COVINGTON MOTOR VEHICLE PARKING AUTHORITY

FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

Rudler

CERTIFIED PUBLIC ACCOUNTANTS | PSC

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CERTIFIED PUBLIC ACCOUNTANTS
Rudler PSC

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Covington Motor Vehicle Parking Authority
Covington, Kentucky

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Covington Motor Vehicle Parking Authority ("the Parking Authority"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Parking Authority'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 business-type activities of the Parking Authority, as of June 30, 2025, and the respective changes in financial net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Parking Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Parking Authority'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.

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parking Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Parking Authority'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 on pages 4-5 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 which 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 April 4, 2026, on our consideration of the Parking Authority'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 Parking Authority'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 Parking Authority's internal control over financial reporting and compliance.

Rudler, PSC

Fort Wright, Kentucky
April 2, 2026

Our discussion and analysis of the Parking Authority's financial performance provides a narrative overview and analysis of the Parking Authority's financial activities during the fiscal year ended June 30, 2025. Please read this analysis in conjunction with the Parking Authority's financial statements, which follow this section.

FIRST YEAR OF OPERATIONS

The current fiscal year represents the Parking Authority's first year of standalone operations following its separation from the City of Covington. Accordingly, prior-year comparisons are limited, and the current year establishes a baseline for future financial reporting.

FINANCIAL HIGHLIGHTS

- The Parking Authority's net position is $10,154,133.
- During the year, the Parking Authority had expenses that were $1,337,224 less than the $3,760,991 generated in parking fees and other revenues.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide information about the activities of the Parking Authority as a whole and present a longer-term view of the Parking Authority's finances.

REPORTING THE PARKING AUTHORITY AS A WHOLE

One of the most important questions asked about the Parking Authority's finances is, "Is the Parking Authority as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Parking Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Parking Authority's net positions and changes in them. You can think of the Parking Authority's net position, the difference between assets and liabilities, as one way to measure the Parking Authority's financial health, or financial position. Over time, increases or decreases in the Parking Authority's net positions are one indicator of whether its financial health is improving or deteriorating. However, to assess the overall health of the Parking Authority, you will need to consider other non-financial factors, such as improvements in services and capabilities.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The following provides a detail of current net position and changes in net position.

FINANCIAL ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

At year-end, the Parking Authority reported assets in excess of liabilities, resulting in a positive net position. Assets consisted primarily of cash generated from parking operations, while liabilities were related to normal operating expenses.

Operating revenues were generated primarily from parking fees and violation revenues and were sufficient to support operating expenses associated with parking management and administrative activities. The Authority ended its first year of operations with sufficient resources to support ongoing operations.

COVINGTON MOTOR VEHICLE PARKING AUTHORITY

NET POSITION		**FY 2025**
Current and other assets	$	3,354,373
Noncurrent assets		9,108,408
Total assets		12,462,781
Current liabilities		2,245,164
Noncurrent liabilities		63,484
Total liabilities		2,308,648
Investment in capital assets		9,037,468
Unrestricted		1,116,665
Total net position	$	10,154,133

COVINGTON MOTOR VEHICLE PARKING AUTHORITY

CHANGES IN NET POSITION		**FY 2025**
Operating revenues	$	3,741,257
Operating expenses		2,421,538
Nonoperating revenues		19,734
Nonoperating expenses		(2,229)
Change in net position	$	1,337,224

CAPITAL ASSETS

The Parking Authority operates several parking garages, all of which are owned by the Parking Authority, as well as surface parking lots and other facilities that may be leased. Only parking facilities owned by the Parking Authority are reported as capital assets in the accompanying statement of net position. Parking facilities that are leased by the Parking Authority are accounted for separately in accordance with *GASB Statement No. 87, Leases*, and are not included in capital assets.

During the current fiscal year, the Parking Authority continued to invest in the maintenance, restoration, and improvement of its parking facilities in order to enhance functionality, safety, and overall appearance. Capital improvements completed during the year were incorporated into depreciable capital asset categories once placed into service. Costs associated with projects that were ongoing at fiscal year-end are reported as construction in progress within capital assets and will be reclassified to the appropriate capital asset category upon completion. As of June 30, 2025, there were no capital projects ongoing that required classification as construction in progress.

ECONOMIC FACTORS

Covington is experiencing flourishing development and the Parking Authority is working to install more meters and acquire more parking spaces.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Parking Authority's finances and to show the Parking Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Executive Director Kyle Snyder, Covington Motor Vehicle Parking Authority, 859-292-2317, (e-mail at kyle.snyder@covingtonky.gov).

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COVINGTON MOTOR VEHICLE PARKING AUTHORITY
STATEMENT OF NET POSITION
June 30, 2025

		June 30, 2025
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	3,105,529
Accounts receivable		248,844
Total Current Assets		3,354,373
PROPERTY AND EQUIPMENT, NET		9,037,467
OTHER ASSETS		
Right of use asset, net		70,941
Total Other Assets		70,941
TOTAL ASSETS	$	12,462,781
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Interest payable	$	272
Notes payable		2,239,033
Current portion of lease liability		5,859
Total Current Liabilities		2,245,164
LONG TERM LIABILITIES		
Lease liability		63,484
Total Long Term Liabilities		63,484
Total Liabilities		2,308,648
NET POSITION		
Net investment in capital assets		9,037,467
Unrestricted		1,116,666
Total Net Position		10,154,133
TOTAL LIABILITIES AND NET POSITION	$	12,462,781

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

	June 30, 2025
OPERATING REVENUES	
Parking fees	$ 2,919,358
Events	10,092
Revenue share	8,020
Violation revenue	869,844
Total Revenue	3,807,314
OPERATING EXPENSES	
Contract labor expense	654,730
Utilities	216,462
Depreciation	451,913
Amortization	2,446
Lease expenses	2,225
Miscellaneous expense	3,042
Management fee	52,604
Taxes and licenses	146,157
Bank service charges	159,854
Professional fees	280,911
Office expenses	68,249
Maintenance and repairs	382,945
Total Expenses	2,421,538
NONOPERATING REVENUES (EXPENSES)	
Interest earned	19,734
Interest expense	(68,286)
Total Nonoperating Revenues (Expenses)	(48,552)
CHANGE IN NET POSITION	1,337,224
NET POSITION AT BEGINNING OF YEAR	8,816,909
NET POSITION AT END OF YEAR	$ 10,154,133

The accompanying notes are an integral part of these statements.

COVINGTON MOTOR VEHICLE PARKING AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

	June 30, 2025
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments received from parking customers	$ 6,988,506
Cash paid to suppliers and service providers	(2,007,364)
Net Cash From Operating Activities	4,981,142
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid of debt	(1,012,095)
Purchase of property and equipment	(817,767)
Interest paid	(72,057)
Net Cash From Capital and Related Financing Activities	(1,901,919)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest receive on cash investments	19,734
Net Cash From Investing Activities	19,734
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,098,957
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	6,572
CASH AND CASH EQUIVALENTS END OF YEAR	$ 3,105,529
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	1,385,776
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Depreciation expense	451,913
Amortization expense	2,446
Decrease in accounts payable	(40,185)
Decrease in accounts receivable	3,181,192
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,981,142
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Right of use asset recognized	70,941
Lease liability recognized	69,343

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Covington Motor Vehicle Parking Authority ("the Parking Authority") was created in 2018 by Ordinance 0-05-22 issued by the City of Covington, Kentucky (the "City") as a public agency and instrumentality to provide, operate, and maintain public parking facilities within the City. The Parking Authority's mission is to provide safe, convenient, and customer-focused parking to support residents, businesses, and visitors in the downtown area.

The Parking Authority is governed by a Board of Commissioners appointed by the City. The Parking Authority is reported as a separate entity of the city and is not included as a component unit in the City of Covington's financial statements.

The financial statements present only the financial information of the Parking Authority and do not include the financial data of the City or any other governmental unit.

The Parking Authority has taken steps to operate more independently from the City of Covington. The fiscal year ended June 30, 2025 represents the final separation and the Parking Authority's first year of reporting as a stand-alone entity separate from the City. Prior to this year, the Authority's financial activity was included in the City's financial statements. The Authority's beginning net position includes funds accumulated from prior years that were transferred from the City of Covington and had been held in a virtual account on behalf of the Authority. These amounts represent resources related to parking operations from periods prior to the Authority's independent reporting.

Financial Statement Presentation

The Parking Authority is accounted for as a proprietary (enterprise) fund. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental entities by the Governmental Accounting Standards Board ("GASB").

A) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

B) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and demand deposits with original maturities of three months or less when purchased.

C) Accounts Receivable

Accounts receivable consist primarily of amounts due from customers for parking services, including monthly and transient parking, validations, violations, and other parking-related charges that have been earned but not yet collected as of year-end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) Capital Assets

Capital assets include buildings and parking improvements. Capital assets are recorded at historical cost. The Parking Authority's policy is to capitalize assets with an individual cost of $5,000 or more and an estimated useful life of more than one year. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	30 – 50 years
Building improvements	5 – 10 years
Property and equipment	5 – 10 years
Vehicles	5 – 10 years

For the year ended June 30, 2025, the Parking Authority placed new assets into service and is in the process of evaluating useful lives and depreciation policies. Depreciation expense for the year ended June 30, 2025 was $451,913, and property and equipment is presented at net book value on the statement of net position.

E) GASB Statement No. 87, Leases

GASB Statement No. 87, *Leases*, was issued in June 2017 and is effective for the year ended June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. See Note 10 –Leases for more information.

F) GASB Statement No. 96, Subscription-based Information Technology Arrangements

GASB Statement No. 96, *Subscription-based information technology arrangements*, was issued in May 2020 and is effective for the year ended June 30, 2023. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for subscription-based information by governments. The standard had no material impact on the financial statements.

G) Net Position

Net position is reported in the following categories:

Net investment in capital assets – capital assets, net of accumulated depreciation and any outstanding debt related to their acquisition or construction.

Restricted – externally imposed constraints placed on net position by creditors, grantors, contributors, or laws and regulations of other governments.

Unrestricted – all other net position not meeting the above definitions.

At June 30, 2025, the Parking Authority did not have any restricted net position. Net position consisted of net investment in capital assets and unrestricted net position, as presented in the statement of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H) Operating and Non-operating Revenues and Expenses

Revenues are recorded when earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Operating revenues include charges for parking services such as meter revenues, transient and monthly parking, event parking, validation and violation revenue, and other parking-related income. Operating expenses are the costs of providing parking services, including employee costs, professional services, utilities, management fees, maintenance, supplies, and other related costs.

Interest income and other items not directly related to the provision of parking services are reported as non-operating revenues (expenses).

I) GASB Statement No. 101, Compensated Absences

In June 2022, the GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The standard had no material impact on the financial statements.

J) GASB Statement No. 102, Certain Risk Disclosures

In April 2024, the GASB issued Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide users of governmental financial statements with enhanced information regarding risks and uncertainties that could significantly affect a government's ability to continue to provide services or meet obligations. The Statement requires disclosure of certain concentrations, constraints, and vulnerabilities that may expose the Parking Authority to heightened risk. Management evaluated concentrations and constraints and determined no vulnerabilities meeting GASB 102 disclosure criteria existed as of June 30, 2025.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Parking Authority's deposits at June 30, 2025, were partially secured by Federal Depository Insurance (FDIC). Deposits in excess of the FDIC limit are to be collateralized with securities held by the bank, its trust department or by its agent, but not in the Parking Authority's name. At June 30, 2025, the carrying amount of the Parking Authority's deposits was $3,105,529 and the bank balance was $866,497. Of the bank balance $250,000 was insured by the FDIC. The remainder is collateralized with securities held by the financial institution, but not in the Parking Authority's name.

Kentucky Revised Statutes authorize districts to invest in obligations of the United States and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies, deposits in national or state charter banks insured by federal agencies, repurchase agreements, and larger amounts in such institutions providing such banks pledge as security obligations of the United States government or its agencies.

The Parking Authority does not hold any investments as of June 30, 2025.

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets as of June 30, 2025 is as follows:

	Balance June 30, 2024	Additions	Transfers or Deletions	Balance June 30, 2025
Building improvements	$ 3,246,461	$ 817,766	$ 0	$ 4,064,227
Buildings	13,491,200	0	0	13,491,200
Land	2,317,685	0	0	2,317,685
Machinery and equipment	130,152	0	0	130,152
Vehicles	8,948	0	0	8,948
Sub-Total	$ 19,194,446	$ 817,766	$ 0	$ 20,012,212
Less Depreciation	10,522,832	451,913	0	10,974,745
Total	$ 8,671,614	$ 365,853	$ 0	$ 9,037,467

NOTE 4 - NOTES PAYABLE

At June 30, 2025, the Parking Authority had notes payable to the City of Covington totaling $2,239,033. The notes consist of $449,161 related to parking facilities, bearing interest at a variable rate between 2.06% and 3.00%, and $1,789,872 related to the John R. Green project, bearing interest at 2% per annum and due as funds become available. Accrued interest payable at June 30, 2025, was $272. Principal and interest are due upon the issuance of future Parking Authority bonds or such later date as may be designated by the City. The notes are prepayable at any time without penalty.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable totaled $248,844 at June 30, 2025. Management considers accounts receivable to be fully collectible; accordingly, no allowance for credit loss has been recorded as of June 30, 2025.

NOTE 6 - REVENUES AND MAJOR CUSTOMERS

The Parking Authority’s revenues are derived primarily from parking fees, transient and monthly parking, event parking, and miscellaneous parking-related charges, as summarized below for the year ended June 30, 2025:

Parking fees (on- and off-street) – $2,919,358
Event parking – $10,092
Revenue sharing – $8,020
Miscellaneous income (including validations, violations and other charges) – $869,844
Total operating revenues were $3,807,314 for the year ended June 30, 2025.

Management does not believe there is significant concentration of credit risk with any single customer.

NOTE 7 - RISK MANAGEMENT

The Parking Authority is exposed to various risks of loss related to torts, theft or damage to assets, errors or omissions, injuries to employees, and natural disasters. The Parking Authority manages these risks through the purchase of commercial insurance policies. Coverage is obtained for property, general liability, automobile, and workers' compensation, among others. Management believes such coverage is adequate to protect the Parking Authority from significant loss.

NOTE 8 - MANAGEMENT FEE

The Parking Authority has entered into a management services agreement with a third-party operator, ABM, to provide day-to-day management of its parking facilities. Under the terms of the agreement, ABM is responsible for services that include, but are not limited to, staffing, revenue collection, customer service, routine facility operations, and administrative support related to parking operations.

In exchange for these services, the Parking Authority pays ABM a management fee, which consists of a fixed monthly base fee, and may also include additional fees or reimbursements for certain operating costs as defined in the agreement. Management fees and related reimbursable costs are recognized as operating expenses in the statement of revenues, expenses, and changes in net position as the services are rendered.

For the year ended June 30, 2025, total management fees recognized as expense amounted to $52,604 and are included in operating expenses. No amounts were payable to ABM at June 30, 2025.

The management services agreement does not create an ownership interest, lease arrangement, or debt obligation of the Parking Authority. The agreement may be terminated in accordance with its contractual provisions.

NOTE 9 - RELATED PARTY TRANSACTIONS

The Parking Authority is an instrumentality of the City of Covington. Under an intergovernmental arrangement, the Parking Authority reimburses the City for salary and related benefits associated with the Executive Director's services attributable to the Authority. These reimbursements are recorded as operating expenses of the Parking Authority.

The Parking Authority's Executive Director is an employee of the City of Covington and remains on the City's payroll while providing services to the Authority.

During the fiscal year ended June 30, 2025, the Authority had a notes payable balance of $2,239,033 due to the City of Covington (see Note 4). The note was subsequently paid in full after year end (see Note 12).

NOTE 10 - COMMITMENTS AND CONTINGENCIES

From time to time, the Parking Authority may be subject to claims and legal proceedings arising in the ordinary course of operations, including matters involving patrons or vendors. Management believes that the outcome of any such matters existing at June 30, 2025 will not have a material effect on the Parking Authority's financial position or results of operations.

NOTE 11 - LEASES

The Parking Authority leases a lot for a term of ten years expiring November 6, 2034, with 2 automatic renewal options of 5 years each. The Parking Authority pays fixed monthly rent of $750 until 2029 and then $784 from 2029 to 2034 for the right to use the lot for parking operations. Upon adoption of GASB Statement No. 87, the Parking Authority recognized both a right-to-use lease asset and a lease liability related to the Greenup Lot lease. Because the lease does not include an implicit interest rate and the Parking Authority has no external borrowings, the Parking Authority calculated the present value of future minimum lease payments using 20-year treasury yield rate of 4.71%.

Supplemental statement of financial position information related to the lease is as follows:

		June 30, 2025
Operating lease right of use asset	$	70,940
Current portion of lease liability	$	5,859
Long-term portion of lease liability		63,484
	$	69,343

The components of operating lease expenses that are included in General and Administrative Expenses in the statement of revenues, expenses, and changes in net position are as follows:

		June 30, 2025
Lease expense	$	2,225
Total lease expense	$	2,225

Supplemental cash flow information related to the lease is as follows:

		June 30, 2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating lease	$	9,000
Right-of-use assets obtained in exchange for new operating lease liability (non-cash)	$	0

Weighted average lease terms and discount rate were as follows:

	June 30, 2025
Weighted-average remaining lease term – lease	10 years
Weighted-average discount rate – lease	4.71%

NOTE 11 - LEASES (Continued)

The maturities of operating lease liabilities as of June 30 are as follows:

Year Ending June 30,		
2026	$	9,000
2027		9,000
2028		9,000
2029		9,000
2030		9,272
Thereafter		40,768
Total minimum lease payments	$	86,040
Less: present value discount		16,697
Present value of minimum lease payments	$	69,343
Less: current portion		5,859
Long-term lease liability	$	63,484

NOTE 12 - SUBSEQUENT EVENTS

Subsequent to year end June 30, 2025 the Parking Authority paid off its note payable of $2,239,033 with the City of Covington.

The Parking Authority has evaluated all subsequent events, through April 2, 2026, the date on which the financial statements were available for issue.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Covington Motor Vehicle Parking Authority
Covington, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Covington Motor Vehicle Parking Authority ("the Parking Authority"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Parking Authority's basic financial statements, and have issued our report thereon dated April 2, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Parking Authority'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 Parking Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Parking Authority's internal control.

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Parking Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Rudler, PSC

Fort Wright, Kentucky
April 2, 2026