

**CITY OF LAKESIDE PARK, KENTUCKY**

***ANNUAL FINANCIAL REPORT***

**Year Ended June 30, 2025**

# CITY OF LAKESIDE PARK, KENTUCKY

## ANNUAL FINANCIAL REPORT

Year Ended June 30, 2025

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# City of LAKESIDE PARK

## LIST OF PRINCIPAL OFFICIALS

Mayor - Council Form of Government

### CITY COUNCIL

Paul Markgraf  
Mayor

Dave Wolfer  
Council Member

Tom Bernheimer  
Council Member

Chris Gongola  
Council Member

Dennis Landwehr  
Council Member

Brian Waite  
Council Member

Mary Ann Thaman  
Council Member

### CITY ADMINISTRATION

Teresa Bruck, City Clerk/Treasurer

Greg Voss, City Attorney

CT Consultants, City Engineer

NKAPC, Zoning

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## **INDEPENDENT AUDITOR'S REPORT**

**To the Mayor and Council  
City of Lakeside Park, Kentucky**

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Lakeside Park, Kentucky, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Lakeside Park, Kentucky's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the remaining fund information of the City of Lakeside Park, Kentucky, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lakeside Park, Kentucky's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 disclosure in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Lakeside Park, Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lakeside Park, Kentucky's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-11 and page 39-40 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2026, on our consideration of the City of Lakeside Park, 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 Lakeside Park, 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 Lakeside Park, Kentucky's internal control over financial reporting and compliance.

**RANKIN, RANKIN, & COMPANY**

*Rankin Rankin & Company*

**Ft. Wright, Kentucky  
May 19, 2026**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the City of Lakeside Park, Kentucky's financial performance provides an overview of the City of Lakeside Park, Kentucky's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the City's basic financial statements, which are on pages 12 through 15.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities for the City as a whole and present a view of the City's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report to the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

### FINANCIAL HIGHLIGHTS

- The City's cash balances increased \$867,360 compared to the prior year and the total fund balances increased \$603,816.
- Revenue increased \$119,625 due to an increase in licenses and permits, and interest earned.
- Expenditures increased \$348,005 due to a increase in public works for the current year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements encompass 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 themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, the increases and decreases in net position are one indicator of whether the City's financial position is improving or deteriorating. Other non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure will also assist in assessing the overall financial health of the City.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, license fees and intergovernmental activities which are considered governmental activities from those functions that are intended to cover all or a significant portion of their costs through user fees and charges which are considered business-type activities. The governmental activities include most of the City's basic services. These include but are not limited to police, fire, street maintenance, parks and recreation, and general administration.

## **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 and objectives. Some funds are required to be established by State law. However, the City Council can establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for grant funds. All funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The City of Lakeside Park uses only governmental funds.

*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 how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governments' near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Lakeside Park maintains three individual governmental funds. Information is presented separately in the governmental balance sheet and in the statement of revenues, expenditures and change in fund balances for the general fund and special revenue fund, each of which are considered to be major funds.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

### Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. Lakeside Park's total assets exceeded liabilities by \$9,462,358 at the close of the 2025 fiscal year. By far the largest portion of the net position reflects cash and cash equivalents and investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure). These capital assets are used to provide services to citizens, and consequently, are not available for future spending. Although the City of Lakeside Park's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	2025	2024
Current and other assets	\$ 5,107,207	\$ 4,251,909
Capital assets, net	4,838,646	5,279,412
<b>Total assets</b>	<u>9,945,853</u>	<u>9,531,321</u>
Total deferred outflows of resources	54,595	91,125
Total pension and OPEB liability	154,182	117,450
Other liabilities	285,988	247,109
<b>Total liabilities</b>	<u>440,170</u>	<u>364,559</u>
Total deferred inflows of resources	97,920	117,450
Net Position		
Invested in capital assets, net of related debt	4,838,646	5,279,412
Unrestricted	4,623,712	3,978,475
<b>Total net position</b>	<u>\$ 9,462,358</u>	<u>\$ 9,257,887</u>

At the end of the current fiscal year, Lakeside Park is able to report positive balances in net position. The same held true for prior fiscal years.

**Governmental Activities.** Governmental activities (i.e.: taxes, licenses, and fees) increased the City's net position by \$603,816. Key elements of the increase are as follows:

City of Lakeside Park Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 113,324	\$ 113,090
Capital grants and contributions	56,594	63,837
General Revenues:		
Taxes	1,069,878	1,102,394
Licenses and permits	1,420,800	1,281,491
Other revenues	105,399	85,518
Total revenues	\$ <u>2,765,995</u>	\$ <u>2,646,330</u>
Expenses:		
General government	353,898	334,624
Public Safety	1,110,687	1,070,051
Public works/streets	489,654	201,577
Waste collection	207,940	207,922
Total expenses	\$ <u>2,162,179</u>	\$ <u>1,814,174</u>
Increase/decrease in fund balance	603,816	832,156
Fund balance prior year	4,217,403	3,385,247
Fund balance current year	\$ <u>4,821,219</u>	\$ <u>4,217,403</u>

- Taxes, licenses and permits increased slightly due to normal increases, rates and taxpayer business activities.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

At year-end the City's governmental funds reported combined fund balances of \$4,821,403, which is a increase of \$603,816 from last year. It is anticipated that streets outflows will continue to increase as additional projects are scheduled.

- The General Fund had an end of year balance of \$4,738,686 to be available for a carryover to the next year to be used for operations until the next year's taxes are available as well as for emergencies and planned street projects. The Municipal Road Aid Fund had an end of year restricted balance of \$82,533.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The final appropriations for the General Fund at year-end were \$763,671 less than the final budget. The budget to actual variance in appropriations was principally due to general government expenditures being less than budgeted during the year.

## CAPTIAL ASSET ADMINISTRATION

In fiscal year 2025, there was one major street project. This included Marlo Way and Shaker Road reconstruction. There were three other projects which included Joint and Crack Seal Program, Concrete Sidewalk Cutting and Sidewalk Spot Replacement.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City of Lakeside Park is a residential community with minimal growth opportunities. The zoning code currently does not allow commercial use within the city, except for three businesses previously established. Therefore, revenue growth is limited. Estimated budgeted revenue for 2025-26 will not be significantly different and expenditures are budgeted for increases in police and fire protections.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide for all those with an interest in the government's finances, a general overview of the City's finances. If you have questions about this report or requests for additional financial information, contact the City Clerk, Teresa Bruck at the City of Lakeside Park, 9 Buttermilk Parkway, Lakeside Park, Kentucky 41017.

**CITY OF LAKESIDE PARK, KENTUCKY****Statement of Net Position**

June 30, 2025

	<b>Primary Governmental Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,903,866
Receivables	
Taxes	4,470
Licenses and permits	191,839
Prepays	-
Restricted cash	7,032
Total current assets	<u>5,107,207</u>
Noncurrent assets	
Capital assets not being depreciated	-
Capital assets, net of accumulated depreciation	4,838,646
Total noncurrent assets	<u>4,838,646</u>
Total assets	<u>9,945,853</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Contributions subsequent to the measurement date	18,997
Deferred outflows from pension liability	18,590
Deferred outflows from OPEB liability	17,008
Total deferred outflows of resources	<u>54,595</u>
<b>LIABILITIES</b>	
Accrued liabilities	285,988
Noncurrent liabilities:	
Net Pension Liability	158,780
Net OPEB liability	(4,598)
Total liabilities	<u>440,170</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows from net pension liability	44,881
Deferred inflows from net OPEB liability	53,039
Total deferred inflows of resources	<u>97,920</u>
<b>NET POSITION</b>	
Invested in capital assets	4,838,646
Unrestricted	4,623,712
Total net position	<u>\$ 9,462,358</u>

See accompanying notes to the basic financial statements.

# CITY OF LAKESIDE PARK, KENTUCKY

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (expenses)
		Charges for Services	Capital Grants and Contributions	Revenues and Changes in Net Assets
				Governmental Activities
Primary government:				
Governmental activities:				
General government	\$ 374,305	\$ -	\$ -	\$ (374,305)
Waste collection	207,940	113,324	-	(94,616)
Public safety	1,110,687	-	-	(1,110,687)
Public works	906,455	-	56,594	(849,861)
Pension and OPEB expense	(64,161)	-	-	64,161
Total governmental activities	<u>2,535,226</u>	<u>113,324</u>	<u>56,594</u>	<u>(2,365,308)</u>
Total primary government	<u>\$ 2,535,226</u>	<u>\$ 113,324</u>	<u>\$ 56,594</u>	<u>\$ (2,365,308)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes			\$	923,859
Other taxes				146,018
Licenses and permits				1,420,800
Fines and forfeitures				2,419
Loss on asset disposal				(3,558)
Interest				92,516
Miscellaneous				11,357
Total general revenues				<u>2,593,411</u>
Change in net assets				228,103
Net position-beginning				<u>9,234,255</u>
Net position-ending			\$	<u><u>9,462,358</u></u>

See accompanying notes to the basic financial statements.

**CITY OF LAKESIDE PARK, KENTUCKY**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

June 30, 2025

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,692,983	\$ 210,883	\$ 4,903,866
Receivables			
Taxes	4,470	-	4,470
Licenses and permits	191,839	-	191,839
Prepays	-	-	-
Restricted cash	7,032	-	7,032
Total assets	<u>\$ 4,896,324</u>	<u>\$ 210,883</u>	<u>\$ 5,107,207</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accrued liabilities	\$ 157,638	\$ 128,350	\$ 285,988
Total liabilities	<u>157,638</u>	<u>128,350</u>	<u>285,988</u>
Deferred inflows of resources			
Unavailable revenue-property taxes	-	-	-
Fund balances:			
Non-spendable-prepays	-	-	-
Restricted-capital projects	-	82,533	82,533
Assigned to special project	7,032	-	7,032
Unassigned	4,731,654	-	4,731,654
Total fund balances	<u>4,738,686</u>	<u>82,533</u>	<u>4,821,219</u>
Total liabilities and fund balances	<u>\$ 4,896,324</u>	<u>\$ 210,883</u>	<u>\$ 5,107,207</u>
Total governmental fund balances			\$ 4,821,219
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.			4,838,646
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			-
Contributions subsequent to net pension liability measurement date			18,997
Contributions subsequent to net OPEB liability measurement date			-
Net pension liability outflows carried as deferred charges			18,590
Net pension liability inflows carried as deferred charges			(44,881)
Net OPEB liability outflows carried as deferred charges			17,008
Net OPEB liability inflows carried as deferred charges			(53,039)
Long-term liabilities, including bonds payable, are not due and payable in current period and therefore are not reported in the funds:			
Net pension liability			(158,780)
Net OPEB liability			4,598
Net position of governmental activities			<u>\$ 9,462,358</u>

See accompanying notes to the basic financial statements.

**CITY OF LAKESIDE PARK, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For The Year Ended June 30, 2025

	General	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 1,069,878	\$ -	\$ 1,069,878
Licenses and permits	1,420,800	-	1,420,800
Intergovernmental	-	56,594	56,594
Charges for services	113,324	-	113,324
Fines and forfeitures	2,419	-	2,419
Interest	90,821	1,695	92,516
Miscellaneous	10,464	-	10,464
<b>Total revenues</b>	<u>2,707,706</u>	<u>58,289</u>	<u>2,765,995</u>
<b>EXPENDITURES</b>			
Current:			
General government	353,898	-	353,898
Waste collection	207,940	-	207,940
Public safety	1,110,687	-	1,110,687
Public works	332,804	156,850	489,654
<b>Total expenditures</b>	<u>2,005,329</u>	<u>156,850</u>	<u>2,162,179</u>
Excess (deficiency) of revenues over expenditures	<u>702,377</u>	<u>(98,561)</u>	<u>603,816</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Loan Proceeds	-	-	-
Transfer in	-	-	-
Transfer out	-	-	-
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>702,377</u>	<u>(98,561)</u>	<u>603,816</u>
Fund balances - beginning	<u>4,036,309</u>	<u>181,094</u>	<u>4,217,403</u>
Fund balances - ending	<u>\$ 4,738,686</u>	<u>\$ 82,533</u>	<u>\$ 4,821,219</u>
<b>Reconciliation to government-wide changes in net position:</b>			
Net change in fund balances			\$ 603,816
Capital outlay expenditures capitalized			20,437
Depreciation on governmental activities assets			(457,645)
Change in deferred revenue			892
Repayment of debt			-
Loss on asset disposal			(3,558)
Net pension liability expenses based on proportionate share of service cost and calculated pension cost from measurement date to measurement date			61,088
Net OPEB liability expenses based on proportionate share of service cost and calculated pension cost from measurement date to measurement date			3,073
Change in net position of governmental activities			<u>\$ 228,103</u>

See accompanying notes to the basic financial statements.

## **NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Lakeside Park, Kentucky, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described below.

### *Date of Management's Review*

Subsequent events were evaluated through May 19, 2026, which is the date the financial statements were available to be issued.

### *Financial Reporting Entity*

The City of Lakeside Park is a municipality governed by a mayor and six-member council. Legislative authority is vested in the city council members. As required by accounting principles generally accepted in the United States of America, these financial statements present the government.

### *Government-wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The City of Lakeside Park has no business-type activities or blended or discretely presented component units.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicant who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

### *Measurement focus, basis of accounting and financial statement presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, related of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# CITY OF LAKESIDE PARK, KENTUCKY

## NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The special revenue fund is used to account for financial resources to be used for the acquisition and construction of major capital projects.

*Assets, deferred outflows, liabilities, deferred inflows and net position or equity*

### *Cash and Cash Equivalents*

Cash and cash equivalents including amounts in demand deposits as well as short-term investments with an initial maturity date within three months of the date acquired by the City.

The City is authorized by state statute to invest in:

1. Obligations of the United States and of its agencies and instrumentalities;
2. Obligations and contracts for future delivery or purchases of obligations backed by the full faith and credit of the United States or a United States government agency.
3. Obligations of any corporation of the United States government.
4. 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 obligation permitted by Section 41.240(4) of the Kentucky Revised Statutes.
5. Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one of these highest categories by a nationally recognized rating agency.

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6. Bankers' acceptances for banks rated in one of the highest categories by a nationally recognized rating agency.
7. Commercial paper rated in the highest category by a nationally recognized rating agency.
8. Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
9. Securities issued by a state or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency.
10. Shares of mutual funds, each of which shall have the following characteristics:
  - a) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
  - b) The management company of the investment company shall have been in operation for at least five (5) years; and
  - c) All of the securities in the mutual fund shall be eligible investments under this section.

*Property Taxes and Tax Calendar*

Property taxes are levied as of July 1 on property values assessed as of the previous January 1. The taxes are billed on approximately September 1 and are due and payable on December 31. On January 1, the bill becomes delinquent and penalties and interest may be assessed by the City. A lien may be placed on the property on January 1. Property tax rates for the year ended June 30, 2025 were \$.255 per \$100 valuation for real property, \$1.510 for personal property and \$.2769 for motor vehicles. The assessed value of property upon which the levy for 2025 was based was \$346,313,349.

*Short-Term Interfund Receivables/Payables*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from/to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables". For fiscal year 2025, the City had no due from/due to other funds, nor made transfers between funds.

*Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30, 2025 are recorded as prepaid items.

*Capital Assets*

Capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. All purchased capital assets are valued at cost where historical records are available and at an estimated his-

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torical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

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 range of lives used for depreciation purposes for each capital asset class are as follows:

Buildings	40 years
Building Improvements	10-20 years
Public Domain Infrastructure	20 years
Vehicles	7 years
Office Equipment	5 years

Under GASB 34, the City has elected not to report major infrastructure retroactively.

*Compensated Absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements.

*Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

*Deferred Outflows/Inflows of Revenues*

The City reports a separate section of deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods. The City's unavailable revenue is reported only in the governmental funds balance sheet, from one source – property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred pension contributions subsequent to the measurement date, differences between projected and actual earnings on pension plan, and other deferred outflow/inflow elements.

*Fund Equity*

In the fund financial statements, government funds report components of fund balance for amounts that are nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances arise when resources cannot be spent because of their form and because resources must be maintained intact. Restricted fund balances arise when constraints placed on

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the use of resources are either externally imposed or imposed by law. Assigned fund balances are those that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed. Unassigned fund balance is the residual classification for the General Fund. The classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund.

*Interfund Transactions*

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/ expenses in the fund that is reimbursed.

*Required Supplementary Information Budgetary Policies*

All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedules present actual expenditures in accordance with the accounting principles generally accepted in the U.S. on a basis consistent with the legally adopted budgets.

*Use of Estimates*

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

*Restricted Revenues*

When there are restricted and unrestricted revenues in a program, the City's policy is the restricted revenues are expended first.

**NOTE B-STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. In accordance with City ordinance, by May 15, the Mayor submits to the Council, a proposed operating budget on the modified accrual basis of accounting for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- B. A public meeting is conducted to obtain citizen comment.
- C. By July 1, the budget is legally enacted through passage of an ordinance.

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- D. The Mayor is required by Kentucky Revised Statutes to present a quarterly report to the Council explaining any variance from the approved budget.
- E. Appropriations continue in effect until a new budget is adopted.
- F. The Council may authorize supplemental appropriations during the year. Expenditures may not legally exceed budgeted appropriations at the function level. Any revisions to the budget that would alter total revenues and expenditures of any fund must be approved by the Council; however, with proper approval by the Council, budgetary transfers between departments can be made. All appropriations lapse at fiscal year end.

**NOTE C-DEPOSITS**

As of June 30, 2025, the City held no investments:

*Custodial credit risk – deposits.* For deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned. The City maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law, the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2025, the City’s deposits are entirely insured and/or collateralized with securities held by the financial institutions on the City’s behalf and the FDIC insurance.

**NOTE D-CAPITAL ASSETS AND DEPRECIATION**

Capital assets activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Additions	Retirements/ Deletions	Balance June 30, 2025
Governmental activities:				
Not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other capital assets:				
Buildings	1,261,715	-	(23,725)	1,237,990
Improvements/infrastructure	8,734,100	-	-	8,734,100
Equipment	71,453	20,437	(3,487)	88,403
Vehicles	19,116	-	-	19,116
Subtotal	<u>10,086,384</u>	<u>20,437</u>	<u>(27,212)</u>	<u>10,079,609</u>
Accumulated depreciation:				
Buildings	175,610	33,235	(20,167)	188,678
Improvements/infrastructure	4,564,653	416,801	-	4,981,453
Equipment	47,594	7,609	(3,487)	51,716
Vehicles	19,116	-	-	19,116
Subtotal	<u>4,806,973</u>	<u>457,645</u>	<u>(23,654)</u>	<u>5,240,963</u>
Net other assets	<u>5,279,411</u>	<u>(437,208)</u>	<u>(3,558)</u>	<u>4,838,646</u>
Net capital assets	<u>\$ 5,279,411</u>	<u>\$ (437,208)</u>	<u>\$ (3,558)</u>	<u>\$ 4,838,646</u>

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Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 40,844
Highways and streets	416,801
Total governmental activities depreciation expense	<u>\$ 457,645</u>

**NOTE E-CLAIMS AND JUDGMENTS**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**NOTE F-EMPLOYEE RETIREMENT SYSTEM**

*County Employees Retirement System (CERS)*

*Plan description* – City employees are covered by CERS (County Employees’ Retirement System), a cost-sharing multiple-employer defined benefit pension and health insurance (Other Post-Employment Benefits; OPEB) plan administered by the Kentucky Public Pension Authority, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Public Pension Authority administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Public Pension Authority issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

The Plan is divided into both a **Pension Plan** and **Health Insurance Fund Plan** (Other Post-Employment Benefits; OPEB) and each Plan is further sub-divided based on **Non-Hazardous** duty and **Hazardous** duty covered-employee classifications. The City has only *Hazardous Duty* employees.

Membership in CERS consisted of the following at June 30, 2024:

	Non-Hazardous	
	Pension	OPEB
Active Plan Members	78,810	78,418
Inactive Plan Members	111,086	27,097
Retired Members	70,932	38,679
	<u>260,828</u>	<u>144,194</u>
Number of participating employers		<u>1,141</u>

**PENSION PLAN**

**Non-Hazardous Pension Plan Description**

*Benefits Provided* – CERS provides retirement, health insurance, death and disability benefits to Non-Hazardous duty Plan employees and beneficiaries. Employees are vested in the Plan after five years of service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date Unreduced retirement Reduced retirement	Before September 1, 2008 27 years service or 65 years old At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date Unreduced retirement  Reduced retirement	September 1, 2008 - December 31, 2013 At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal 87  At least 10 years service and 60 years old
Tier 3	Participation date Unreduced retirement  Reduced retirement	After December 31, 2013 At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal 87  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 of 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 health insurance benefits 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 or 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.

*Contributions* – Required pension contributions by the employee are based on the tier:

	<u>Required Contribution</u>
Tier 1	5%
Tier 2	5%
Tier 3	5%

**Contributions**

For non-hazardous duty employees, the City contributed 19.71% of covered-employee's compensation, of which 19.71% was for the pension fund and 0.00% was for the health insurance fund.

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The City made all required contributions for the non-hazardous Plan pension obligation for the fiscal year in the amount of \$18,997 of which \$18,997 was for the pension fund and \$0 was for the health insurance fund.

The City had no required contributions for the hazardous Plan pension obligation for the fiscal year.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At June 30, 2025, the City reported a liability of \$158,780 as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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. At the June 30, 2024 measurement year, the City's non-hazardous employer allocation proportion was 0.002655% of the total CERS non-hazardous duty employees. For the year ended June 30, 2024, the City recognized a net pension expense of \$125,942 in addition to its \$18,997 pension contribution.

At June 30, 2025, 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
Difference between expected and actual experience.	\$ 7,685	\$ -
Change in assumptions.	-	7,174
Net difference between projected and actual earnings on pension plan investments.	10,905	21,113
Changes in proportion and differences between contributions and proportionate share of contributions.	-	16,594
Contributions subsequent to the measurement date.	18,997	-
Total	<u>\$ 37,587</u>	<u>\$ 44,881</u>

The City's contributions subsequent to the measurement date of \$18,997 will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Measurement Year Ended <u>June 30</u>	Net Outflows/ <u>Inflows</u>
2026	\$ (16,830)
2027	(3,262)
2028	(3,924)
2029	(2,275)
Totals	<u>\$ (26,291)</u>

**Basis of Calculations**

The system actuary, Gabriel Roeder Smith (GRS) completed reports by plan in compliance with GASB Statement No. 67 Financial Reporting for Pension Plans. The total pension liability, net pension liability, and sensitivity information are based on an actuarial valuation date of June 30, 2024. The total pension liability was rolled forward from the valuation date (June 30, 2023) to the plan's fiscal year ending date of June 30, 2024, using generally accepted actuarial principles. Information disclosed for years prior to June 30, 2017, were prepared by the prior actuary. GRS will provide separate reports at a later date with additional accounting information determined in accordance with GASB Statements No. 68, Accounting and Financial Reporting for Pensions, and GASB Statements No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pension.

**Assumptions**

Below is a summary of principal assumptions used for the June 30, 2024, actuarial valuation:

The actuarial assumptions are:

Inflation	2.50%
Payroll Growth Rate	2.0% for CERS Non-hazardous and Hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS Non-hazardous 3.55% to 19.05%, varies by service for CERS Hazardous
Investment Rate of Return	6.5% for CERS Non-hazardous and Hazardous
Mortality	System specific mortality table based on experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality Improvement scale using a base year of 2023.

**Changes of Assumptions**

There have been no assumption, method or plan provision changes that would materially impact

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the total pension liability since June 30, 2024. It is our opinion that these procedures for determining the information contained in these reports are reasonable, appropriate, and comply with applicable requirements under GASB No. 67.

**Discount Rate**

A single discount rate of 6.5% for the non-hazardous and hazardous plans was used to measure the total pension liability for the fiscal year ended June 30, 2024. This single discount rate was based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ended, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan. The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy. The provisions of House Bill 362, (passed in 2018) is still in effect and limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028. However, contribution rates are not currently projected to increase by more than 12% in any given future year. Therefore, for the purposes of this calculations, the provisions of House Bill 362 do not impact the projected employer contributions.

**Actuarial Methods and Assumptions used to determine the Actuarial Determined Contributions for Fiscal Year 2025**

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2023:

Valuation Date	June 30, 2022
Experience Study	July 1, 2018 to June 30, 2023
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Investment Rate of Return	6.25%
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-Hazardous 3.55% to 19.05% varies by service for Hazardous
Mortality	System specific mortality table based on experience From 2013-2018 , projected with the ultimate rates from MP-2014 mortality improvement scale using a base year

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Of 2019

Phase-in Provision

Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

**Plan Target Allocation**

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

Asset Class	CERS Pensions Non-Hazardous Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	4.15%
Private equity	10.00%	9.10%
Core bonds	10.00%	2.85%
Specialty credit / high yield	10.00%	3.82%
Cash	0.00%	1.70%
Real estate	7.00%	4.90%
Real return	13.00%	5.35%
Expected Real Return	100.00%	4.69%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

**Sensitivity of the 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 6.50 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 (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	Proportionate Share of Net Pension Liability		
	1% Decrease 5.50%	Current Rate 6.50%	1% Increase 7.50%
Non-hazardous	\$ 204,694	\$ 158,780	\$ 120,684

**NOTE G-HEALTH INSURANCE – OTHER POST-EMPLOYMENT BENEFITS**

**Non-Hazardous OPEB Plan Description**

*Benefits Provided* – CERS provides retirement, health insurance, death and disability benefits to non-hazardous duty Plan employees and beneficiaries. Health insurance coverage is provided

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through payment/partial payment of insurance premiums for both non-Medicare-eligible and Medicare-eligible retirees.

Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member premium paid by the plan	< 4 years service - 0% 4-9 years service - 25% 10-14 years service - 50% 15-19 years service - 75% 20 or more years service - 100%
Tier 2	Participation date	July 1, 2003 - August 31, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Member premium paid by the plan	\$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2016, the contribution was \$12.99 per month.
Tier 3	Participation date	On or after September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement
	Member premium paid by the plan	\$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2016, the contribution was \$12.99 per month.

*Contributions* – Required health insurance Plan contributions by the employee are based on the tier:

	Required Contribution
Tier 1	None
Tier 2	1%
Tier 3	1%

**Contributions**

The employer contribution rates are set by the KRS Board under Kentucky Revised Statute 61.565 based on an annual actuarial valuation, unless altered by legislation enacted by the Kentucky General Assembly. The employee contribution rate is set by state statute.

For non-hazardous employees, the City contributed 0.00% of covered employees' compensation for the health insurance fund.

The City made all required contributions for the non-hazardous Plan OPEB obligation for the fiscal year in the amount of \$0.

These contributions are actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, the City recognized OPEB expense of \$13,264 in addition to its OPEB contribution.

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**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and De-ferred Inflows of Resources Related to OPEB**

At June 30, 2025, the City reported a liability of (\$4,598) as its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. 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 governmental entities, actuarially determined. At the June 30, 2024 measurement year, the City's non-hazardous employer allocation proportion was 0.002658% of the total CERS non-hazardous duty employees.

In addition, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	GENERAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,551	\$ 36,176
Change in assumptions	4,166	3,244
Net difference between projected and actual earnings on OPEB plan investments	4,042	8,237
Changes in proportion and difference between City contributions and proportionate share of contributions	6,249	5,382
City contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 17,008</b>	<b>\$ 53,039</b>

The City's contributions subsequent to the measurement date of \$0.00 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Measurement Year Ending June 30,	Net Deferral
2026	\$ (11,333)
2027	(11,854)
2028	(11,603)
2029	(1,241)
2030	-
Thereafter	-
	<u>\$ (36,031)</u>

**Actuarial Methods and Assumptions to Determine the Total OPEB Liability and the Net OPEB Liability**

For financial reporting, the actuarial valuation as of June 30, 2024, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2024 were based on an actuarial valuation date of June 30, 2024. The total OPEB liability was rolled-forward from the valuation date (June 30, 2023) to the plan's fiscal year ending date of June 30, 2024, using the generally accepted actuarial principles.

The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2024:

Inflation	2.50%
Payroll Growth Rate	2.0% for CERS Non-hazardous and Hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS Non-hazardous 3.55% to 19.05%, varies by service for CERS hazardous
Investment Rate of Return	6.5% for CERS Non-hazardous and Hazardous
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post - 65	Initial trend starting at 8.05% in 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Nonhazardous Systems, and the PUB2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate

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rates from the MP-2020 mortality improvement scale using a base year of 2010

Post-retirement (non- disabled) System-specific mortality table based on mortality experience 2013-2018, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.

Post-retirement (disabled) PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010

**Changes in Assumptions – Plan**

There have been no other plan provision changes that would materially impact the total OPEB liability (asset) since June 30, 2023. It is GRS's opinion that these procedures are reasonable and appropriate and comply with applicable requirements under GASB Statement No. 75.

**Discount Rate**

The discount rate to calculate the total OPEB liability increased from 5.93% to 5.99% for the nonhazardous plan and from 5.97% to 6.02% for the hazardous plan. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2023, valuation

process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in the pre-Medicare healthcare costs.

Single discount rates of 5.99% for nonhazardous plan and 6.02% for the hazardous plan were used to measure the total OPEB liability for the fiscal year ended June 30, 2024. They are based on the expected rate of return on OPEB plan investments of 6.5% and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ended, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarial determined contributions, and it is our understanding that any costs associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

**Actuarial Methods and Assumptions used to determine the Actuarial Determined Contributions for Fiscal Year 2025**

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2025:

<p><b>CITY OF LAKESIDE PARK, KENTUCKY</b>  <b>NOTES TO FINANCIAL STATEMENTS</b>  <b>June 30, 2025</b></p>
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Valuation Date	June 30, 2022
Experience Study	July 1, 2018 to June 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Nonhazard 3.55% to 19.05% varies by service for Hazardous
Investment Rate of Return	6.25%
Mortality	System-specific mortality table based on mortality  Experience 2013-2018, projected with the ultimate Rates from MP-2014 mortality improvement Scale using a base year of 2019.
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post - 65	Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.

**Changes of Assumptions - Contributions**

The discount rates used to calculate the total OPEB liability increased from 5.93% to 5.99%. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2024 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. There were no other material assumption changes.

**CITY OF LAKESIDE PARK, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**Discount Rate**

Single discount rates of 5.93% for CERS Nonhazardous and 5.97% for CERS Hazardous systems were used to measure the total OPEB liability as of June 30, 2024. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

**Plan Target Allocation**

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

Asset Class	CERS Pensions Non-Hazardous Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	4.15%
Private equity	10.00%	9.10%
Core bonds	10.00%	2.85%
Specialty credit / high yield	10.00%	3.82%
Cash	0.00%	1.70%
Real estate	7.00%	4.90%
Real return	13.00%	5.35%
Expected Real Return	100.00%	4.69%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the proportionate share of the net OPEB liability calculated using the discount rates of 5.99% for the non-hazardous Plan and 6.02% for the hazardous Plan, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a

**CITY OF LAKESIDE PARK, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Discount Rate, Non-Hazardous	4.99%	5.99%	6.99%
Net OPEB liability, Non-Haz	\$ 6,217	\$ (4,598)	\$ (13,691)

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the proportionate share of the net OPEB liability, as well as what the proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Healthcare cost trend rate			
Net OPEB liability, non-hazardous	\$ (11,062)	\$ (4,598)	\$ 2,932

**Plan Fiduciary Net Position**

Both the Pension Plan and the Health Insurance Plan issue publicly available financial report that include financial statements and required supplementary information, and detailed information about each Plan’s fiduciary net position. These reports may be obtained, in writing, from the Kentucky Public Pension Authority, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky, 40601 or online at [www.kyret.ky.gov](http://www.kyret.ky.gov) .

**NOTE H-CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS**

The City is not a defendant in lawsuits and has no subsequent events as evaluated from June 30, 2025 through the date on which the financial statements were available for issue.

**NOTE I-RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The City has obtained insurance coverage through the Kentucky League of Cities Municipal Risk Management Association. In addition, the City has effectively managed risk through various employee education and prevention programs through the efforts and cooperation of its risk manager and department heads. All risk general liability management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred and the amount of loss can be reasonably estimated.

The City Attorney estimates that the amount of actual or potential claims against the City as of June 30, 2025, will not materially affect the financial condition of the City. Therefore, the Gen

**CITY OF LAKESIDE PARK, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

eral Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal years.

**NOTE J-JOINTLY GOVERNED ORGANIZATION**

The City, in conjunction with one other local governmental entity that provides police protection services, created the Lakeside Park-Crestview Hills Police Authority. The Police Authority, a separate legal entity, provides police services to the two governmental entities. The Authority's board is comprised of three members from each entity. Except for the annual contribution, no participant has any obligation, entitlement or residual interest. The City's annual contribution for the year ended June 30, 2025 was \$729,781.

**NOTE K-COMMITMENTS**

At June 30, 2025, the City had two commitments. These commitments are for the completion of Marlo Way and Shaker Road and the 2025 joint crack and seal program.

The City requires a carry forward balance at the beginning of each fiscal year as its real estate taxes are not received until the September through December period.

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## **SUPPLEMENTARY INFORMATION**

**CITY OF LAKESIDE PARK, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**

For the Year Ended June 30, 2025

	Required Supplementary Information			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ 2,500,000	\$ 2,500,000	\$ 4,036,309	\$ 1,536,309
Resources (inflows):				
Taxes	1,270,000	1,270,000	1,069,878	(200,122)
Licenses and permits	550,000	550,000	1,420,800	870,800
Intergovernmental	50,000	50,000	-	(50,000)
Charges for services	110,000	110,000	113,324	3,324
Fines and forfeitures	4,500	4,500	2,419	(2,081)
Interest	74,310	74,310	90,821	16,511
ARPA Funds	-	-	2,929	2,929
Miscellaneous	10,000	10,000	7,535	(2,465)
Amounts available for appropriation	<u>4,568,810</u>	<u>4,568,810</u>	<u>6,744,015</u>	<u>2,175,205</u>
Charges to appropriations (outflows)				
General government	434,900	479,000	353,898	125,102
Waste collection	110,000	110,000	207,940	(97,940)
Public safety	1,807,250	1,807,250	1,110,687	696,563
Public works	382,750	372,750	332,804	39,946
Transfer out	-	-	-	-
Total charges to appropriations	<u>2,734,900</u>	<u>2,769,000</u>	<u>2,005,329</u>	<u>763,671</u>
Budgetary fund balance, June 30	\$ <u>1,833,910</u>	\$ <u>1,799,810</u>	\$ <u>4,738,686</u>	\$ <u>2,938,876</u>

**CITY OF LAKESIDE PARK, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE - MUNICIPAL AID ROAD FUND**  
For the Year Ended June 30, 2025

	Required Supplementary Information			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Budgetary fund balances, July 1	\$ 80,500	\$ 80,500	\$ 181,094	\$ 100,594
Resources (inflows):				
Intergovernmental	58,000	58,000	56,594	(1,406)
Interest	1,000	1,000	1,695	695
Miscellaneous	-	-	-	-
Transfer in	-	-	-	-
Amounts available for appropriation	<u>139,500</u>	<u>139,500</u>	<u>239,383</u>	<u>99,883</u>
Charges to appropriations (outflows):				
Public works	<u>50,000</u>	<u>50,000</u>	<u>156,850</u>	<u>(106,850)</u>
Total charges to appropriations	<u>50,000</u>	<u>50,000</u>	<u>156,850</u>	<u>(106,850)</u>
Budgetary fund balances, June 30	\$ <u>89,500</u>	\$ <u>89,500</u>	\$ <u>82,533</u>	\$ <u>(6,967)</u>

**CITY OF LAKESIDE PARK, KENTUCKY**  
**SCHEDULE OF CITY CONTRIBUTIONS-PENSION**  
**For the Year Ended June 30, 2025**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Non-hazardous												
Contractually required contribution	\$ 8,335	\$ 7,738	\$ 6,953	\$ 6,960	\$ 5,637	\$ 6,473	\$ 8,179	\$ 13,573	\$ 18,869	\$ 20,044	\$ 19,455	\$ 18,997
Contributions in relation to the contractually required contribution	8,335	7,738	6,953	6,960	5,637	6,473	8,179	13,573	18,869	20,044	19,455	18,997
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 44,125	\$ 43,793	\$ 40,757	\$ 37,257	\$ 38,927	\$ 39,911	\$ 42,377	\$ 70,327	\$ 89,131	\$ 85,654	\$ 83,356	\$ 96,383
Contributions as a percentage of covered-employee payroll	18.89%	17.67%	17.06%	18.68%	14.48%	16.22%	19.30%	19.30%	21.17%	23.40%	23.34%	19.71%

Required supplementary information is intended to show ten years of data. Additional years information will be shown once it becomes available. Beginning in the 2018 year, pension contributions exclude the separately presented OBEB benefits.

**CITY OF LAKESIDE PARK, KENTUCKY  
SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY-  
NON-HAZARDOUS**

For the Year Ended June 30, 2025

	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Non-hazardous:											
City's proportion of the net pension liability	0.0019%	0.0019%	0.0017%	0.0015%	0.0015%	0.0016%	0.0017%	0.0027%	0.0030%	0.0030%	0.0030%
City's proportionate share of the net pension liability	\$ 62,000	\$ 82,332	\$ 84,120	\$ 89,556	\$ 96,227	\$ 111,263	\$ 126,860	\$ 171,062	\$ 219,979	\$ 194,035	\$ 158,780
City's covered-employee payroll	\$ 44,125	\$ 43,793	\$ 37,257	\$ 38,927	\$ 39,911	\$ 42,377	\$ 70,327	\$ 89,131	\$ 85,654	\$ 83,356	\$ 96,383
City's proportionate share of net pension liability as a percentage of its covered-employee payroll	140.51%	188.00%	225.78%	230.06%	241.10%	262.56%	180.39%	191.92%	256.82%	232.78%	164.74%
Plan fiduciary net position as a percentage of the total pension liability	66.8%	57.50%	55.51%	53.31%	53.50%	53.54%	47.81%	57.33%	52.42%	23.51%	41.68%

Required supplementary information is intended to show ten years of data. Additional years information will be shown once it becomes available

**CITY OF LAKESIDE PARK, KENTUCKY**  
**SCHEDULE OF CITY CONTRIBUTIONS-OPEB**  
For the Year Ended June 30, 2025

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Non-hazardous:									
Contractually required contribution	\$ 1,762	\$ 1,829	\$ 2,100	\$ 2,017	\$ 3,346	\$ 5,152	\$ 2,903	\$ -	\$ -
Contributions in relation to the contractually required contribution	1,762	1,829	2,100	2,017	3,346	5,152	2,903	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 37,257	\$ 38,927	\$ 39,911	\$ 42,377	\$ 70,327	\$ 89,131	\$ 85,654	\$ 83,356	\$ 96,383
Contributions as a percentage of covered-employee payroll	4.73%	4.70%	5.26%	4.76%	4.76%	5.78%	3.39%	0.00%	0.00%

Required supplementary information is intended to show ten years of data. Additional years information will be shown once it becomes available

**CITY OF LAKESIDE PARK, KENTUCKY**

**SCHEDULE OF THE PROPORTIONATE SHARE OF NET OPEB LIABILITY-  
NON-HAZARDOUS**

For the Year Ended June 30, 2025

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Non-hazardous:								
City's proportion of the net pension liability	0.0015%	0.0016%	0.0016%	0.0017%	0.0027%	0.0030%	0.0030%	0.0030%
City's proportionate share of the net pension liability	\$ 30,758	\$ 28,053	\$ 26,609	\$ 39,939	\$ 51,346	\$ 60,054	\$ (4,172)	\$ (4,598)
City's covered-employee payroll	\$ 38,927	\$ 39,911	\$ 42,377	\$ 70,327	\$ 89,131	\$ 85,654	\$ 83,356	\$ 96,383
City's proportionate share of net pension liability as a percentage of its covered-employee payroll	79.01%	70.29%	62.79%	56.79%	57.61%	70.11%	-5.01%	-4.77%
Plan fiduciary net position as a percentage of the total pension liability	52.4%	57.60%	60.44%	51.70%	62.91%	61.00%	-1.43%	-4.96%

Required supplementary information is intended to show ten years of data. Additional years information will be shown once it becomes available



## **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**

### **To the Mayor and Council City of Lakeside Park, Kentucky**

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lakeside Park, Kentucky, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Lakeside Park, Kentucky's basic financial statements, and have issued our report thereon May 19, 2026.

### **Reporting on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Lakeside Park, Kentucky's internal control over financial reporting (internal control) as a basis for designing 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 Lakeside Park, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lakeside Park, 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 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 attention by those charged with governance.

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 identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses.

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

As part of obtaining reasonable assurance about whether the City of Lakeside Park, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings.

### **City of Lakeside Park, Kentucky's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures to the City of Lakeside Park, Kentucky's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. City of Lakeside Park, Kentucky's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

## **RANKIN, RANKIN & COMPANY**

*Rankin Rankin & Company*

**Ft. Wright, Kentucky  
May 19, 2026**

**CITY OF LAKESIDE PARK, KENTUCKY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2025**

**Finding 1: Lack of Segregation of Duties**

The City is responsible for maintaining an adequate system of internal controls over financial activity. The City is a small unit with limited personnel that hinders the ability to provide various segregating of duties. The City Clerk/Treasurer is responsible for all accounting functions, such as preparing daily deposits, processing accounts payable and payroll, and preparing bank reconciliations with limited oversight.

**Recommendation: We recommend the City consider the following:**

- (1) The Mayor or other designated individual provide as much oversight as possible, such as reviewing disbursement documentation, signing checks and otherwise overseeing financial activity including a review of the monthly general ledger. We understand that the Mayor does provide some of these controls, such as signing checks and reviewing disbursement documentation.

**City's Response:**

The City is a small unit with one administrative employee, thus limiting the possibility of segregation of duties. The City will consider other alternatives to protect City assets. A City Finance Committee member is reviewing the bank statements and reconciliations on a monthly basis.