on pages 5-8 and 21-22 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 Sycamore's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The component unit 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 component unit financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2023, on our consideration of the City of Sycamore's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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 Sycamore's internal control over financial reporting and compliance.

Additional Information

As discussed in Note 8, the Component Unit has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that the American Institute of Certified Public Accountants had determined is required to supplement, although not required to be a part of, the basic financial statements.

Goforth & Herron, PSC

Louisville, Kentucky
October 11, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Sycamore's (the City) financial performance provides an overview of the City's financial activities for the year ended June 30, 2023. Please read it in conjunction with the City's financial statements, which begin on page 9.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Sycamore's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The statement of net position presents information on all assets and liabilities, with the difference between the two reported as the net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related requirements. All funds of the City of Sycamore are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. An annual appropriated budget is adopted for the governmental funds. A budgetary comparison schedule has been provided for the general and road funds.

Notes to the Financial Statements – The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS – Continued

Other Financial Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by the Government Accounting Standards Board. Information regarding the City's component unit, the Sycamore I Condominium Association, is also provided to allow greater analysis of its operating results and financial position.

GOVERNMENT-WIDE FINANCIAL ANALYSIS AND GOVERNMENTAL FUNDS

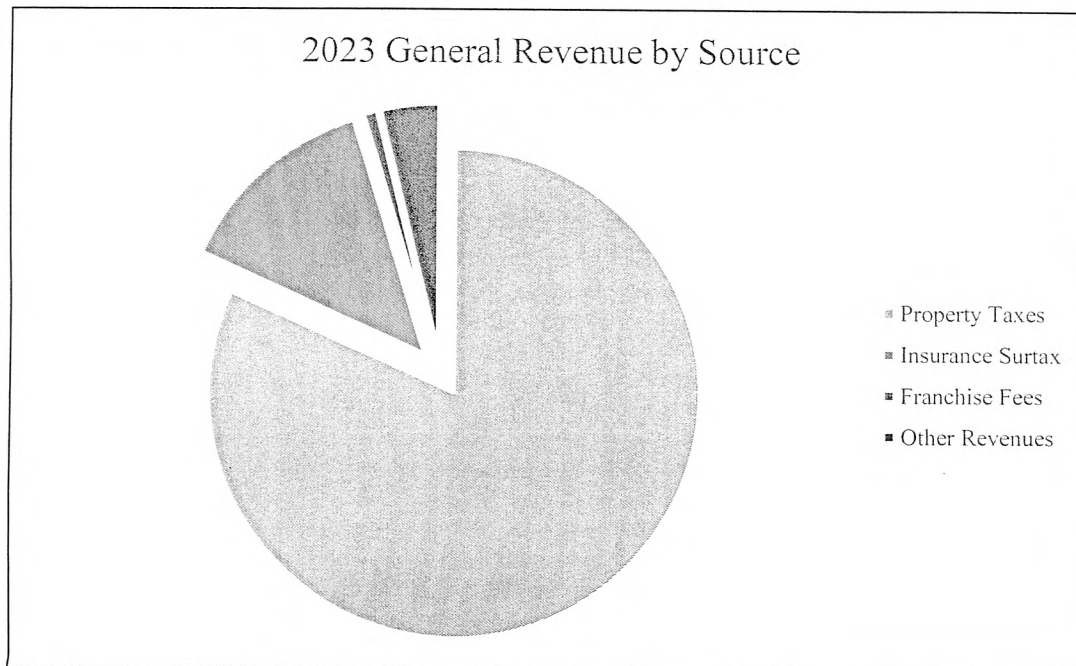
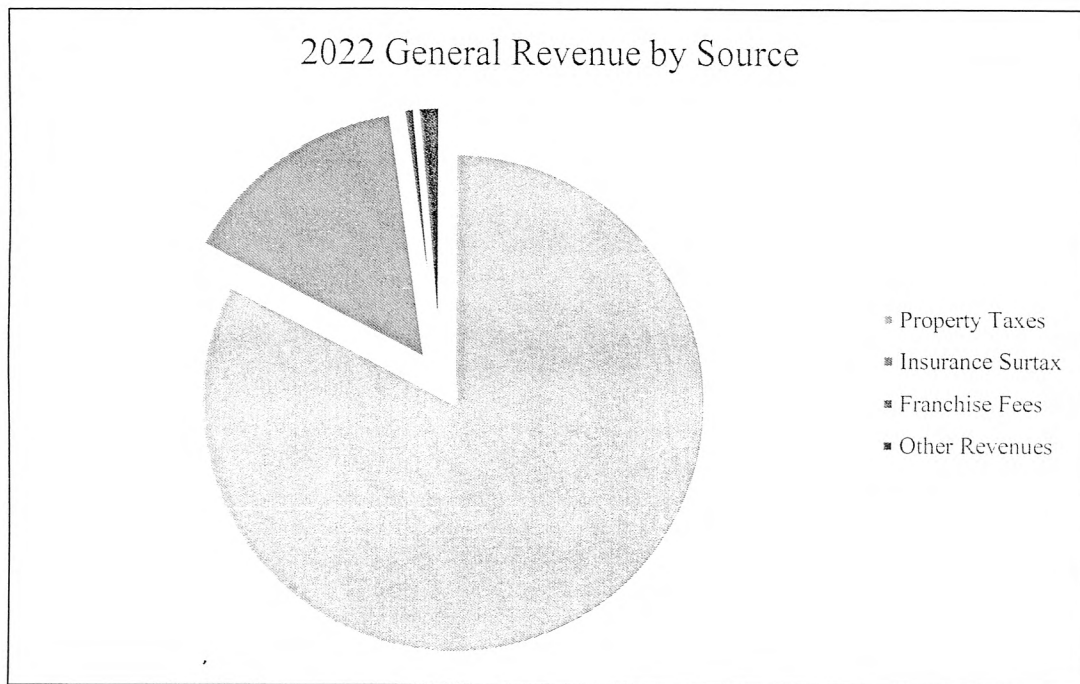
The following is an analysis of government-wide financial data for the current fiscal year. As all funds of the City are governmental funds, the analysis is presented concurrently with the government-wide analysis.

The primary government's net assets consist primarily of cash, amounts receivable from the component unit and prepaid expenses. Liabilities consist of primarily accounts payable. Total assets at the end of fiscal years 2023 and 2022 were approximately \$132,000 and \$78,000, respectively. Total liabilities were approximately \$11,000 and \$6,000, respectively. Property taxes collected in advance were approximately \$5,000 each year. All assets and liabilities are considered current.

Net position was approximately \$60,000 and \$62,000 on June 30, 2023 and 2022, respectively, due to expenses exceeding revenues by approximately \$8,000 in 2022 and expenses exceeding revenue by approximately \$2,000 for the year ended June 30, 2023.

Total revenue of the primary government for the fiscal years ended June 30, 2023 and 2022 was approximately \$153,000 and \$146,000, respectively. The primary government does not have any programs which charge user fees or provide services to users at a specified cost. Program revenues consist of funds received from the Commonwealth of Kentucky for specified expenses. General revenues include taxes, surcharges, and other revenues. The following depicts the primary government's general revenue sources and their relative importance.

GOVERNMENT-WIDE FINANCIAL ANALYSIS AND GOVERNMENTAL FUNDS
Continued



STATE OF THE CITY OF SYCAMORE AND SYCAMORE CONDOMINIUMS

Through a careful budget process and an eight dollar a month increase per unit, the city has been able to increase its bank balance to over \$200,000, while paying a low interest loan for the much-needed roofs.

The city is getting much needed updates, as its budget permits, and is looking better than it ever has.

The city is working on very large and long needed projects, taking time to spruce up the community.

Many trees have been removed and damaged sidewalks replaced for liability purposes.

The city has taken on many in-house projects and all pool maintenance.

Some other interests include:

- Tennis court fence partially replaced, and court completely resurfaced.
- Many shrubs replaced.
- Ongoing tree trimming and removal.
- Lighting upgraded.
- Last year of roof loan payments.

CITY OF SYCAMORE

STATEMENT OF NET POSITION

June 30, 2023

	Governmental Activities	Totals 2023	Component Unit
<u>ASSETS</u>			
Cash	\$ 57,536	\$ 57,536	\$ 136,271
Accounts Receivable	5,969	5,969	5,236
Due from Component Unit	62,592	62,592	0
Due from Primary Government	0	0	57,234
Prepaid Expenses	5,970	5,970	31,040
Total Assets	<u>132,067</u>	<u>132,067</u>	<u>229,781</u>
<u>LIABILITIES</u>			
Accounts Payable	10,817	10,817	0
Prepaid Assessments	0	0	3,869
Maintenance Escrow	0	0	33,617
Due to Component Unit	57,234	57,234	0
Due to Primary Government	0	0	62,591
Note Payable	0	0	54,090
Total Liabilities	<u>68,051</u>	<u>68,051</u>	<u>154,167</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Advance Property Tax Revenue	4,399	4,399	0
<u>NET POSITION</u>			
Restricted for:			
Road Maintenance	16,733	16,733	0
Unassigned	42,884	42,884	75,614
Total Net Position	<u>59,617</u>	<u>59,617</u>	<u>75,614</u>
Total Liabilities & Net Position	<u>\$ 132,067</u>	<u>\$ 132,067</u>	<u>\$ 229,781</u>

See Independent Auditors' Report and Accompanying Notes to the Financial Statements

CITY OF SYCAMORE

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

Functions / Programs	Net (Expense) / Revenue and Changes in Net Position			
	Expenses	Program Revenues Charges for Services	Operating Grants and Contributions	Component Units
Primary Government				
Governmental Activities				
General Government	\$ 32,616	\$ 0	0	\$ 0
Public Services	104,629	0	1,414	0
Culture & Recreation	19,146	0	0	0
Total Government Activities	156,391	0	1,414	0
Total Primary Government	156,391	0	1,414	0
Component Units				
Sycamore I Condominium Association	67,967	115,944		47,977
Total Component Units	\$ 67,967	\$ 115,944		47,977
General Revenues				
Taxes				
Property Taxes			125,015	0
Insurance Taxes			20,528	0
Franchise Fees			1,352	0
Other Revenues			5,898	0
Investment Income			0	22
Transfers			0	0
Total General Revenues			152,793	22
Change in Net Position			(2,184)	47,999
Net Position - Beginning			61,801	27,615
Net Position - Ending			\$ 59,617	\$ 75,614

See Independent Auditors' Report and Accompanying Notes to the Financial Statements

CITY OF SYCAMORE

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2023

	Governmental Fund	Road Fund	Totals 2023
<u>ASSETS</u>			
Cash	\$ 40,803	\$ 16,733	\$ 57,536
Accounts Receivable	5,969	0	5,969
Due from Component Unit	62,592	0	62,592
Prepaid Expenses	4,948	0	4,948
Other Current Assets	1,022	0	1,022
Total Assets	<u>115,334</u>	<u>16,733</u>	<u>132,067</u>
<u>LIABILITIES & FUND BALANCES</u>			
Liabilities			
Accounts Payable	10,817	0	10,817
Prepaid Assessments	4,399	0	4,399
Due to Component Unit	57,234	0	57,234
Total Liabilities	72,450	0	72,450
Fund Balances			
Restricted for Road Maintenance	0	16,733	16,733
Unassigned	42,884	0	42,884
Total Fund Balances	<u>42,884</u>	<u>16,733</u>	<u>59,617</u>
Total Liabilities & Fund Balances	<u>\$ 115,334</u>	<u>\$ 16,733</u>	<u>\$ 132,067</u>

Reconciliation of Total Fund Balance, Governmental Funds to Net Position
of Governmental Activities

Fund Balances - Total Governmental Funds	<u>\$ 59,617</u>
Net Position of Governmental Activities	<u>\$ 59,617</u>

See Independent Auditors' Report and Accompanying Notes to the Financial Statements

CITY OF SYCAMORE

STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

	Governmental Fund	Road Fund	Totals 2023
<u>REVENUES</u>			
Property Taxes	\$ 125,015	\$ 0	\$ 125,015
Insurance Tax	20,528	0	20,528
Franchise Fees	1,352	0	1,352
Other Revenues	5,884	14	5,898
Governmental Revenue	<u>0</u>	<u>1,414</u>	<u>1,414</u>
Total Revenues	152,779	1,428	154,207
<u>EXPENDITURES</u>			
General Government	32,616	0	32,616
Public Services	104,629	0	104,629
Culture & Recreation	<u>19,146</u>	<u>0</u>	<u>19,146</u>
Total Expenditures	<u>156,391</u>	<u>0</u>	<u>156,391</u>
Excess of Revenues Over Expenditures	(3,612)	1,428	(2,184)
Net Change in Fund Balances	(3,612)	1,428	(2,184)
Fund Balances - Beginning	<u>46,496</u>	<u>15,305</u>	<u>61,801</u>
Fund Balances - Ending	<u>\$ 42,884</u>	<u>\$ 16,733</u>	<u>\$ 59,617</u>
Reconciliation of Net Changes in Fund Balances - Total Governmental Funds to the Change in Net Position of Governmental Activities			
Net Change in Fund Balances - Total Governmental Funds			<u>\$ (2,184)</u>
Change in Net Position of Governmental Activities			<u>\$ (2,184)</u>

See Independent Auditors' Report and Accompanying Notes to the Financial Statements

CITY OF SYCAMORE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Sycamore was incorporated under the laws of the Commonwealth of Kentucky as a sixth-class city in 1979. As required by generally accepted accounting principles, these financial statements present the government and applicable component units over which the City exercises significant influence. Significant influence or accountability is determined based primarily on operational or financial relationships with the City. The governmental financial reporting entity consists of the primary government and one component unit. The city has a separately elected governing body, is legally separate, and is fiscally independent of other state and local government units.

Component Units

The City of Sycamore has one component unit, the Sycamore I Condominium Association. The Association provides maintenance of certain common areas owned by the Association within the City limits. As discussed in Note 7, other Association property is leased to the City which is responsible for maintaining these areas. The Association accounts for its activities using the full accrual basis. The component unit has not issued separately audited financial statements.

Basic Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the City are classified as governmental activities; the City has no business-type activities.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the City as a whole. The primary government and component unit are presented separately within the financial statements with the focus on the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from activities which rely to a significant extent on fees and charges for support.

The statement of activities reports the expenses of a given function directly offset by revenues directly connected with that function. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and revenues associated with a distinct functional activity. Taxes and other revenue not associated with a particular function are reported as general revenues.

CITY OF SYCAMORE
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in the governmental categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds, except that the primary operating fund of the City, the general fund, is always considered major. Those criteria for evaluation of all other funds are as follows:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5% of the corresponding total for all governmental funds combined.

The funds of the financial reporting entity are described below:

Governmental Type Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The City reports these major governmental funds and fund types:

General Fund – The general fund is the City's primary operating fund. It is used to account for and report all financial resources except those legally or administratively required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The City utilized the following special revenue fund:

Road Fund – Used to account for state road funds that are allocated to the City by the State of Kentucky.

The activities reported in this fund are reported as governmental activities in the government-wide financial statements.

CITY OF SYCAMORE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and the statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recorded when due.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

CITY OF SYCAMORE
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

The preparation of financial statements, in accordance with accounting principles generally accepted in the United States of America, 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 basic financial statements and the reported amounts of revenues during the reporting period. Actual results could differ from those estimates.

Compensated Absences

The City does not provide for compensated absences for employees.

Equity Classifications

Government-Wide Statements

The City reports the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources as net position.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Beginning with the fiscal year ending June 30, 2011, the City implemented GASB Statement No.54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- a. Non-spendable – Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- c. Committed – Amounts that can be used only for specific purposes determined by a formal action by the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved by the City Council.
- d. Assigned – Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval by City Council.

CITY OF SYCAMORE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- e. Unassigned – All amounts not included in other spendable classification.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City Council considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided for otherwise.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget Policy & Practice

The finance committee prepares annual budgets. The budget is reviewed, and public meetings are held to address priorities and the allocation of resources. The City Council adopts the annual fiscal year budget for the city. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required.

For the year ended June 30, 2023,; there were no changes made to the original budget therefore, no revisions are shown in the budgetary supplementary schedules.

Budget appropriations lapse at the end of the fiscal year except for any appropriations either supported by formal contracts or approved by the City Council.

Basis of Budget

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by class. The budgetary data for the general and road funds is based on generally accepted accounting principles.

NOTE 3 CASH AND SHORT-TERM INVESTMENTS

The carrying amounts of the primary government's and component unit's deposits with financial institutions on June 30, 2022 were approximately \$36,000 and \$162,000, respectively.

The bank balances, which do not include reconciling items such as deposits in transit and outstanding checks, are categorized as follows:

<u>Primary Government</u>	
Amount Insured by the FDIC	<u>\$ 58,000</u>
Total Primary Government	<u>\$ 58,000</u>
 <u>Component Unit</u>	
Amount Insured by the FDIC	<u>\$136,000</u>
Total Component Unit	<u>\$136,000</u>
 Total Deposits	 <u>\$194,000</u>

CITY OF SYCAMORE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

NOTE 4 PROPERTY TAXES RECEIVABLE

Property taxes are levied annually in July and are payable in monthly installments. Property tax revenues are recognized when they become available, i.e., due or receivable within the current fiscal year.

During the year ended June 30, 2023, all material property tax payments at the end of the year were received within 60 days following the close of the year. Neither the City nor the component unit recognized any bad debts in 2023.

NOTE 5 RISK MANAGEMENT

The City is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settlements under this coverage have not exceeded coverage. The City also maintains Workers' Compensation Coverage on its employees.

NOTE 6 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. Net amounts due from the component unit are as follows:

<u>Fund</u>	<u>Due from Component Unit</u>
General Fund	\$ 63,000

NOTE 7 LEASE OBLIGATIONS

The primary government has entered into a lease with the component unit which conveys responsibility for control and maintenance of fences, grounds, roadways, parking areas, walkways, and recreational facilities to the primary government. During the year ended June 30, 2023, the city paid approximately \$76,000 for maintenance of these areas. The lease automatically renews for periods from January 1, 1982 through January 1, 2082 unless terminated in writing by both parties.

NOTE 8 COMPONENT UNIT DISCLOSURE

Organization

Sycamore I Condominium Association is a nonprofit condominium association that provides maintenance, repairs and limited services to owners of the 90 residential units in Louisville, Kentucky. The Association was organized in 1976 under the laws of the Commonwealth of Kentucky.

CITY OF SYCAMORE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 8 COMPONENT UNIT DISCLOSURE - Continued

Condominium Income Taxes

The Association is subject to federal and state income taxes on either its net investment income or normal corporate income based on its operations. For the year ended June 30, 2023, the Association reported its investment income. Total tax loss carryforwards of approximately \$370,000 will expire in 18 years.

Management has determined there are no tax positions requiring disclosure under FASB ASC 740-10.

Long-Term Debt

During 2018, the Condominium Association borrowed \$300,000, acting through the City. These funds were used to replace the condominium roofs. The note is payable over seven years and bears interest at a fixed rate of 4.43%. The required annual payments total \$55,800.

Approximate maturities of long-term debt are as follows:

2024	\$54,000
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Future Major Repairs and Replacements

The Associations' Master Deed requires that funds be accumulated for future major repairs and replacements. The Association has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The Board has established funds to offset the costs of future major repairs and replacements. However, the amounts accumulated in the replacement funds may not be adequate to meet all future needs. If additional funds are needed, the Association has the right, subject to member approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 9 SUBSEQUENT EVENTS

Subsequent events were considered through October 11, 2023. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could negatively impact the City's ability to collect assessments from residents in the coming year. There have currently been no problems outside the normal. There are no other notable subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SYCAMORE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUES</u>			
Property Taxes	\$ 124,848	\$ 125,015	\$ 167
Insurance Tax	18,000	20,528	2,528
Franchise Fees	1,000	1,352	352
Other Revenues	<u>0</u>	<u>5,884</u>	<u>5,884</u>
Total Revenues	143,848	152,779	8,931
<u>EXPENDITURES</u>			
General Government			
Insurance	7,400	10,340	(2,940)
Administrative Payroll	12,200	12,265	(65)
Professional Fees	6,500	5,904	596
Office	3,350	4,107	(757)
Miscellaneous	0	0	0
Public Services			
Facility Maintenance	55,700	68,576	(12,876)
Utilities	19,200	19,627	(427)
Sanitation Service	16,000	16,426	(426)
Culture & Recreation			
Recreational Facility Maintenance	11,300	6,631	4,669
Recreational Activities	<u>13,000</u>	<u>12,515</u>	<u>485</u>
Total Expenditures	<u>144,650</u>	<u>156,391</u>	<u>(11,741)</u>
Excess of Revenues Over Expenditures	(802)	(3,612)	(2,810)
Net Change in Fund Balances	(802)	(3,612)	(2,810)
Fund Balances - Beginning	<u>46,496</u>	<u>46,496</u>	<u>0</u>
Fund Balances - Ending	<u><u>\$ 45,694</u></u>	<u><u>\$ 42,884</u></u>	<u><u>\$ (2,810)</u></u>

See Accompanying Notes to the Financial Statements

CITY OF SYCAMORE
BUDGETARY COMPARISON SCHEDULE
ROAD FUND

For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUES</u>			
Road Revenue	\$ 3,000	\$ 1,414	\$ (1,586)
Investment Income	<u>0</u>	<u>14</u>	<u>14</u>
Total Revenues	3,000	1,428	(1,572)
<u>EXPENDITURES</u>			
Public Services			
Street & Sidewalk Maintenance	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	3,000	1,428	(1,572)
Net Change in Fund Balances	3,000	1,428	(1,572)
Fund Balances - Beginning	<u>15,305</u>	<u>15,305</u>	<u>0</u>
Fund Balances - Ending	<u><u>\$ 18,305</u></u>	<u><u>\$ 16,733</u></u>	<u><u>\$ (1,572)</u></u>

See Accompanying Notes to the Financial Statements

SUPPLEMENTARY INFORMATION

SYCAMORE I CONDOMINIUM ASSOCIATION

BALANCE SHEET

COMPONENT UNIT OF THE CITY OF SYCAMORE

June 30, 2023

	General Fund	Capital Projects Fund	Capital Reserve Fund	Totals 2023
<u>ASSETS</u>				
Cash	\$ 43,473	\$ 62,845	\$ 29,953	\$ 136,271
Accounts Receivable	2,506	2,730	0	5,236
Prepaid Expenses	31,040	0	0	31,040
Due from Primary Government	0	53,972	3,262	57,234
Total Assets	<u>77,019</u>	<u>119,547</u>	<u>33,215</u>	<u>229,781</u>
<u>LIABILITIES & FUND BALANCES</u>				
Current Liabilities				
Prepaid Assessments	1,885	1,984	0	3,869
Due to Primary Government	62,591	0	0	62,591
Carport Maintenance Escrow	0	0	33,617	33,617
Current Portion - Long-Term Debt	0	26,504	0	26,504
Total Current Liabilities	64,476	28,488	33,617	126,581
Long-Term Debt	0	27,586	0	27,586
Total Liabilities	64,476	56,074	33,617	154,167
Fund Balances				
Unreserved	12,543	63,473	(402)	75,614
Total Fund Balances	12,543	63,473	(402)	75,614
Total Liabilities & Fund Balances	<u>\$ 77,019</u>	<u>\$ 119,547</u>	<u>\$ 33,215</u>	<u>\$ 229,781</u>

See Independent Auditors' Report

SYCAMORE I CONDOMINIUM ASSOCIATION

STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES

COMPONENT UNIT OF CITY OF SYCAMORE

For the Year Ended June 30, 2023

	General Fund	Capital Projects Fund	Capital Reserve Fund	Totals 2023
<u>REVENUES</u>				
Association Dues	\$ 53,506	\$ 0	\$ 0	\$ 53,506
Capital Projects Assessments	0	59,122	0	59,122
Late Charges	386	430	0	816
Investment Income	5	10	7	22
Bad Debt Recovery	1,206	1,294	0	2,500
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Total Revenues	55,103	60,856	7	115,966
<u>EXPENDITURES</u>				
Maintenance	20,147	6,170	0	26,317
Insurance	28,374	0	0	28,374
Administrative Payroll	5,162	0	0	5,162
Professional Services	3,216	0	0	3,216
Interest Expense	0	3,527	0	3,527
Office Expense	1,371	0	0	1,371
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Total Expenditures	58,270	9,697	0	67,967
Excess of Revenues Over Expenditure	(3,167)	51,159	7	47,999
<u>FUND BALANCES</u>				
Fund Balances - Beginning	15,710	12,314	(409)	27,615
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances - Ending	\$ 12,543	\$ 63,473	\$ (402)	\$ 75,614
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See Independent Auditors' Report