CINCINNATI/NORTHERN KENTUCKY INTERNATIONAL AIRPORT

ANNUAL FINANCIAL INFORMATION AS OF DECEMBER 31, 2021

ISSUER: Kenton County Airport Board

SUBMITTER INFORMATION:

Name: Dilwyn Gruffydd
Title: Secretary-Treasurer
Company: Kenton County Airport Board
Mailing Address: P. O. Box 752000
Cincinnati, Ohio 45275-2000
Physical Address: CVG Centre
77 Comair Blvd.
Erlanger, Kentucky 41018-1274
Phone: (859) 767-3177
Fax: (859) 767-3269

DETAILED ISSUE IDENTIFICATION:

This Annual Financial Information is provided in accordance with written continuing disclosure agreements undertaken, as required by SEC Rule 15c2-12, for the benefit of the holders of the following bond issue of the Kenton County Airport Board.

Issue Description: Kenton County Airport Board
Cincinnati/Northern Kentucky International Airport
Revenue Refunding Bonds, Series 2016
Amount of Issue: $47,785,000
Dated Date: June 30, 2016
Delivery Date: June 30, 2016

Issue Details: – matured cusips not included

CUSIP Number	Maturity Date	Interest Rate
491026UK4	January 1, 2023	5.000%
491026UL2	January 1, 2024	5.000%
491026UM0	January 1, 2025	5.000%
491026UN8	January 1, 2026	5.000%
491026UP3	January 1, 2027	5.000%
491026UQ1	January 1, 2028	5.000%
491026UR9	January 1, 2029	5.000%
491026US7	January 1, 2030	5.000%
491026UT5	January 1, 2031	5.000%

CUSIP Number	Maturity Date	Interest Rate
491026UU2	January 1, 2032	5.000%
491026UV0	January 1, 2033	5.000%

Issue Description: Kenton County Airport Board
Cincinnati/Northern Kentucky International Airport
Revenue Bonds, Series 2019
Amount of Issue: $32,935,000
Dated Date: March 20, 2019
Delivery Date: March 20, 2019

Issue Details:

CUSIP Number	Maturity Date	Interest Rate
491026UX6	January 1, 2023	5.000%
491026UY4	January 1, 2024	5.000%
491026UZ1	January 1, 2025	5.000%
491026VA5	January 1, 2026	5.000%
491026VB3	January 1, 2027	5.000%
491026VC1	January 1, 2028	5.000%
491026VD9	January 1, 2029	5.000%
491026VE7	January 1, 2030	5.000%
491026VF4	January 1, 2031	5.000%
491026VG2	January 1, 2032	5.000%
491026VH0	January 1, 2033	5.000%
491026VJ6	January 1, 2034	5.000%
491026VK3	January 1, 2035	5.000%
491026VL1	January 1, 2036	5.000%
491026VM9	January 1, 2037	5.000%
491026VN7	January 1, 2038	5.000%
491026VP2	January 1, 2039	5.000%
491026VQ0	January 1, 2040-2044	5.000%

CUSIP Number	Maturity Date	Interest Rate
491026VR8	January 1, 2045-2049	5.000%

Issue Description: Kenton County Airport Board
Cincinnati/Northern Kentucky International Airport
Senior Customer Facility Charge Taxable Revenue Bonds Series 2019
Amount of Issue: $103,130,000
Dated Date: March 20, 2019
Delivery Date: March 20, 2019

Issue Details:

CUSIP Number	Maturity Date	Interest Rate
491034AB0	January 1, 2023	3.134%
491034AC8	January 1, 2024	3.234%
491034AD6	January 1, 2025	3.333%
491034AE4	January 1, 2026	3.483%
491034AF1	January 1, 2027	3.576%
491034AG9	January 1, 2028	3.726%
491034AH7	January 1, 2029	3.826%
491034AJ3	January 1, 2030	3.926%
491034AK0	January 1, 2031	4.026%
491034AL8	January 1, 2032	4.126%
491034AM6	January 1, 2033	4.226%
491034AN4	January 1, 2034	4.326%
491034AP9	January 1, 2035-2039	4.489%
491034AQ7	January 1, 2040-2049	4.689%

REQUIRED ANNUAL FINANCIAL INFORMATION:

1) Audited Financial Statements

December 31, 2021, Audited Financial Statements presented in accordance with Generally Accepted Accounting Principles – See separate Audit Report attachment

2) Debt Service Coverage

Debt service coverage ratio required by Bond Resolution	Actual 2021 debt service coverage ratio generated by net revenues of the Airport
1.25 x annual debt service	2.42 x annual debt service

3) Annual Airport Operating Data

Summarized below are certain operational statistics for the Airport for the year ended December 31, 2021:

Historical Cost per Enplanement (CPE)
(2012-2021)

	For Year Ended December 31									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
CPE	$10.84	$10.66	$8.77	$9.17	$6.90	$5.85	$4.49	$4.51	$14.23	$7.93

Source: Airport Records

Enplaned Passengers & Market Share by Airline

	2021	
Airline[1]	Enplaned Passengers	Share
Delta	1,111,138	35.4%
American	563,587	18.0%
United	298,144	9.5%
Alaska	30,885	1.0%
Allegiant	480,737	15.3%
Frontier	367,364	11.7%
Southwest	264,629	8.4%
All Other[2]	24,046	0.8%
Total[3]	3,140,530	100.0%

1. For those airlines that were party to a merger or acquisition, only the surviving entity is presented in this table. However, the activity for the airlines that are now a part of the surviving airline is included in the information presented.
2. Consists of airlines no longer serving the Airport and/or charter airlines.
3. Columns may not add to totals shown because of rounding.

Source: Airport Records

Landed Weight & Market Share by Airline

	2021	
Airline[1]	Landed Weight[2]	Share
Delta	1,441,268	11.6%
American	704,308	5.7%
United	407,638	3.3%
Air Canada	122	0.0%
Alaska	32,619	0.3%
Allegiant	554,536	4.5%
Frontier	372,967	3.0%
Southwest	341,242	2.8%
Other Passenger	52,568	0.4%
DHL	6,292,371	50.7%
Amazon	1,747,030	14.1%
Other Cargo	443,500	3.6%
All Other[3]	24,523	0.2%
Total[4]	12,414,691	100.0%

1. For those airlines that were party to a merger or acquisition, only the surviving entity is presented in this table. However, the activity for the airlines that are now a part of the surviving airline is included in the information presented.
2. Weights are in thousands of pounds.
3. Consists of airlines no longer serving the Airport and/or charter airlines.
4. Columns may not add to totals shown because of rounding.

Source: Airport Records

Historical Air Cargo (in tons)

Year	Airport[1]	DHL[1]	Amazon[1]
2011	537,139	499,743	
2012	599,778	557,738	
2013	655,479	619,210	
2014	722,431	691,173	
2015	804,088	765,933	
2016	818,364	789,544	
2017	1,041,890	883,138	127,506
2018	1,241,320	960,709	243,434
2019	1,248,656	956,342	249,269
2020	1,434,132	1,068,791	280,893
2021	1,694,595	1,137,900	307,809

1. Includes enplaned & deplaned air mail, air express & air freight

Source: Airport Records

Cincinnati/Northern Kentucky International Airport
Market Share of Rental Car Brands December 31, 2021

Corporate Entity	Rental Car Brands	Twelve Months Ended December 31, 2021 Share by Gross Revenues
EAN Holdings, LLC	Enterprise Rent-A-Car, Alamo Rent a Car and National Car Rental	43%
Avis/Budget Rental LLC	Avis Rent a Car,Budget Rent a Car, Payless Car Rental and Zipcar	31%
The Hertz Company	Hertz, Thrifty Car Rental and Dollar Rent A Car	26%

Source: Airport Records

Historical Rental Car Demand and CFC Collections at the Airport

Fiscal Year	Total Transactions[1,2]	Total Rental Car Transaction Days[1,3,4]	Total CFCs Received by the Airport[1,2,4]
2011	308	1,091	$4,090
2012	313	1,148	$4,181
2013	320	1,148	$4,306
2014	328	1,164	$4,363
2015	356	1,292	$5,745
2016	376	1,367	$6,726
2017	428	1,461	$8,768
2018	461	1,573	$11,930
2019	464	1,617	$12,130
2020	168	674	$5,057
2021	234	977	$7,328

1. In thousands
2. Source: Airport Records
3. Source: Kenton County Airport Board and rental car company records
4. The Airport began collecting CFCs in April 2006. From April 2006 until January 2015, the Airport collected a CFC at a rate of $3.75 per transaction day. From January 2015 until November 2016, the CFC increased to $4.75 per transaction day and from November 2016 until January 2018, the CFC collected by the Airport increased to $6.00 per transaction day. The current CFC collected by the Airport as of January 2018 is $7.50 per transaction day.

Cincinnati/Northern Kentucky International Airport

Basic Financial Statements and Other Required Information issued under the provisions of the Office of Management and Budget Uniform Guidance
December 31, 2021 and 2020

Cincinnati/Northern Kentucky International Airport
Table of Contents
Years Ended December 31, 2021 and 2020

CPAs / ADVISORS

blue

Blue & Co., LLC / 250 West Main Street, Suite 2900 / Lexington, KY 40507
main 859.253.1100 fax 859.253.1384 email blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Cincinnati/Northern Kentucky International Airport (the Airport), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which comprise the Airport's 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 financial position of the business-type activities the Airport, as of December 31, 2021 and 2020, and the respective changes in financial position, and cash flows thereof for the years 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 Airport 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 Airport'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.

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

Auditor's 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 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 Airport'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 Airport'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.

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Airport's basic financial statements. As listed in the table of contents, the combining schedules, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*s, and the schedule of passenger facility charges collected and expended (the Supplementary Information) are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2022 on our consideration of the Airport'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 Airport'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 Airport's internal control over financial reporting and compliance.

Blue & Co., LLC

Lexington, Kentucky
July 19, 2022

Introduction

The following management discussion and analysis of the financial performance and activity of the Cincinnati/Northern Kentucky International Airport ("Airport") provides an introduction and understanding of the Airport's basic financial statements ("Statements") for the calendar year ended December 31, 2021 with selected comparative information for the years ended December 31, 2020 and December 31, 2019. The Statements are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP"). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto.

The operations of the Airport are self-supporting and generate revenues from Airport users to fund all operating expenses and debt service requirements. Capital projects are funded through the issuance of revenue bonds, the collection of Passenger Facility Charges ("PFCs"), the collection of Customer Facility Charges ("CFCs"), the receipt of federal and state grants, the use of certain funds generated by the operations of the Airport and other third-party funding received from tenants of the Airport for use on specified projects.

Airport Governance

The Kenton County Airport Board ("Board") was created pursuant to a resolution of the Fiscal Court of Kenton County, Kentucky adopted on June 3, 1943. Under the provisions of Chapter 183 of the Kentucky Revised Statutes and by the terms of such resolution, the Board has been created and organized as a public body politic and corporate. The Board has complete jurisdiction, control, possession, and supervision of the Airport. This includes the power and authority to establish reasonable rates, charges, and fees for the use of its landing areas, ramps, and other common aviation facilities. Through contracts or other permissible means, the Board also negotiates general rates, charges, and fees for commercial vendors, concessionaires or other organizations for the use and occupancy of its terminals and other facilities.

Airport Activity Highlights

COVID-19

The U.S. airport sector has rebounded faster from the coronavirus pandemic than initially anticipated. Through December 2021, passenger volumes for the U.S. as a whole, and at CVG, had recovered to 69% of 2019 volumes. The relaxing of government restrictions, strong economic growth, vaccine availability, remote work, government fiscal stimulus, and pent-up leisure travel demand have all been key contributors to the rebound in air travel. However, corporate policies limiting business travel in addition to national and state imposed international travel restrictions continue to weigh on passenger volumes. As a result, the U.S. airport sector is not anticipated to recover to pre-COVID passenger traffic levels until 2024.

Air cargo continues to be a pandemic bellwether for airports like CVG. The presence of DHL and Amazon air cargo hubs at CVG has helped partially offset the reduction in passenger landed weight. The government restrictions resulting from the COVID-19 pandemic caused a substantial shift to ecommerce, stimulated air cargo demand, and resulted in increased cargo landed weight at the Airport.

Rating agencies have recognized the improvement in the airport sector. On July 19, 2021, Moody's revised its outlook for the U.S. airport sector to positive from stable. On September 1, 2021, Fitch affirmed ratings and upgraded the outlook to stable from negative on U.S. midsize airports, including CVG.

Federal Relief Efforts in Response to COVID-19

The United States government enacted the following three Acts to mitigate the ongoing disruptive effects of the COVID-19 pandemic:

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748, Public Law 116-136) was signed into law on March 27, 2020 and included $10 billion in funds for eligible U.S. airports.
- The Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) (Public Law 116-260) was signed into law on December 27, 2020 and included nearly $2 billion in funds for eligible U.S. airports and eligible concessions.
- The American Rescue Plan Act (ARPA) (H.R. 1319, Public Law 117-2) was signed into law on March 11, 2021 and included $8 billion in funds for eligible U.S. airports and concessions.

The legislation included direct aid in the form of grants for airports. The Board has been awarded a total of $97.3m under the three Acts including $4.7m in concession relief: CARES $42.9m, CRRSAA $12.3m, and ARPA $42.1m. The grants can be used for any purpose for which airport revenues may lawfully be used including operating expenditures, debt service, and new airport development or construction. The period of performance for the grants is four years and include provisions related to procurement, cost eligibility, and workforce retention requirements that must be adhered to. KCAB payment requests under the Acts must be submitted for incurred expenses only, consistent with FAA's Payment Policy. In order to reimburse operating expenses and offset shortfalls in operating revenue the Board used $11.1 million of CARES funds in 2020 and $1.7 million of CRRSAA funds in 2021.

CRRSAA and ARPA grants also included discrete amounts to provide relief from rent and minimum annual guarantees (MAG) to eligible airport concessions. $0.9 million and $3.8 million were allocated to CVG under CRRSAA and ARPA, respectively. In order to provide relief from rent and MAGs in 2021, the Board applied $0.9 million and $2.9 million in CRRSAA and ARPA funds, respectively.

The Board entered into a multi-year Airport Improvement Program (AIP) grant with the FAA for the rehabilitation and reconstruction of Runway 9/27. For Federal Fiscal Year 2020, KCAB was awarded an additional $9.8 million dollars in CARES Act grants to contribute to the 25% local match for the project. For Federal Fiscal Year 2021, KCAB was awarded an additional $4.8m dollars in ARPA grants to apply to the local match for the project. As a result, the Federal participation in the $69.0m Runway 9/27 rehabilitation will exceed 90% versus the traditional 75%.

Tenant Lease and Sustainability Actions

The Board entered into a Use Agreement with its signatory carriers effective January 1, 2016. The five-year term of the current use agreement was set to expire December 31, 2020. Due to the disruption and uncertainty caused by the COVID-19 pandemic, the Board and certain passenger and cargo air carriers operating at the Airport ("Signatory Carriers") agreed to extend the existing Use Agreement and all related terminal space leases for one year with an additional optional, mutually agreeable one-year extension. During 2021, the Board and the Signatory Carriers exercised the option for a one year extension of the current agreement through December 31, 2022.

As a result of the COVID-19 pandemic, and the related reduction in passenger traffic, the Board granted relief to certain terminal concessionaires for the period April 1, 2020 through December 31, 2020, relieving their obligation to remit Minimum Annual Guarantee ("MAG") payments and granting them the ability to pay solely based on a percentage of their revenues. The impact was approximately a $1.5 million reduction in terminal concession revenues.

Airport Activity

The Airport serves as the primary airport for scheduled passenger service for the fifteen county Cincinnati Consolidated Metropolitan Statistical Area. The Airport also has the unique distinction of serving as a dual air cargo hub for DHL Worldwide Express ("DHL") and Amazon Air. DHL's hub at CVG is its main international cargo hub for North America and Latin America and is one of DHL's three global super hubs.

The Amazon Air cargo hub at CVG serves as the central hub for Amazon Air's U.S. cargo network. Amazon began operating aircraft from the Airport in May 2017 utilizing daytime capacity at DHL's hub facility. Subsequently, work began related to planning the Amazon cargo hub development and completing the necessary regulatory and permitting review processes. In March 2019, the Board entered into a ground lease with Amazon.com Services, Inc. for an approximate 650-acre site on the south side of the Airport and an option agreement for approximately 479 acres on the north side of the Airport. The $1.5 billion first phase of the south side development opened in August 2021 featuring an 800,000 square foot sortation building, ramp parking for 25 aircraft, and a multi-story parking garage. Future phases of the south side development are currently planned to open in 2026 and beyond, with the actual timing being dependent on economic conditions and operational requirements.

As of December 31, 2021, scheduled passenger service at the Airport was provided by seven airline groups through a total of twenty one mainline and regional carriers. Scheduled cargo service was provided by three cargo operators. Air Canada suspended service at the Airport in 2020 as a result of restrictions imposed on transborder air travel due to COVID-19. Air Canada plans to resume service from CVG on May 1, 2022.

Selected activity statistics for the years ended December 31, 2021, 2020 and 2019 are as follows:

	2021	2020	2019
Enplaned passengers	3,140,530	1,802,675	4,553,790
Origin passengers(1)	3,024,810	1,741,364	4,340,699
Landed Weights(lbs. 000s)			
Passenger airlines	3,907,267	2,858,945	5,142,911
Cargo airlines(2)	8,507,424	7,972,507	7,268,858
Total landed weight	12,414,691	10,831,452	12,411,769
Aircraft landings(3)	62,423	53,330	76,735

(1) as reported to the Airport by the airlines

(2) includes maintenance flights

(3) includes domestic air carriers, international air carriers and air taxi/commuter flights

In 2021, enplaned passenger activity recovered to 3,140,530 or 69.0% of pre-pandemic volumes driven by a strong recovery in domestic leisure passengers. Domestic business travel and international travel have been slower to recover. 2021 represents a 74.2% increase over 2020 enplanement volumes which were severely impacted by the COVID-19 outbreak. In 2020, enplaned passenger activity at the Airport declined to 1,802,675 or 39.6% of pre-pandemic volumes.

In 2021, total aircraft landed weights recovered to pre-pandemic levels increasing 1,583,239 or 14.6%. Passenger landed weight increased 1,048,322 or 36.7% as airlines added back capacity in response to recovery in passenger air travel demand. Despite the increase, passenger landed weight remains at 76.0% of pre-pandemic levels. The presence of the DHL and Amazon air cargo hubs at the Airport coupled with a substantial shift to ecommerce, continues to stimulate air cargo demand. In 2021, cargo landed weight increased 534,917 or 6.7%. Cargo landed weight at CVG is 17.0% above pre-pandemic levels. In 2020, cargo landed weight at the Airport increased 703,649, or 9.7%, while passenger landed weight declined 2,283,966, or 44.4%, as airlines adjusted their flight schedules due to lower air travel demand.

In 2021, the number of aircraft landings increased 9,093 or 17.1%. The percentage increase in aircraft landings versus aircraft landed weight reflects the recovery of passenger air service and smaller gauge aircraft, on average, in passenger service relative to those in air cargo service. In 2020, the number of aircraft landings at the Airport declined by 23,405, or 30.5% as a result of passenger air service reductions in response to the COVID-19 pandemic.

Airline Rates and Charges

Two of the primary revenue sources for the Airport are the landing fees received from the airlines for the use of the airfield and the rentals received for their use of the terminal facilities. Effective January 1, 2016, the Board entered into a new Airport Use Agreement ("Use Agreement") with the Signatory Carriers that was set to expire on December 31, 2020. Due to the disruption and uncertainty caused by COVID-19 pandemic, both the Board and its Signatory Carriers agreed to extend the existing Use Agreement and all related terminal space leases for one year (expiring December 31, 2021) with an optional, mutually agreeable one-year extension. During 2021, the Board and the Signatory Carriers exercised the option for a one year extension of the current agreement through December 31, 2022. As of December 31, 2021 and December 31, 2020, the Airport had eight Signatory Carriers, of which six were passenger airlines (Allegiant, American, Delta, Frontier, Southwest, and United) and two were cargo operators (DHL and Federal Express Corporation).

The Use Agreement provides for the use of the airfield and establishes the methodology for calculating the landing fee rate charged to the air carriers and establishes the various terminal related rates and charges to be paid under these terminal leases. The airline rates and charges methodology under the Use Agreement provides that operating expenses, debt service, other capital costs and funding of certain reserve accounts are allocated to airline and Airport cost centers. The landing fee and terminal rates and charges are calculated based on the costs allocated to the applicable airline cost centers less certain revenue offsets. The calculation of the landing fee rate is residual in nature with the landing fee rate prior to any revenue offsets established to recover the cost of providing the airfield. A commercial compensatory rate setting methodology is used to establish terminal related rates and charges with any unrecovered costs related to unleased space being borne by the Airport. Under the Use Agreement, a portion of Net Remaining Revenues ("NRR") as defined in the agreement is credited to reduce the landing fee rate and Signatory Carrier terminal related rentals. Landing fees and airline terminal rentals are reflected in the Statements of Revenues, Expenses and Changes in Net Position net of the related NRR credits.

The landing fee rate, terminal related rates and charges, and the related NRR credits are established annually during the budget process based on projected revenues, costs and airline activity. After the close of each fiscal year, the landing fee rate, terminal related rates and charges and related NRR credits are recalculated using audited financial data. Any overpayments of such rentals, fees and charges are reflected as payable by the Board and returned to the Signatory Carriers; and any underpayments are invoiced to the Signatory Carriers. Amounts owed to the carriers as the result of this settlement process for 2021 and 2020 were $2.4 million and $1.0 million, respectively. In order to manage airline costs of operating at the Airport in 2021 and 2020, the Board used CARES Act grant funds in a manner to reimburse Airport operating expenses and ensure no single airline was required to make settlement payments to the Board. As $4.0 million of the amount payable at December 31, 2020 had not been paid by December 31, 2021, the total amount reflected on the Balance Sheet as payable at December 31, 2021 is $6.4 million.

The Airport's bond resolutions pertaining to bonds funded by operating revenues require that rates and fees charged to the air carriers be determined and fixed at amounts which, together with all other revenues from the operation, use and services of the Airport, will be sufficient to 1) pay the costs of operating and maintaining the Airport, 2) fund the principal, interest and coverage requirements of the outstanding bonds, and 3) make all other transfers as required under the Airport's general bond resolution.

In addition to the landing fees and terminal rentals and any other fees and charges allowable under the Use Agreement, each Signatory Carrier is required to make extraordinary coverage protection payments to the Airport in any fiscal year in which the amount of operating revenues less operating expenses as defined in the general bond resolution is or is forecasted to be less than 125% of the aggregate annual debt service requirements as calculated under the Airport's general bond resolution. No such payments were necessary for 2021 or 2020.

Overview of the Financial Statements

The Airport's Statements include three separate financial statements: the Balance Sheet; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The Statements are prepared in accordance with GAAP as promulgated by the Governmental Accounting Standards Board ("GASB"). The Airport is a business-type activity and, as such, is accounted for as an Enterprise Fund. For administrative purposes and to ensure adherence to applicable parameters and restrictions on the allowable use of funds and their associated net positions, the Airport has established various self-balancing account groups (more fully described in Note 1 to the Statements).

The Balance Sheet presents the Airport's financial position at December 31, the end of the Airport's fiscal year, and includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Net position is classified into three components: unrestricted, net investment in capital assets, and restricted. Restricted net position is further classified between major categories of restrictions.

The Statement of Revenues, Expenses and Changes in Net Position reports total operating revenues, operating expenses, nonoperating changes in net position, and capital contributions for the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the cash flows.

The Statement of Cash Flows presents information showing how the Airport's cash balances changed during the fiscal year. The Statement of Cash Flows classifies cash receipts and cash payments by operating activities, non-capital financing activities, capital and related financing activities, and investing activities.

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

Summary of Financial Position

A summarized comparison of the Airport's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at December 31, 2021, 2020 and 2019 is set forth below (in thousands of dollars):

	2021	2020	2019
Assets			
Current assets	$ 170,449	$ 169,120	$ 182,570
Non-current assets			
Capital assets	879,815	810,827	741,634
Other non-current assets	154,255	195,794	276,688
Total assets	1,204,519	1,175,741	1,200,892
Deferred Outflows of Resources	23,209	30,953	29,386
Total assets and deferred outflows of resources	$ 1,227,728	$ 1,206,694	$ 1,230,278
Liabilities			
Current liabilities	$ 60,812	$ 53,523	$ 66,323
Non-current liabilities	286,711	319,897	306,965
Total liabilities	347,523	373,420	373,288
Deferred Inflows of Resources	30,855	8,848	11,354
Net Position			
Unrestricted	8,346	8,797	18,578
Net investment in capital assets	694,595	627,407	634,105
Restricted	146,409	188,222	192,953
Total net position	849,350	824,426	845,636
Total liabilities, deferred inflows of resources and net position	$ 1,227,728	$ 1,206,694	$ 1,230,278

Net Position

Net position is the difference between total assets, total deferrals, and total liabilities, and is an indicator of the current fiscal health of the Airport. The majority of the Airport's net position at December 31, 2021, 2020, and 2019 represents its investment in capital assets less the related outstanding indebtedness used to acquire those capital assets. The Airport uses these capital assets to provide services to the airlines, passengers, service providers and other users of the Airport. While the Airport's net position related to capital assets is reported net of related debt, the associated debt service is paid annually from operating revenues or other nonoperating revenues generated through the use of these capital assets.

In 2021, the Airport's net position increased by $24.9 million. This change is the result of a $0.5 million reduction in unrestricted net position, a $67.2 million increase in net investment in capital assets, and a $41.8 million reduction in restricted net position.

The 2021 decrease in unrestricted net position was primarily the result of utilization of $72.0 million of the cash and investments in the unrestricted Designated for Capital Projects account group to fund capital additions. This decrease in unrestricted net position was partially offset by a $46.8 million of grant revenue received to fund capital expenditures, a $19.8 million reimbursement from the restricted Passenger Facility Charge account group ("PFC account group") of PFC eligible capital expenditures originally funded from the unrestricted account group, and the $5.9 in grants and federal awards to fund operating expenses.

The 2021 increase in net position related to the net investment in capital assets was due to a $105.0 million increase in capitalized expenditures primarily resulting from spending 2019 bond proceeds to fund the construction of the Consolidated Ground Transportation Facility ("GTF"), spending of Designated for Capital Project funds to rehabilitate Runway 9/27, and a $4.1 million decrease in revenue bonds payable. The increase was offset by $42.6 million of depreciation of the Airport's capital assets.

The 2021 decrease in restricted net position was primarily due to the utilization of $31.4 million of funds available in the restricted account groups for the acquisition and construction of capital assets related to the GTF, the transfer of $19.8 million from the PFC account group to reimburse eligible capital expenditures originally funded from the unrestricted account group, the transfer of $6.1 million in PFC eligible debt service from the PFC account group to the Operations & Maintenance account group, and the transfer of $4.5 million from the Customer Facility Charge account group ("CFC account group") for the funding of debt service interest on outstanding bonds. These decreases were partially offset by the receipt of $13.0 million in PFC revenues and receipt of $7.3 million in CFC revenues.

In 2020, the Airport's net position decreased by $21.2 million. This change is the result of a $9.8 million reduction of unrestricted net position, a $6.7 million reduction in net investment in capital assets, and a decrease of $4.7 million in restricted net position.

The 2020 decrease in unrestricted net position was primarily the result of utilization of $23.9 million of the cash and investments in the unrestricted Designated for Capital Projects account group to fund capital additions, a $16.4 million decrease in income generated from Airport operations, and the bond resolution required transfer of $3.3 million of unrestricted amounts to fund restricted operating reserves. This decrease in unrestricted net position was partially offset by the $12.7 million of grant revenue received to fund capital expenditures, the $11.5 in grants and federal awards to fund operating expenses, the $4.2 million reimbursement from the restricted Passenger Facility Charge account group ("PFC account group") of PFC eligible capital expenditures originally funded from the unrestricted account group, the $2.0 million in donated capital, the $1.7 million of income generated from investments, and the receipt of $1.0 million in third party funds for capital expenditures.

The 2020 reduction in net position related to the net investment in capital assets was due to a $79.0 million increase in the revenue bonds payable resulting from spending of 2019 bond proceeds to fund the construction of the Consolidated Ground Transportation Facility ("GTF") and $42.9 million of depreciation of the Airport's capital assets. This decrease was offset by the addition of $111.2 million in capital assets paid from funds available in the restricted and unrestricted account groups, and a $3.8 million decrease in revenue bonds payable and subordinate debt due to scheduled principal payments and premium amortization.

The 2020 decrease in restricted net position was primarily due to the utilization of $87.0 million of funds available in the restricted account groups for the acquisition and construction of capital assets related to the GTF, the transfer of $5.6 million in PFC eligible debt service from the PFC account group to the Operations & Maintenance account group, the transfer of $4.5 million from the Customer Facility Charge account group ("CFC account group") for the funding of debt service interest on outstanding bonds, and the transfer of $4.2 million from the PFC account group to reimburse eligible capital expenditures originally funded from the unrestricted account group. These decreases were partially offset by the transfer of $77.6 million in bond proceeds to pay for expenditures related to the GTF, the receipt of $7.4 million in PFC revenues, receipt of $5.1 million of CFC revenues, transfer of $3.3 million from the unrestricted account groups for the funding of operating reserve requirements, $3.1 million of income generated by investments, and receipt of $0.6 million in Police Forfeiture program revenues.

Assets, Liabilities, and Deferrals

In 2021, total assets increased $28.8 million. The 2021 increase in total assets was due to a $1.3 million increase in current assets and a $69.0 million increase in capital assets. These increases were offset by a $41.5 million decrease in other non-current assets. The increase in current assets was primarily due to an increase in cash and grants and federal awards partially offset by an overall decrease in investable balances. The decrease in other non-current assets was also due to the overall decrease in investable balances resulting from utilization of bond proceeds to fund capital expenditures related to the GTF. The increase in capital assets was due to 2021 capital additions being greater than the depreciation of the Airport's capital assets placed in service in prior years.

In 2020, total assets decreased $25.2 million. The 2020 decrease in total assets was due to the $13.5 million decrease in current assets and the $80.9 million decrease in other non-current assets. These decreases were partially offset by a $69.2 million increase in capital assets. The decrease in current assets was due to an overall decrease in investments. The decrease in other non-current assets was also due to the overall decrease in investable balances resulting from utilization of bond proceeds to fund capital expenditures related to the GTF. The increase in capital assets was due to 2020 capital additions being greater than the depreciation of the Airport's capital assets placed in service in prior years.

In 2021, total liabilities decreased $25.9 million. This change includes a $7.3 million increase in current liabilities offset by a $33.2 million decrease in non-current liabilities. The increase in current liabilities was primarily due to a $2.3 million increase in assets held in trust, $2.2 million increase in revenue bonds payable (inclusive of unamortized premiums), $2.1 million increase in accounts payable, and a $1.4 million increase in the rates and charges settlement payable to the airlines. These increases in current liabilities were partially offset by a $0.6 million decrease in contract retainage. The decrease in non-current liabilities was due to a $19.6 million decrease in the Airport's assigned proportionate share of the net pension liability of the Kentucky Public Pensions Authority's ("KPPA") County Employees Retirement System ("CERS") and a $6.9 million decrease in net other postemployment benefits ("OPEB") liability due to better than anticipated performance of the investments of the KPPA plans. Also contributing to the decrease was a $6.0 million reduction in revenue bonds payable (inclusive of unamortized premiums) and subordinate debt obligations and a $0.6 million reduction in accounts payable.

In 2020, total liabilities increased $0.1 million. This change includes a $12.8 million decrease in current liabilities offset by a $12.9 million increase in non-current liabilities. The decrease in current liabilities was primarily due to a $19.8 million decrease in the rates and charges settlement payable to the airlines including $16.2 million in settlement amounts payable to Delta for settlement years prior to 2019. Another component of the decrease in current liabilities is a $1.2 million increase in accounts payable. These decreases in current liabilities were offset by a $2.9 million increase in contract retainage related to both capital and operational expenditures, a $2.8 million increase in revenue bonds payable (inclusive of unamortized premiums) and subordinate debt obligations, and a $2.4 million increase in assets held in trust. The increase in non-current liabilities was due to a $10.0 million increase in the Airport's assigned proportionate share of the net pension liability of the Kentucky Public Pensions Authority's ("KPPA") County Employees Retirement System ("CERS") and an $8.9 million increase in net other postemployment benefits ("OPEB") liability due to the underperformance of the investments of the KPPA plans, which increased the Airport's proportionate share. These increases are offset by a $6.0 million decrease in revenue bonds payable (inclusive of unamortized premiums) and subordinate debt obligations.

In 2021, deferred outflows of resources decreased $7.7 million and deferred inflows of resources increased $22.0 million. The decrease in deferred outflows of resources is primarily due to the amortization of prior year actuarial adjustments. The increase in deferred inflows of resources is due to deferral of investment gains of the plan's investment portfolio assets experienced in the 2021 plan year.

In 2020, deferred outflows of resources increased $1.6 million and deferred inflows of resources decreased $2.5 million. The increase in deferred outflows of resources was due to an increase in current year actuarial adjustments, primarily offset by amortization of prior year actuarial adjustments. The decrease in deferred inflows were primarily due to amortization of prior year actuarial adjustments and the change in investment experience in 2020 on the investment portfolio of the pension and insurance funds compared to 2019.

Summary of Financial Operations

A summary comparison of the Airport's Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2021, 2020, and 2019 is set forth below (in thousands of dollars):

	2021	2020	2019
Operating Revenues			
Landing fees, net	$ 24,039	$ 23,621	$ 22,430
Rentals, net	25,673	28,717	19,639
Parking	33,662	19,124	48,310
Concessions	8,686	6,781	15,485
Other	3,241	3,349	4,818
Total operating revenues	95,301	81,592	110,682
Operating Expenses			
Salaries, wages and benefits	49,985	60,960	61,681
Contracted services	28,997	21,594	29,084
Supplies and capital items expensed	6,329	5,927	7,777
Utilities	8,208	7,285	8,138
General administration	1,523	1,379	2,379
Insurance	1,281	1,318	1,206
Total operating expenses	96,323	98,463	110,265
Operating (loss) income, before depreciation and amortization	(1,022)	(16,871)	417
Depreciation and amortization	(42,638)	(42,597)	(42,885)
Operating loss, after depreciation and amortization	(43,660)	(59,468)	(42,468)
Nonoperating Changes in Net Position: (decrease) increase			
Revenue bond interest, net of premium amortization	(6,919)	(6,977)	(5,788)
Bond issuance costs	(38)	(140)	(1,116)
Subordinate debt interest	(18)	(15)	(16)
Passenger facility charge revenues	12,968	7,366	18,364
Customer facility charge revenues	7,328	5,057	12,130
Police forfeiture program revenues	279	580	1,136
Police forfeiture program revenues passed through to other local government	-	(4)	(38)
Grants and federal awards for operating expenses	5,915	11,476	400
Investment income	(9)	4,888	9,674
Net gain on disposal of capital assets	36	(102)	43
Non-capitalized project costs	(141)	-	(812)
Other	-	-	-
Total nonoperating changes in net position, before capital contributions	19,401	22,129	33,977
Capital Contributions			
Donated capital	-	2,009	19,933
Grants and federal awards for capital expenditures	46,840	13,075	8,331
Third party funding of project costs	2,343	1,045	158
Total capital contributions	49,183	16,129	28,422
Total changes in net position	24,924	(21,210)	19,931
Net position at the beginning of the year	824,426	845,636	825,705
Net Position at the End of the Year	$ 849,350	$ 824,426	$ 845,636

Operating Revenues and Expenses

Operating revenues increased $13.7 million in 2021 and decreased $29.1 million in 2020 due to impacts of the COVID-19 pandemic, as detailed below:

Landing fee revenue increased by $0.4 million in 2021 and $1.2 million in 2020. In 2021, increases in landing fee revenue are due to the residual nature of the calculation of the landing fee rate and increases in the airfield cost center requirements net of the portions of the NRR allocated to reduce the landing fee rate. In 2020, increases in landing fee revenues are primarily due to lower NRRs allocated to reduce the landing fee rate resulting from the negative impacts of the pandemic on operating revenues.

Rental revenues decreased $3.0 million in 2021 and increased $9.1 million in 2020. In 2021, terminal rentals decreased $3.6 million due to the Board taking on additional expenses related to the bag handling system. ground, ramp, and other rentals increased a combined $0.6 million. In 2020, the primary driver of the increase was $8.9 million increase in terminal rentals due to a reduction in terminal NRRs allocated to reduce airline terminal rentals as a result of the pandemic.

In 2021, parking revenues increased $14.5 million driven by a 74.2% increase in enplanements, reopening of surface lots and valet parking, as well as the mid-year increase of the terminal garage daily parking rate to $15.00. In 2020, parking revenues decreased $29.2 million due to reduced passenger activity resulting from the pandemic. In response to reduced passenger activity, the Board consolidated all parking operations in late March 2020 to the short-term main terminal garage and, at the same time, reduced the daily parking rate in the main terminal garage from $18.00 to $10.00.

In 2021, concession revenues increased $1.9 million as passenger demand recovered from the pandemic. As discussed in Note 1, the Board received $0.9 million and 3.8 million in CRRSAA and ARPA Grants, respectively, to provide relief from rent and MAG obligations to the Airport's eligible concessionaires. In 2021, the Board applied $0.9 million to provide relief from rent and MAG obligations under the CRRSAA grant program and $2.9 million in rent and MAG relief under the ARPA grant program. In accordance with GAAP, these grant amounts are reflected as nonoperating income on the financial statements. In October 2021, the rental car companies took beneficial occupancy of the new GTF and pay the greater of a prescribed MAG or percentage rents under the terms of a new Rental Car Concession Agreement entered into with the Board. In 2020, concession revenues decreased $8.7 million due to lower passenger volumes during the pandemic. In September 2020, the Board approved a motion to relieve the Minimum Annual Guarantee (MAG) for eligible terminal concessionaires and instead pay percentage rents for the period April 1, 2020 through December 31, 2020 to help mitigate the impacts of the pandemic.

Operating expenses decreased $2.1 million in 2021 and $11.8 million in 2020. In 2020, in response to the pandemic and associated impacts on operating revenues, the Board implemented a number of cost saving initiatives including: a hiring freeze, elimination of nonessential travel, reduction in contracted services, deferral of professional services, reduction of expensed capital purchases, and temporary shut-down of certain systems to lower utility usage.

Salaries, wages and benefits expenses decreased $11.0 million in 2021 and decreased $0.7 million in 2020. In 2021, salaries expense decreased $0.5 million, pension expense decreased $10.9 million, while benefits expense increased $0.5 million. The 2021 benefits expense includes $3.2 million of expense resulting from changes in net liabilities and deferrals based on amounts assigned to the Airport by the Kentucky Retirement Systems and calculated in accordance with the provisions of GASB Statements 68 (pension) and 75 (OPEB). In 2020, benefits expense decreased $1.0 million and salaries & wages expense increased $0.3 million. Expenses in 2020 were comparable to those of 2019 as staffing levels remained consistent. The

2020 benefits expense included $14.8 million of expense resulting from increases in pension and OPEB expenses based on amounts assigned to the Airport by the Kentucky Retirement Systems and calculated in accordance with the provisions of GASB Statements 68 (pension) and 75 (OPEB).

Contracted services expenses increased $7.4 million in 2021 and decreased $7.5 million in 2020. As noted above, the increase in 2021 contracted service expense was the result of the Board taking over responsibility for the bag handling system and the terminal to concourse passenger train which had previously been the responsibility of Delta Air Lines as well as additional parking contracted services expense as surface lots and valet reopened. The decrease in 2020 was the result of cost savings related to the March 2020 closure of the long-term lots and the employee lot, and the consolidation of parking operations in the short-term terminal garage. Also contributing to the decrease in 2020 contracted services expense is the deferral of certain parking pavement maintenance projects, non-essential airfield pavement maintenance projects, and professional services related to non-critical planning studies and facility and system assessments.

The expense for supplies and capital items in 2021 increased $0.4 million primarily due to increases in supplies & materials expense and vehicle fuel expense. The expense for supplies and capital items in 2020 decreased $1.9 million primarily due to a favorable winter and deferral of vehicle, equipment, and other purchases due to the pandemic.

In 2021, general administrative expenses were comparable to those of 2020 as travel and training budgets continued to be carefully managed. In 2020, general administrative decreased $1.0 million primarily due to the elimination of all non-essential travel and training in response to the COVID-19 pandemic.

Depreciation and amortization in 2021 at $42.6 million was comparable to that of 2020 and 2019.

<u>Nonoperating Changes in Net Position</u>

The nonoperating changes in net position decreased $2.7 million in 2021 and decreased $11.8 million in 2020. The primary components were as follows:

In 2021, PFC revenues increased $5.6 million as passenger volumes continued to recover from the pandemic. In 2020, PFC revenues decreased $11.0 million as a result of the pandemic and associated lower passenger volumes at the Airport. PFCs are collected at a Federal Aviation Administration ("FAA") approved rate per qualifying enplaned passenger and are restricted for use on FAA approved projects.

In 2021, CFC revenues increased $2.3 million due to increased passenger volumes. In 2020, CFC revenues decreased $7.1 million due to the negative impacts of the pandemic on passenger traffic. CFCs are funds collected at a rate charged per rental car transaction day and are currently restricted for project costs related to the construction of the GTF, as well as the debt service on the Series 2019 CFC Revenue Bonds issued to fund the construction of the GTF.

In 2021, grant and federal awards decreased $5.6 million due to a reduction in COVID relief grant draws required to reimburse eligible Airport operating expenses. In 2020, grant and federal awards for operating expenses increased $11.1 million reflecting CARES Act grant draws to reimburse eligible Airport operating expenses.

Investment income decreased $4.9 million in 2021 and $4.8 million in 2020 due to a weaker interest rate environment and lower investable balances.

Capital Contributions

Capital contributions reflected by the Airport normally include the appraised value of facilities constructed by tenants and recorded by the Airport at such time as, in accordance with the provisions of associated ground leases, the ownership of the facilities reverts to the Airport. Capital contributions also normally include grants, federal awards and contributions received from other outside parties to fund capital project costs.

In 2021, capital contributions increased by $33.1 million reflecting a $33.8 million increase in grants and federal awards for capital expenditures to fund the rehabilitation of Runway 9/27, $1.3 million in third party funding, offset by a $2.0 million decrease in donated capital.

In 2020, capital contributions decreased by $12.3 million reflecting a $17.9 million decline in donated capital, offset by an increase of $4.7 million in grants and federal awards for capital expenditures and $0.9 million in third party funding. The decrease in donated capital was partially offset by a $2.0 million payment by Duke Energy Kentucky, Inc. for a permanent easement granted for the installation of gas lines supporting the Amazon cargo development.

Summary of Cash Flows

A comparative summary of the Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019 is as follows (in thousands of dollars):

	2021	2020	2019
Net cash (used) provided by operating activities	$ 8,695	$ (4,667)	$ 12,175
Net cash (used) provided by non-capital financing activities	2,802	(5,268)	1,498
Net cash (used) provided by capital and related financing activities	(78,571)	(86,454)	110,434
Net cash provided (used) in investing activities	69,314	103,154	(124,274)
Net increase (decrease) in cash	2,240	6,765	(167)
Cash at the beginning of the year	7,944	1,179	1,346
Cash at the end of the year	$ 10,184	$ 7,944	$ 1,179

The Airport's overall cash position increased $2.2 million in 2021 and $6.8 million in 2020.

Net cash provided by operating activities increased $13.4 million in 2021 as compared to 2020. The 2021 increase is primarily related to a $15.8 million increase in income generated by operating activities, before depreciation and amortization, a $5.0 million increase in the rates & charges settlement payable to the airlines, and a $1.1 million increase in the timing of operating cash receipts and payments, and a $2.1 million increase in payables due to non-operating account groups decrease in non-cash operating expenses recorded as the result of the changes in pension and OPEB related liabilities and deferred inflows and outflows. These increases are offset by an $11.6 million decrease in non-cash operating expenses recorded as the result of the changes in pension and OPEB related liabilities and deferred inflows and outflows.

Net cash provided by operating activities decreased $16.8 million in 2020 as compared to 2019. The 2020 decrease is related to a $17.3 million decrease in income generated by operating activities, before depreciation and amortization, a $10.0 million decrease in the rates & charges settlement payable to the airlines, and a $1.0 million decrease in non-cash operating expenses recorded as the result of the changes in pension and OPEB related liabilities and deferred inflows and outflows. These decreases are partially offset by a $4.1 million increase in the timing of operating cash receipts and payments in 2020 and a $6.6 million increase in payables due to non-operating account groups.

Net cash provided by capital and related financing activities increased by $7.9 million in 2021. This was primarily due to a $8.7 million increase in cash provided by grants, a $3.3 million increase in PFC receipts, and a $0.5 million increase in CFC receipts. These increases in cash were partially offset by a $2.0 decrease in acquisition of capital assets, a $1.5 million decrease in third party funding of project cost, $0.8 million decrease in land sales, and a $0.6 million decrease in cash used for debt service requirements.

Net cash provided by capital and related financing activities decreased by $196.9 million in 2020. This was primarily due to a $141.1 million decrease in bond proceed receipts as the debt issuances related to the GTF occurred entirely in 2019, an additional $51.9 million in cash used for acquisition of capital assets, an $8.7 million decrease in PFC receipts, a $5.9 million decrease in CFC receipts, and a $3.6 million increase in cash used for debt service requirements. These decreases in cash were partially offset by a $7.3 million increase in cash provided by grants, a $4.9 million increase in third party funding of project costs, a $1.3 million decrease in bond issuance costs, and $1.1 million in land sales.

Net cash provided by investing activities decreased by $33.8 million in 2021 compared to 2020. In 2021, investments were sold to fund the acquisition of capital assets, primarily the construction of the GTF and the rehabilitation of Runway 9/27.

Net cash provided by investing activities increased by $227.4 million in 2020 compared to 2019. In 2020, investments were sold to fund the acquisition of capital assets, primarily the construction of the GTF.

Capital Assets

As of December 31, 2021, the Airport's capital assets balance, net of accumulated depreciation, was $879.8 million. As detailed in Note 4 to the Statements, during 2021 the amount of capital assets gross of depreciation increased $102.2 million and accumulated depreciation increased $33.2 million. In 2021, additions to gross capital assets were principally related to the ongoing construction of the GTF and the rehabilitation of Runway 9/27.

The Board's Master Plan provides both near-term and long-term road maps for the Airport's facilities to be developed to efficiently serve future aviation needs. Under FAA guidelines, the Master Plan must periodically be updated to reflect operational changes at the Airport and changes in the industry. The FAA completed review of the Board's most recent Master Plan Update documentation in November 2020. FAA's formal approval of the Airport Layout Plan associated with the Master Plan update was received in February 2021. The Master Plan Update reflects changes in the nature of operations at the Airport including the diversification of air carrier operations, the growth in origin passengers, the anticipated growth in both DHL and Amazon air cargo operations and increased demand for aeronautical and non-aeronautical land development. The Master Plan update includes forecasts of aviation activity and facility needs at the airport through the year 2050 with timing of recommended improvements based on demand. The Master Plan update has resulted in the selection of a preferred future terminal passenger facility plan that will help to guide future terminal investment decisions. The selection criteria for determining the preferred terminal passenger facility included providing a high level of customer service, maximizing the re-use of existing facilities and allowing for flexible incremental expansion based on demand.

Due to the pandemic, the Master Plan and all non-essential capital projects were deferred. The Board continues to review scope, cost, and timing of these projects as passenger demand recovers from the pandemic. It is anticipated that the cost of any capital assets and improvements recommended as part of the Master Plan update will be funded with some combination of short-term financing, long-term financing, PFCs, CFCs, federal and state grants, internally generated funds and third-party funds.

Debt Administration

As of December 31, 2021, the Airport's outstanding bonds were the Series 2016 Refunding Revenue Bonds with a principal balance of $35.7 million, the Series 2019 Revenue Bonds with a principal balance of $32.4 million, and the Series 2019 CFC fixed rate revenue bonds with a principal balance of $103.1 million. The Series 2019 Revenue Bonds and the Series 2019 CFC Revenue Bonds were issued in March 2019 to fund the reconfiguration of the main terminal roadways system and the construction of the GTF, respectively. All of the Airport's outstanding bonds bear fixed rates of interest.

The Series 2016 and Series 2019 Revenue Bonds are secured by a pledge of the Airport's net operating revenues as defined in the related bond resolutions. Pursuant to approvals previously received from the FAA, while secured by net operating revenues, the full amount of the debt service on the Series 2016 Revenue Bonds and the majority of the debt service on the Series 2019 Revenue Bonds are payable from PFCs on-hand and currently approved future PFC collections. As of December 31, 2021, the Airport's underlying long-term ratings for bonds issued under the Airport's general bond resolution were "A1" from Moody's Investor Services with a "stable" outlook and "A+" from Fitch Ratings with a "stable" outlook.

The Series 2019 CFC Revenue Bonds are special limited obligations of the Airport. These bonds are secured by a pledge of CFCs collected by the rental car companies and are subject to the requirements of the trust indenture entered into between the Board and the trustee for the bonds. In the event that the CFC collections are insufficient or are estimated to be insufficient to pay debt service and funding of reserves as required by the rate covenant set forth in the Trust Indenture, the Board has secured the right to charge the rental car companies operating under rental car agreements for any such deficiency. Any deficiency payments collected are also pledged to the payment of the Series 2019 CFC Revenue Bonds. During 2021 and 2020, CFCs collected were insufficient to fully fund the debt service requirements of the Series 2019 CFC Bonds. Consistent with the provisions of the Trust Indenture, the Airport utilized previously collected CFCs available in the CFC Project Fund to fund the deficit, which totaled $892 and $505 in 2021 and 2020, respectively. As of December 31, 2021, the Airport's underlying long-term ratings for the Airport's Series 2019 CFC Revenue Bonds was "A-" with a "stable" outlook from Fitch and "A3" with a "stable" outlook from Moody's.

In March 2020, the Board adopted a Subordinate General Bond Resolution which stipulates that any bonds issued under this resolution are to be secured by a pledge of net operating revenues subordinate to the rights of the Series 2016 and Series 2019 Revenue Bonds. Pursuant to the subordinate bond resolution, in March 2020 the Board also approved a resolution authorizing an agreement with PNC Bank National Association for a revolving line of credit that expires on March 1, 2024 and has a maximum commitment amount of $75.0 million. The Board is permitted to draw on the line of credit for the purpose of financing capital improvement projects. The line of credit bears interest at the London Interbank Offered Rate ("LIBOR") plus 62.5 or 56 basis points dependent upon whether the notes issued under the line of credit are taxable or tax-exempt, respectively. Due to the postponement of capital projects as discussed above, and receipt of additional FAA, AIP grants, as of the date of the issuance of these financial statements, the Board has not yet drawn any amounts on this revolving line of credit.

Requests for Information

This financial report is designed to provide a general overview of the Airport's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to the Chief Financial Officer, P.O. Box 752000, Cincinnati, OH 45275-2000 or emailed to info@cvgairport.com

Cincinnati/Northern Kentucky International Airport
Balance Sheets
December 31, 2021 and 2020

(in thousands of dollars)

	2021	2020
Assets		
Current assets		
Unrestricted		
Cash	$ 6,570	$ 5,168
Investments (at fair value)	110,868	122,761
Investment income receivable	85	127
Accounts receivable	4,294	4,834
Grants and federal awards receivable	29,065	5,684
Prepaid expenses	2,568	2,560
Supplies inventory	4,467	4,452
Total unrestricted current assets	157,917	145,586
Restricted		
Cash	2,876	1,181
Investments (at fair value)	9,656	22,353
Total restricted current assets	12,532	23,534
Total current assets	170,449	169,120
Non-current assets		
Unrestricted		
Investments (at fair value)	9,398	9,024
Prepaid expenses	245	394
Capital assets, non-depreciable	232,123	230,140
Capital assets, net of accumulated depreciation	647,692	580,687
Total unrestricted non-current assets	889,458	820,245
Restricted		
Cash	738	1,595
Investments (at fair value)	140,899	182,898
Investment income receivable	456	595
Passenger facility charges receivable	1,866	957
Customer facility charges receivable	653	331
Total restricted non-current assets	144,612	186,376
Total non-current assets	1,034,070	1,006,621
Total assets	1,204,519	1,175,741
Deferred Outflows of Resources		
Pension	10,159	17,214
Other postemployment benefits	13,050	13,739
Total deferred outflows of resources	23,209	30,953
Total assets and deferred outflows of resources	$ 1,227,728	$ 1,206,694
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	$ 33,306	$ 31,244
Rates and charges settlement payable to airlines	6,406	5,018
Contract retainage payable	5,501	6,134
Bond interest payable	2,242	2,242
Assets held in trust	4,668	2,413
Revenue bonds payable, inclusive of unamortized premium	8,364	6,150
Subordinate debt - equipment lease	325	322
Total current liabilities	60,812	53,523
Non-current liabilities		
Accounts payable and accrued expenses	1,287	1,935
Revenue bonds payable, inclusive of unamortized premium	171,432	177,715
Subordinate debt - equipment lease	694	433
Net pension liability	87,043	106,614
Net other postemployment benefits liability	26,255	33,200
Total non-current liabilities	286,711	319,897
Total liabilities	347,523	373,420
Deferred Inflows of Resources		
Pension	17,780	2,896
Other postemployment benefits	13,075	5,952
Total deferred inflows of resources	30,855	8,848
Net Position		
Unrestricted	8,346	8,797
Net investment in capital assets	694,595	627,407
Restricted:		
For federally approved projects	74,637	87,731
For ground transportation expenditures	28,841	59,357
For operational cash flow shortages	27,341	27,497
For debt service	15,544	13,637
For uses legally required by contributing parties	46	-
Total net position	849,350	824,426
Total liabilities, deferred inflows of resources and net position	$ 1,227,728	$ 1,206,694

See report of independent auditors and accompanying notes to financial statements.

Cincinnati/Northern Kentucky International Airport
Statements of Revenues, Expenses, and Changes in Net Position
December 31, 2021 and 2020

(in thousands of dollars)

	2021	2020
Operating Revenues		
Landing fees, net	$ 24,039	$ 23,621
Rentals:		
Terminal, net	13,747	17,372
Ground	5,625	5,273
Ramp	4,567	4,377
Other	1,734	1,695
Parking	33,662	19,124
Concessions	8,686	6,781
Rebilled services	1,376	1,554
Ground transportation	766	524
Other	1,099	1,271
Total operating revenues	95,301	81,592
Operating Expenses		
Salaries, wages and benefits	49,985	60,960
Contracted services	28,997	21,594
Supplies and capital items expensed	6,329	5,927
Utilities	8,208	7,285
General administration	1,523	1,379
Insurance	1,281	1,318
Total operating expenses	96,323	98,463
Operating loss, before depreciation and amortization	(1,022)	(16,871)
Depreciation and amortization	(42,638)	(42,597)
Operating loss, after depreciation and amortization	(43,660)	(59,468)
Nonoperating Changes in Net Position: (decrease) increase		
Revenue bond interest, net of premium amortization	(6,919)	(6,977)
Bond issuance costs	(38)	(140)
Subordinate debt interest	(18)	(15)
Passenger facility charge revenues	12,968	7,366
Customer facility charge revenues	7,328	5,057
Police forfeiture program revenues	279	580
Police forfeiture program revenues passed through to other local government	-	(4)
Grants and federal awards for operating expenses	5,915	11,476
Investment income	(9)	4,888
Net (loss) gain on disposal of capital assets	36	(102)
Non-capitalized project costs	(141)	-
Total nonoperating changes in net position, before capital contributions	19,401	22,129
Capital Contributions		
Donated capital	-	2,009
Grants and federal awards for capital expenditures	46,840	13,075
Third party funding of project costs	2,343	1,045
Total capital contributions	49,183	16,129
Total changes in net position	24,924	(21,210)
Net position at the beginning of the year	824,426	845,636
Net Position at the End of the Year	$ 849,350	$ 824,426

See report of independent auditors and accompanying notes to financial statements.

Cincinnati/Northern Kentucky International Airport
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

(in thousands of dollars)

	2021	2020
Cash Flows from Operating Activities		
Cash received from customers	$ 97,486	$ 79,278
Cash paid to suppliers	(36,386)	(31,518)
Cash paid for the direct benefit of employees	(52,405)	(52,427)
Net cash (used) provided by operating activities	8,695	(4,667)
Cash Flows from Non-Capital Financing Activities		
Police forfeiture program receipts	284	651
Police forfeiture program receipts passed through to other local government	(4)	(4)
Prior year(s) settlements returned to customers	(45)	(16,200)
Grants and federal awards receipts for operating expenses	2,567	10,285
Net cash (used) provided by non-capital financing activities	2,802	(5,268)
Cash Flows from Capital and Related Financing Activities		
Revenue bond debt service - principal	(2,955)	(2,280)
Revenue bond debt service - interest	(8,034)	(8,148)
Proceeds from issuance of bonds	-	-
Bond issuance costs	(38)	(140)
Subordinate debt service - principal	(374)	(297)
Subordinate debt service - interest	(18)	(21)
Passenger facility charges received	12,071	8,809
Customer facility charges received	6,698	6,187
Grants and federal awards receipts for capital expenditures	24,052	15,305
Third party funding of project costs	3,894	5,396
Other	60	(110)
Proceeds from sale of assets	362	1,140
Acquisition and construction of airport facilities	(114,289)	(112,295)
Net cash used by capital and related financing activities	(78,571)	(86,454)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	558,248	908,263
Purchase of investments	(490,546)	(808,587)
Investment income received	1,612	3,478
Net cash provided by investing activities	69,314	103,154
Net increase in cash	2,240	6,765
Cash at the beginning of the year	7,944	1,179
Cash at the end of the year	$ 10,184	$ 7,944

See report of independent auditors and accompanying notes to financial statements.

Cincinnati/Northern Kentucky International Airport
Statements of Cash Flows, continued
Years Ended December 31, 2021 and 2020

(in thousands of dollars)

		2021		2020
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities				
Operating loss, after depreciation and amortization	$	(43,660)	$	(59,468)
Adjustments to reconcile operating loss to net cash provided by operating activities				
Depreciation and amortization		42,638		42,597
Change in assets and liabilities				
Increase in accounts receivable		(2,791)		(1,340)
Increase in supplies inventory		(13)		(53)
Decrease in portion of interfund receivables related to operating activities		1,007		513
Decrease (increase) in prepaid expenses		49		(345)
Increase in accounts payable and accrued expenses		3,831		1,330
Increase (decrease) in rates and charges settlement payable to airlines		1,388		(3,601)
Increase (decrease) in contract retainage payable		31		(1)
Increase (decrease) in portion of interfund payables related to operating activities		2,980		899
Decrease (increase) in deferred outflow of resources		7,744		(1,567)
Increase (decrease) in deferred inflow of resources		22,007		(2,506)
(Decrease) Increase in net pension liability		(19,571)		9,956
(Decrease) increase in net postemployment benefits liability		(6,945)		8,919
Total adjustments		52,355		54,801
Net cash (used in) provided by operating activities	$	8,695	$	(4,667)

Noncash Capital and Related Financing Activities:

		2021		2020
Amortization of revenue bond premium, payment of revenue bond debt service interest	$	1,115	$	1,171

See report of independent auditors and accompanying notes to financial statements.

(in thousands of dollars)

1. Summary of Significant Accounting Policies and Practices

Reporting Entity

The Kenton County Airport Board ("Board") was created by the Fiscal Court of Kenton County, Kentucky on June 3, 1943. The Board is a public body politic and corporate, and has jurisdiction, control, possession, and supervision of the Cincinnati/Northern Kentucky International Airport ("Airport").

Basis of Accounting

The Airport is a business-type activity, as defined by Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services and are accounted for in Enterprise Funds, which utilize the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenues are recognized when they are earned, and expenses are recognized when incurred.

The principal operating revenues of the Airport are from sources such as the Airport's tenant airlines, concessions, customer parking, rental cars, and other third-party facility and ground leases. Investment income, Passenger Facility Charges, Customer Facility Charges, federal and state operating grants and other revenues not related to the operations of the airport are considered nonoperating revenues. Operating expenses include the cost of airport and related facilities maintenance, administrative expenses, and depreciation on capital assets. Interest expense, bond issuance costs and non-capitalized project costs are considered nonoperating expenses. Donated capital, federal and state grants for capital projects, and third-party funding provided for capital projects are considered capital contributions.

As required of an Enterprise Fund, the Balance Sheets are presented with assets and liabilities classified as current and non-current. Assets are classified as current if they are expected to be consumed or converted to cash within one year of the Balance Sheet dates and are not subject to restrictions which prohibit them from being used in the current operations of the Airport. Restricted assets are also classified as current if they are expected to be consumed or converted to cash within one year of the Balance Sheet dates and are needed to cover current liabilities which exist at the Balance Sheet dates. Liabilities are classified as current if they are likely to be paid within one year of the Balance Sheet dates.

Pronouncements Adopted in the Comparative Reporting Period

During 2020, the Airport implemented GASB Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain Asset Retirement Obligations ("AROs"). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This statement establishes the criteria for determining if the Airport would be required to recognize a liability associated with legal obligations to perform future asset retirement activities related to its tangible capital assets and disclosure of information about the nature of the Airport's AROs, the methods and assumptions used for estimates of liabilities, and the estimated remaining useful life of the associate tangible capital assets. This statement did not have an effect on the Airport's 2021 or 2020 basic financial statements.

(in thousands of dollars)

During 2020, the Airport implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement did not have an effect on the Airport's 2021 or 2020 basic financial statements.

During 2020, the Airport implemented GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This statement also addresses arrangements often characterized as leases that are associated with conduit debt obligations. This statement did not have an effect on the Airport's 2021 or 2020 basic financial statements.

During 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement provided relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain Statements and Implementations Guides. The effective dates listed below for GASB Statement No. 87 & Statement No. 96 reflect the dates as revised by GASB Statement No. 95.

For the year ended December 31, 2021, no new accounting standards were adopted

Significant Upcoming Implementations

In June 2017, GASB issued Statement No. 87, *Leases.* 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. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for the Airport's fiscal year ending December 31, 2022.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* ("SBITAs"). The objective of this statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. Under this statement, a government generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments

(in thousands of dollars)

expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITAs vendor charges the government, which may be implicit, or the governments' incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. This statement is effective for the Airport's fiscal year ending December 31, 2023.

The Airport has not yet determined what impact, if any, the above listed items will have on its financial statements.

Air Carrier Rates and Charges

Effective January 1, 2016, the Board entered into a new Airport Use Agreement ("Use Agreement") with certain passenger and cargo air carriers operating at the Airport ("Signatory Carriers") that was set to expire on December 31, 2020. The Use Agreement provides for the use of the Airport and establishes the landing fees to be paid for use of the airfield. Each passenger carrier that is a Signatory Carrier leases airport facilities under separate terminal lease agreements, with these lease agreements also expiring as of December 31, 2020. The Use Agreement establishes the methodology for calculating the various terminal related rates and charges to be paid under these terminal lease agreements. Air carriers which are not Signatory Carriers utilize the terminal facilities under an operating permit and pay per use of the facilities. Due to the disruption and uncertainty caused by COVID-19 pandemic, both the Board and its Signatory Carriers agreed to extend the existing Use Agreement and all related terminal space leases for one year (expiring December 31, 2021) with an additional, optional, mutually agreeable one-year extension. The additional one-year extension was mutually agreed upon during 2021, extending the Use Agreement through December 31, 2022.

The Use Agreement employs a hybrid structure for establishing airline rates and charges. Rates charged for the use of the airfield are residual in nature in that the landing fee rates prior to any revenue offsets are established to recover the costs of providing the airfield. A commercial compensatory rate setting methodology is used to establish terminal related rates and charges wherein any unrecovered terminal costs are borne by the Airport. Under the Use Agreement, a portion of Net Remaining Revenues ("NRR") as defined in the agreement are credited to reduce the landing fee rate and Signatory Carrier terminal related rentals. Landing fees and airline terminal rentals are reflected net of the related NRR credits in the Statement of Revenues, Expenses and Changes in Net Position.

The landing fee rate, terminal related rates and charges and the related NRR credits are established annually during the budget process and are based on projected revenues, costs and airline activity. After the close of each fiscal year, the landing fee rate, terminal related rates and charges and related NRR credits are recalculated using audited financial data. Any overpayments of such rentals, fees and charges are recorded as a payable and returned by the Board to the Signatory Carriers. Any underpayments are invoiced to the Signatory Carriers and recorded as revenues in the year to which they pertain. For the years ended December 31, 2021 and 2020, $2,367 and $970, respectively, were payable to the carriers as the result of this settlement process. As $5,436 of the amount payable at December 31, 2020 had not been paid by December 31, 2021, the total amount reflected on the Balance Sheet as payable at December 31, 2021 is $6,406.

The bond resolutions associated with the bonds payable from operating revenues of the Airport and outstanding at December 31, 2021 and 2020 require that rates and fees be determined and fixed to

(in thousands of dollars)

ensure that revenues from the operation, use and services of the Airport will be sufficient to 1) pay the costs of operating and maintaining the Airport, 2) fund the principal, interest and coverage requirements of the outstanding bonds, and 3) make all other transfers as required under the bond resolutions.

In addition to the landing fees and terminal rentals and any other fees and charges allowable under the Use Agreement, each Signatory Carrier is required to make extraordinary coverage protection payments to the Airport in any fiscal year in which the amount of operating revenues less operating expenses is or is forecasted to be less than 125% of the aggregate annual debt service requirements as calculated under the Airport's bond resolutions. No such payments were necessary for 2021 and 2020.

Account Groups and Restrictions on Net Position

For administrative purposes and to ensure adherence to applicable parameters and restrictions on the allowable use of funds, the Board has established various self-balancing account groups.

The account groups and the nature of restrictions on the components of the Airport's net position are as follows:

Account Group:	Restrictions on Net Position:
Operations and Maintenance	Unrestricted
Designated for Capital Projects	Unrestricted
Designated for Group Health Coverage	Unrestricted
Repair and Replacement Reserve	Unrestricted
General Purposes	Unrestricted
Net Investment in Capital Assets	Net Investment in Capital Assets
Passenger Facility Charge	Restricted for federally approved projects
Police Forfeiture	Restricted for approved law enforcement related expenditures
Customer Facility Charge	Restricted for ground transportation expenditures
Operations and Maintenance Reserve	Restricted for operational cash flow shortages
2019 Terminal Roadway Reconfiguration	Restricted for costs of the 2019 terminal roadway reconfiguration project
Bond Interest and Redemption	Restricted for debt service
Bond Reserve	Restricted for debt service
Other Third-Party Funding	Restricted for uses legally required by contributing parties

Unrestricted Account Groups

The unrestricted account groups listed in the table above are resources available for any Airport use.

Operations and Maintenance account group- unrestricted: The Operations and Maintenance account group is maintained to account for operating revenues and expenses and provide for the funding of debt service and all other transfers as required under the bond resolutions.

Designated for Capital Projects account group- unrestricted: The Airport has funds on hand which were previously received through reimbursements from federal and state grants and other third

(in thousands of dollars)

parties for eligible capital expenditures. Additionally, amounts as determined by management are periodically set aside to be used for capital projects and, as a result, are transferred from the General Purposes account group. As the Board intends to use these funds for capital projects, they are recorded as Designated for Capital Projects and reflected as a component of unrestricted net position.

Designated for Group Health Coverage account group- unrestricted: Effective January 1, 2009, the Airport, by resolution of the Board, established an account group for all activities of the self-funded health coverages maintained for employees. By this resolution, the Board assumed the risk financing of the health and dental coverages through self-funding of claims, subject to certain individual stop loss and group aggregate limits. Activities include contributions to the account, the payment of claims, the payment of fees and expenses, and the establishment and maintenance of reserves. Contributions to the account group for the payment of claims, fees and expenses are made from the Operations and Maintenance account group and are recorded as transfers of net position. Contributions to the account for the purposes of building reserves, if necessary, are recorded as transfers of net position from the General Purposes account group (see Note 11).

Repair and Replacement Reserve account group- unrestricted: Pursuant to the requirements of the Airport's bond resolutions, the Board is required to maintain an asset balance of $10,000 in the Repair and Replacement Reserve account group, which is available for any Airport use. In the event that amounts from this reserve are used, the Board is required, commencing from the date the deficit occurred, to replenish the balance in twenty-four equal monthly installments from the Operations and Maintenance account group, provided the funds are not needed for other purposes. On December 31, 2021 and 2020 the balances in the Repair and Replacement Reserve were $10,024 and $10,110, respectively. No funds from the Repair and Replacement Reserve account group were used during 2021 and 2020.

General Purposes account group- unrestricted: Pursuant to the requirements of the Airport's bond resolutions, the Board maintains a General Purposes account group, the balance of which is available for any Airport use. Amounts of revenues remaining in the Operations and Maintenance account group after satisfaction of operating expenses and other transfers required by the bond resolutions are transferred to the General Purposes account group. In 2021 and 2020, the amounts transferred to the General Purposes account group were $8,478 and $7,669, respectively.

<u>Net Investment in Capital Assets</u>
The Net Investment in Capital Assets account group is maintained for the recording of the balances and depreciation of capital assets, as well as any associated balances of outstanding debt in excess of the amount of debt proceeds which remain unspent at the Balance Sheet date. To correctly reflect the net positions of the individual account groups, liabilities for outstanding debt equal to the unspent proceeds at the Balance Sheet date are reflected in the account groups in which the proceeds are held.

<u>Restricted Account Groups</u>
The resources of the restricted account groups listed in the table above are restricted by outside parties. Accordingly, approval of these parties, as applicable, is required in order for the restricted resources to be available for use. It is the Airport's policy to first apply restricted resources when an obligation is incurred for which both restricted and unrestricted net position are available for use.

(in thousands of dollars)

Passenger Facility Charge account group- restricted: In 1994, the Federal Aviation Administration ("FAA") first granted approval to the Airport to impose a Passenger Facility Charge ("PFC") and to use the PFCs to fund specific approved projects. PFCs, which are charged at rates per qualifying enplaned passenger, are considered earned upon collection by the airline and are credited to the restricted net position of the Passenger Facility Charge account group ("PFC account group"). Amounts collected by the airlines but not yet remitted to the Airport are classified as Passenger Facility Charges receivable. As of December 31, 2021, the Board has received approval on a total of sixteen PFC applications. The approvals authorize the Board to collect PFCs and associated investment income for approved projects up to the amount of allowable project costs, but not to exceed $632,281. Through December 31, 2021, PFCs and associated investment income in the amount of $606,021 have been recognized.

Police Forfeiture account group- restricted: The Police Forfeiture account group is maintained to account for all activity of funds received by the Airport's police department through the Equitable Sharing Programs of the U.S. Department of Justice, the U.S. Department of Treasury, and the Commonwealth of Kentucky. The use of these funds is restricted to law enforcement expenditures considered allowable under the various sharing agreements.

Customer Facility Charge account group- restricted: Pursuant to an ordinance of the Airport, the collection of Customer Facility Charges ("CFCs") began on April 1, 2006. The CFCs, which are charged at a rate per rental car transaction day, are being collected to provide for the planning, construction, operation, and maintenance of facilities to accommodate the ground transportation needs at the Airport. The CFCs are considered earned upon collection by the rental car companies and are recognized as nonoperating revenues in the Customer Facility Charge account group ("CFC account group"). The total amount of CFCs collected in 2021 and 2020 was $7,328 and $5,057, respectively.

Pursuant to the 2019 Master Trust Indenture ("CFC Trust Indenture") entered into between the Airport and the Trustee, US Bank National Association ("Trustee") upon issuance of the Series 2019 Customer Facility Charge Revenue Bonds (see Note 6), all CFCs collected are transferred to the custody of the Trustee to be held for debt service and to fund project expenditures incurred for construction of the Consolidated Ground Transportation Facility ("GTF"). All unexpended CFCs and proceeds of the issuance of the Series 2019 CFC Bonds are recorded as assets of the CFC account group.

Operations and Maintenance Reserve account group- restricted: Pursuant to the requirements of the Airport's bond resolutions, the Board is required to maintain in the Operations and Maintenance Reserve an asset balance equal to twenty-five percent of the then current year budgeted operating expenses. Assets in the Operations and Maintenance Reserve account group may only be used to finance operating expenditures, when sufficient funds are not otherwise available in the Operations and Maintenance account group or from other available funding sources. Upon use of funds from this reserve, the Board is required, commencing in the ensuing calendar year, to replenish the asset balance in twelve equal monthly installments from the Operations and Maintenance account group, provided the funds are not needed for other purposes. The asset balances required to be carried in the Operations and Maintenance Reserve as of December 31, 2021 and 2020, were $24,595 and $27,361, respectively. For the years ended December 31, 2021 and 2020 the asset balances in the Operations and Maintenance Reserve were $27,380 and $27,564, respectively. The bond resolutions

(in thousands of dollars)

do not require the Board to adjust the amount held in the Operations and Maintenance Reserve as a result of either a year over year decrease in the Airport's budgeted operating expenses or temporary market value fluctuations. Actual losses due to market value fluctuations are not expected to occur due to the fixed rate nature of the investments and the Board's practice of holding its investments to maturity. No funds from the Operations and Maintenance Reserve account group were used during 2021 and 2020.

2019 Terminal Roadway Reconfiguration account group- restricted: In 2019, the Board issued Series 2019 Revenue Bonds to fund the work required to reconfigure the main terminal roadway for the purposes of accommodating the construction of the GTF and to provide more efficient access to the main terminal at the Airport (see Note 6). Unspent proceeds from this bond issue, other than those deposited to the Bond Reserve account group, are recorded as assets in this account group. The portion of the outstanding bonds attributable to unspent proceeds are reported as an offset to those proceeds, as reported in this account group, and deducted from the outstanding bonds payable balance in Net Investment in Capital Assets. As of December 31, 2021 and 2020 unspent bond proceeds totaled $510 and $1,200, respectively.

Bond Interest and Redemption account group- restricted: Pursuant to the requirements of the Airport's bond resolutions and CFC Trust Indenture, the Bond Interest and Redemption account group is maintained to hold and account for contributions from the Operations and Maintenance account group for the debt service requirements of any outstanding bonds which are payable from the Airport's operating revenues and contributions from collected CFCs for the debt service requirements of the Series 2019 CFC Bonds. From the Operations and Maintenance account group and the CFC account group, debt service contributions in the amount of 1/6th of the next required interest payment and 1/12th of the next maturing principal are made to the Bond Interest and Redemption account group on a monthly basis. During 2021 and 2020, all required debt service contributions to the Bond Interest and Redemption Account were made in full. Assets included in the Bond Interest and Redemption account group are restricted for the payment of bond principal and interest.

The FAA's approvals of four of the Airport's PFC applications authorized the use of PFCs for the debt service requirements and related costs of revenue bonds issued to finance the projects included in those applications ("PFC Bonds"). The currently outstanding PFC Bonds consist of the Series 2016 Refunding Revenue Bonds and the Series 2019 Revenue Bonds (see Note 6). The revenue bond resolutions which authorized the issuance of the PFC Bonds created the PFC Revenue Account (within the Operations and Maintenance account group), the PFC Interest and Redemption Account (within the Bond Interest and Redemption account group) and the Bond Reserve Account. The bond resolution under which the Series 2016 Refunding Revenue Bonds were issued provides through December 31, 2020, and in any subsequent fiscal year by an action adopted by the Board, to irrevocably commit to transfer, from the PFC account group, to the PFC Revenue Account PFCs equal to 125% of the principal and interest requirements on the PFC Bonds. The bond resolution under which the Series 2019 Revenue Bonds were issued provides that the Board may, but is not required to, transfer PFCs to the PFC Revenue Account for debt service. Upon transfer to the PFC Revenue Account within the Operations and Maintenance account group, these amounts are restricted for the payment of the principal and interest requirements of the PFC Bonds and any required transfers to the Bond Reserve account group. Any debt service requirements of the PFC Bonds for which the Board elects to not use PFCs, including the debt service requirements of the

(in thousands of dollars)

Series 2016 Refunding Revenue Bonds subsequent to 2021, will be paid from operating revenues of the Airport, which are pledged as security for the PFC Bonds. During 2021, the amounts of $2,850, $3,244 and $1,524 were transferred from the PFC account group for the principal, interest and debt service coverage requirements, respectively. During 2020, the amounts of $2,280, $3,358 and $1,410 were transferred from the PFC account group for the principal, interest and debt service coverage requirements, respectively. Pursuant to the bond resolutions, at December 31, 2021 and 2020, the amounts of $1,524 and $1,410 of debt service coverage were returned to the PFC account group, respectively.

The CFC Trust Indenture which authorized the issuance of the Series 2019 CFC Bonds created the CFC Revenue Fund (within the Customer Facility Charge account group), the Senior CFC Debt Service Fund (within the Bond Interest and Redemption account group) the CFC Senior Debt Service Reserve Fund (within the Bond Reserve account group), and the CFC Coverage Fund (within the Bond Reserve account group). All CFCs collected are deposited in the CFC Revenue Fund. The Trust Indenture provides that the Board's Trustee must, from the Customer Facility Charge Revenue Fund, transfer to the Senior CFC Debt Service Fund CFCs equal to 100% of the principal and interest requirements of the Series 2019 CFC Bonds. Upon transfer, these amounts are restricted for the payment of the principal and interest requirements of the Series 2019 CFC Bonds. During 2021 and 2020, the amounts of $5,673 and $3,980 were transferred from the CFC Revenue Fund for the debt service requirements of the Series 2019 CFC Bonds. As a direct result of the COVID-19 pandemic, CFCs collected during 2021 and 2020 were insufficient to fully fund the debt service requirements of the Series 2019 CFC Bonds. Consistent with the provisions of the Trust Indenture, the Airport was authorized to utilize previously collected surplus CFCs available in the CFC Project Fund to fund any deficit in the debt service requirements, which amounted to $892 and $505 in 2021 and 2020, respectively.

Bond Reserve account group- restricted: For bonds paid from the operating revenues of the Airport, the bond resolutions require the Board to hold in the Bond Reserve account group cash, investments and accrued interest on investments, the combination of which is equal to the least of 1) 10% of the original par amounts of any bond issues where bonds are still outstanding, 2) an amount at least equal to the maximum principal and interest due on outstanding revenue bonds in any succeeding year or 3) 125% of the average annual principal and interest requirements on the outstanding bonds. The CFC Trust Indenture requires that the Board hold in the CFC Senior Debt Service Reserve and the CFC Coverage Fund (both within the Bond Reserve account group) cash and investments, the combination of which is equal to 100% and 25%, respectively, of the maximum principal and interest due on outstanding Series 2019 CFC bonds in any succeeding year. Upon use of funds that results in a deficiency in the bond reserve balances on hand, the Board is required to replenish the applicable asset balance in twelve equal monthly installments from the Operations and Maintenance account group for outstanding bonds payable from the Airport's operating revenues or from the CFC Revenue Fund for the Series 2019 CFC bonds, provided the funds are not needed to fund operations and maintenance expenses or debt service. However, if the series of bonds for which the associated reserve is deficient is payable from PFCs, the deficiency may also be cured using funds from the PFC account group.

(in thousands of dollars)

At December 31, 2021 and 2020, the required and actual balances in the Bond Reserve account group were as follows:

	2021		2020	
	Required	**Actual**	**Required**	**Actual**
General Airport Revenue Bond Reserve Account	$ 4,827	$ 5,217	$ 4,949	$ 5,249
2019 CFC Senior Debt Service Reserve Fund	6,567	6,651	6,567	6,764
CFC Coverage Fund	1,642	1,631	1,642	1,666
Total	$ 13,036	$ 13,499	$ 13,158	$ 13,679

The bond resolutions and the CFC Trust Indenture require that the investments in the Bond Reserve account group be market valued on January 15th of each year. At that time, any deficiencies in the reserve balances due to market value fluctuations must be cured by the transfer of appropriate funds. Whereas sufficient assets were available to fund the CFC Senior Debt Service Reserve Fund, the CFC Trust Indenture requires testing of valuation utilizing cash and investment securities only. Accordingly, the deficiency in the 2019 CFC Senior Debt Service Reserve Fund was cured with a transfer of CFCs from the CFC Revenue Fund in the CFC account group in January 2020. Actual losses due to market value fluctuations are not expected to occur due to the fixed rate nature of the investments and the Board's practice of holding its investments to maturity.

Other Third-Party Funding account group- restricted: Assets held in the Other Third-Party Funding account group are restricted for use on expenditures as contractually obligated by the outside parties from which the funding is obtained. To the extent not legally restricted by the contributing parties, investment earnings on Other Third-Party Funding are transferred to the General Purposes account group.

Cash and Investments

As more fully discussed in Note 2, the Airport's cash and investments are governed by Kentucky Revised Statutes ("KRS") 66.480 and the Airport's Investment Policy, which was adopted on January 17, 2005 and last amended on August 16, 2021. Investments are stated at their fair values based on market values quoted at December 31, 2021 and 2020.

The following items, to the extent that they are experienced during the reporting period, are included as components of investment income: 1) interest earnings, 2) amortization of premiums and accretion of discounts, 3) unrealized gains and losses due to recording investments at fair value and 4) realized gains and losses due to sale or impairment of investments.

Accounts Receivable

The Airport's receivables are reported at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible accounts is based on an analysis of past due amounts that are not covered by security deposits or letters of credit. When continued collection activity results in receipts of amounts previously reserved, revenue is recognized in the period collected.

(in thousands of dollars)

Prepaid Expenses and Supplies Inventory
Prepaid expenses consist primarily of insurance, maintenance and service warranties, and memberships which are expected to benefit future periods. Supplies inventory, which is reported at average cost, primarily consists of bulk materials used for snow removal, fuel, and materials or parts to be used for maintenance and repair or otherwise in support of airport operations.

Airport Facilities
Additions and replacements to Airport facilities with costs greater than $50 are carried as assets in the Net Investment in Capital Assets account group. Those with costs less than $50 are typically replaced every three to five years and are recorded as operating expenses. For assets with costs in excess of $50, depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, generally ranging from three to fifty years, and is recognized as a component of operating expenses and a direct reduction of the Net Investment in Capital Assets net position. The cost of assets retired, as well as any related accumulated depreciation, is removed from the related accounts. The net of these amounts, less any proceeds received from disposition, is transferred to the Designated for Capital Projects unrestricted net position.

Avigation easements, when the fully executed documentation has been obtained, are recorded at the amount incurred by the Airport to obtain such easements. The Avigation easements were obtained by the Board through land and sound insulation transactions incurred during past noise mitigation programs and through sales of Airport land determined to no longer be needed for aviation purposes. As the easements do not expire, they are accounted for as non-depreciable assets.

Pursuant to certain agreements between the Board and tenants of the Airport, facilities constructed by or on behalf of a tenant on property leased from the Airport are not reflected as assets of the Airport until such time as the Board assumes the risks and rights of ownership. Upon transfer of the risks and rights of ownership to the Board, the appraised fair market value of such reverted property is recorded as a capital asset and credited to the Net Investment in Capital Assets net position. Repairs and maintenance which do not substantially increase the capacity, improve the operational efficiency, increase the value or extend the useful lives of Airport assets are expensed.

Capital Contributions
Capital contributions consist primarily of grants from federal and state governmental agencies, contributions to capital project costs from airlines and other tenants, and the appraised value of leased facilities where the ownership has reverted to the Airport. The Airport recognizes contributions as earned as related project costs are incurred. As discussed above, facilities that have reverted to the Board are recorded at fair value upon reversion of ownership.

Deferred Outflows/Inflows of Resources
Deferred outflows of resources represent the consumption of net position that will be recognized in a future reporting period. As such, they have a current positive effect on net position, similar to assets. Deferred inflows of resources represent an acquisition of net position that will be recognized in a future reporting period. As such, they have a current negative effect on net position, similar to liabilities.

(in thousands of dollars)

Compensated Absences

Employees accrue vacation leave based on amounts of regularly scheduled work hours and length of service. Employees can accumulate up to 30 days of vacation time and are paid for all accumulated vacation time upon separation of employment for any reason. All accumulated vacation time is accrued and included in the current and noncurrent portions of the liabilities as accrued expenses (see Note 6).

Sick leave is earned by employees at the rate of one day per month of service, with the maximum accumulation for each employee being 60 days of sick leave. Employees are paid for all accumulated sick time upon retirement from the Airport or, if eligible for retirement from the Airport, upon death or other employment separation. Accumulated sick leave is accrued when an employee's age and/or years of service are within five years of the minimum age or years of service required for retirement under the provisions of the pension plans in which the Airport's employees participate (see Note 9). Accumulated sick leave is accrued and included in the current and noncurrent portion of the liabilities as accrued expenses (see Note 6).

Bond Issuance Costs and Bond Discounts and Premiums

Bond issuance costs (excluding prepaid bond insurance, if any) are expensed at the time of bond issuance. Bond discounts and premiums are deferred in the year of issuance and amortized using the effective interest method over the life of the issuance. Gains and losses on bond refundings are deferred and amortized over the shorter of the remaining life of the original issue or the life of the new issue.

Grants and Federal Awards

Grant and federal award revenues include amounts received from governmental agencies through various types of agreements. Certain amounts included from federal agencies are subject to the reporting requirements of the U.S. Office of Management and Budget Uniform Guidance.

Grant and federal award reimbursements are earned and recorded when approved grants and agreements are available, the amounts are known, and the related eligible expenditures are incurred. Grant and award amounts earned relating to capital expenditures are recorded as capital contributions and are credited to the Net Investment in Capital Assets net position. Amounts earned relating to operating expenses are recorded as nonoperating grant and federal award revenues in the Operations and Maintenance account group.

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), approved by the United States Congress and signed into law on March 27, 2020, is one of the legislative actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures $10.0 billion in direct aid in the form of grants for airports. The Board was awarded $42,899 in CARES Act grants that can be used for any purpose for which airport revenues may lawfully be used. The period of performance for the CARES Act grants is four years and requires airport sponsors accepting CARES Act grants to employ through December 31, 2020, at least 90% of the number of individuals employed as of March 27, 2020 (after making adjustments for retirements or voluntary employee separations). The Board applied $11,077 in CARES Act funds for the year ended December 31, 2020 to reimburse operations & maintenance expense and offset shortfalls in operating revenue.

(in thousands of dollars)

The Coronavirus Response and Relief Supplemental Appropriation Act ("CRRSAA") was signed into law on December 27, 2020 and included nearly $2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the COVID-19 pandemic. The Board was awarded a CRRSAA grant of $11,396 which can be used to pay for the Airport's operational and maintenance expenses or debt service payments in accordance with the limitations prescribed in the Act. CRRSAA grants may be used to reimburse airport operational and maintenance expenses directly related to the Airport incurred no earlier than January 20, 2020. CRRSAA grants may also be used to reimburse a Sponsor's payment of debt service where such payments occur on or after December 27, 2020. New airport development projects not directly related to combating the spread of pathogens and approved by the FAA for such purposes, may not be funded with CRRSAA grants. The Board was also awarded $945 in CRRSAA grants to provide relief from rent and minimum annual guarantees ("MAG") obligations, as applicable, to each eligible airport concession in an amount that reflects each eligible airport concession's proportional share of the total amount of the rent and MAGs, for relief provided no earlier than December 27, 2020, until the specified Concession Relief funds have been fully expended. The performance period for the CRRSAA grants is four years from the date of acceptance of the grant and requires the Board to employ, through February 15, 2021 at least 90 percent of the number of individuals employed (after making adjustments for retirements or voluntary employee separations) by the airport as of March 27, 2020, unless this provision is specifically waived by the Secretary at the airport Sponsor's written request. For the year ended December 31, 2021, the Board applied $1,700 in CRRSAA grant funds to reimburse operations & maintenance expense and offset shortfalls in operating revenue, $926 to provide relief from rent and MAG obligations to the Airport's eligible concessionaires, and $19 to reimburse expenses for administration of the rent and MAG obligations portion of the CRRSAA grant program.

The American Rescue Plan Act of 2021 ("ARPA") was signed into law on March 11, 2021, includes $8.0 billion in funds to be awarded as economic assistance to eligible U.S. airports to prevent, prepare for, and respond to the COVID-19 pandemic. Key components of ARPA include $6.5 billion reserved for costs associated with operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens, and debt service payments at primary airports and an additional $800 million to provide concessionaires relief from rents and minimum annual guarantees. To distribute these funds, the FAA has established the Airport Rescue Grants ("ARPA"). The Board has been awarded an ARPA Grant of $38,294 which can be used to pay for the Airport's operational and maintenance expenses or debt service payments in accordance with the limitations prescribed in the Act. The Board was also awarded $3,781 in ARPA Grants to provide relief from rent and MAG obligations. As a condition for receiving ARPA Grants, the Board will be required to employ, through September 30, 2021, at least 90 percent of the number of individuals employed (after making adjustments for retirements or voluntary employee separations) by the airport as of March 27, 2020. For the year ended December 31, 2021, the Board applied $2,875 in ARPA funds to provide relief from rent and MAG obligations to the Airport's eligible concessionaires. Net Pension and Net Other Postemployment Benefits Liabilities.

For the years ended December 31, 2021 and December 31, 2020, the Board was compliant with the employment provisions of the Cares Act, CRRSAA, and ARPA grant programs.

(in thousands of dollars)

Net Pension and Net Other Postemployment Benefits Liabilities

During the 2020 Kentucky Legislative Session, House Bill 484 was passed establishing a new governance structure of Kentucky Retirement Systems. Effective April 1, 2021 and implemented within these financial statements and the notes thereto, Kentucky Retirement Systems will be known as the Kentucky Public Pensions Authority ("KPPA").

As previously discussed, all full-time employees of the Airport as of December 31, 2021 and 2020 are members of the County Employees Retirement System ("CERS"), a cost-sharing multiple-employer defined benefit pension system (more fully described in Note 9). For purposes of measuring the net pension liabilities, the deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the CERS and additions to/deductions from the CERS' fiduciary net position have all been determined on the same basis as they are reported by the CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the CERS when due and payable in accordance with the benefit terms and investments are reported at fair value.

For purposes of measuring the net Other Postemployment Benefits liability ("OPEB") (more fully described in Note 10), the deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the Insurance Fund and additions to/deductions from the Insurance Fund fiduciary net position have all been determined on the same basis as they are reported by the KPPA. For this purpose, the Insurance Fund recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Related Party

During 2020, an individual was appointed to the Airport Board and disclosed employment as an executive officer of a property management company which owns and operates a subsidiary off-airport parking lot company that maintains a direct business relationship with the Board. The company provides off-airport parking lot services to passengers who chose to utilize their parking facilities and includes transportation from their facility to the Airport employing the company's fleet of shuttle buses. In January 2014, the Board entered into an agreement granting the company the non-exclusive right to use the assigned premises and the roadways accessing the same for the purpose of operating its off-airport parking lot business, with the company agreeing to pay the access fee charged to all off-airport operators, an amount equal to 10% of their gross receipts generated by their operations. For the years ended December 31, 2021 and 2020, the amount of revenues remitted by the company to the Board under this agreement were $538 and $328, respectively. The company was current on all receivable balances at December 31, 2021 and 2020.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described in these notes requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain balances in the 2020 financial statements have been reclassified to conform with the 2021 presentation.

(in thousands of dollars)

2. Cash and Investments

The investing of Airport funds is done in compliance with the Airport's Investment Policy ("Policy"), such Policy being in accordance with the KRS and the applicable provisions of the bond resolutions in effect. The Policy expressly establishes the preservation of capital through the minimization of credit risk and the maintaining of sufficient liquidity to be the primary and secondary objectives, respectively. The Policy was designed specifically to address those risks inherent in an investment program. Those risks, as outlined in GASB Statement No. 40, consist of: 1) credit risk including custodial credit risk and concentration of credit risk and 2) interest rate risk.

GASB Statement No. 40
GASB Statement No. 40 defines the following types of risk which apply to the Airport's investment portfolio:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Provisions of the Policy
To substantially reduce the likelihood of significant loss related to these items of risk, the Policy sets forth parameters related to the types of investments which may be purchased, the credit quality of issuers, portfolio diversification as it relates to both type of investment and issuer, the maximum investment term/maturity, proper safekeeping and custody procedures, and the amounts and types of required collateralization.

Types of investments and credit quality of issuers: In addition to collateralized/insured deposits in interest-bearing accounts and certificates of deposit, the Policy permits investment in U.S. Treasury obligations and other obligations backed by the full faith and credit of the United States (collectively, "U.S. Treasury securities"). Investments in securities issued by certain associations and corporations established by the government of the United States ("U.S. government sponsored enterprises") are also allowed. Such investments are permitted provided that at the time of purchase, the corporation is rated by at least one certified rating agency at the greater of "AA" (or its equivalent) or the highest current rating on U.S. Treasury obligations. Subject to restrictions on maturities and requirements for minimum ratings by the rating agency in the range of "A-" to "AAA" (or their equivalents) on

(in thousands of dollars)

long-term instruments and "A-1" on short-term instruments, the Policy also permits investment in certain repurchase agreements, uncollateralized certificates of deposit, banker acceptances, commercial paper, state and municipal obligations, corporate bonds, money market mutual funds and supranational bonds.

Portfolio diversification: To counteract the risk of a significant loss from an over concentration of assets in a specific class of security, a specific maturity, and/or a specific issuer, the Policy establishes maximum percentages of the Airport's portfolio which may be invested in each type of permitted investment and in securities by any individual issuer, counterparty or depository.

The limits related to portfolio diversification are as follows:

	Maximum Allowable % of Portfolio	
	Investment Type	**Individual Issuer, Counterparty or Depository**
Investment Types		
U.S. Treasury obligations	100%	100%
Federal agency obligations	100%	35%
Repurchase agreements	50%	25%
Supranational bonds	10%	5%
Collateralized/insured certificates of deposit	25%	40%
Collateralized/insured deposit accounts	100%	40%
Commercial paper	20%	5%
Bankers' acceptances	20%	5%
Uncollateralized certificates of deposit	20%	5%
State and municipal obligations	20%	5%
Corporate bonds	20%	5%
Mutual funds and exchange traded funds	100%	50%

In addition to the limits listed above, the Policy requires that the combined amount of mutual funds, exchange traded funds and individual high-quality corporate bonds shall not exceed forty percent (40%) of the total amount of funds invested on behalf of the Board based on book value at date of acquisition unless the investment is in a mutual fund consisting solely of the investments authorized under KRS 66.480 subsection (1)(a), (b), (c), (h), or (i), or any combination thereof.

Maximum investment term/maturity: To the best extent possible, the Airport attempts to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow need or for reserve funds not reasonably expected to be needed to meet cash flow requirements, the Airport's funds are not generally invested in securities that mature more than or are not redeemable within three years from the date of purchase. However, in accordance with the Airport's bond resolutions and CFC Trust Indenture, provided that the average aggregate weighted term to maturity for the investments within the Bond Reserve account group does not exceed five years, funds in the Bond Reserve account group may be invested in securities that mature or are redeemable within five years from the date of purchase.

Safekeeping and custody procedures: To ensure proper safekeeping and control over investment assets, investment securities are required to be secured through third-party custody and safekeeping procedures. To ensure that securities are deposited in an eligible financial institution prior to the

(in thousands of dollars)

release of funds, all security transactions are required to be conducted on a delivery-versus-payment basis.

Collateralization: For the purpose of protecting balances deposited in financial institutions, as outlined in the table above, the Policy establishes a limit for the amount which may be deposited in any single institution. In addition, the Policy requires all cash and other deposits maintained in any financial institution in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC") be collateralized. The instruments permitted to be used as collateral for deposits consist of U.S. Treasury securities, securities issued by U.S. government sponsored enterprises and direct obligations of the Commonwealth of Kentucky, as well as those of certain of its agencies and instrumentalities. Except for deposits collateralized with a Federal Home Loan Bank Letter of Credit, deposits must be collateralized at a minimum of 102% of the market value of principal plus accrued interest. As provided by KRS Section 41.240(4), amounts collateralized with a Federal Home Loan Bank Letter of Credit may be collateralized at 100%. All securities pledged as collateral are required to be held by an independent third-party custodian.

The Policy also requires that the Airport's portfolio remain sufficiently liquid to enable the Airport to meet all cash flow requirements. As set forth in the Policy, this is accomplished by the proper structuring of investment maturities and by investing in securities permitted by the Policy, such securities having active secondary or resale markets.

Cash and Investments Held

At December 31, 2021 and 2020, the Airport's cash and investments were comprised of the following:

	2021		2020	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Cash	$ 10,184	$ 10,184	$ 7,944	$ 7,944
Investments				
Investment in money market mutual funds				
First American Government Obligation Fund	$ 75,688	$ 75,688	$ 85,813	$ 85,813
Securities				
U.S Treasury	87,613	86,944	128,321	128,025
U.S. government sponsored enterprises	5,000	4,986	17,248	17,260
Commercial paper	56,279	56,313	69,769	69,850
Corporate bonds	47,529	46,890	35,597	36,088
Total investments	$ 272,109	$ 270,821	$ 336,748	$ 337,036

In the above table, the cost of securities includes the face value of the investments combined with any premiums and discounts at purchase.

Cash deposits are maintained by the Treasury Department of the Airport's depository bank in Demand Deposit Accounts ("DDA"). The cash balances of the Airport's DDAs, whether held in cash or in transit between the DDAs and the money market fund, are insured by the FDIC up to the applicable FDIC limit. For all accounts other than the Bond Reserve and Bond Interest and

(in thousands of dollars)

Redemption Accounts, any balances greater than the amount insured by the FDIC are collateralized by a letter of credit which is issued and held in the Airport's name by the Federal Home Loan Bank of Cincinnati. For the Bond Reserve and Bond Interest and Redemption Accounts, any balances greater than the amount insured by the FDIC are collateralized by U.S. Treasury securities and securities issued by certain U.S. government sponsored enterprises, with these securities being pledged by the Airport's depository bank and held in safe-keeping by the Federal Reserve Bank in the Airport's name. At December 31, 2021 and 2020, the combined values of the letter of credit and collateral securities were $25,967 and $27,901, respectively.

The First American Government Obligation Fund is a money market fund which invests primarily in direct obligations of the U.S. Treasury and U.S. government sponsored enterprises and in other securities collateralized by such obligations.

The U.S. Treasury securities in which the Airport invests are direct obligations of the U.S. Treasury and are unconditionally backed by the full faith and credit of the United States government. The Airport's investment in U.S. government sponsored enterprise securities at December 31, 2021 and 2020, as permitted by the Policy, consisted of instruments issued by the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association.

The commercial paper instruments in which the Airport was invested at December 31, 2021 and 2020 were unsecured short-term financing obligations issued by corporations or banks. In accordance with the requirements of the Policy, these instruments had maturities of no greater than 270 days, the amount invested in any single issuing corporation did not exceed five percent (5%) of the total amount of funds invested by the Board (based on book value on the date of acquisition), and the instruments were issued by corporations with individual net worth of at least $50,000 and short-term debt ratings of no less than "A-1" (or its equivalent) by at least two certified rating agencies. The commercial paper held at December 31, 2021 and/or December 31, 2020 consisted of instruments issued by BNP Paribas Financial Inc., Credit Agricole Corporate and Investment Bank, Credit Suisse First Investment Bank, ExxonMobil Corporation, ING US Funding, Mitsubishi UFJ Financial Group, Natixis NY, and Toyota Motor Credit Co.

In June 2019, KRS 66.480 was amended to allow state and local governments to invest money subject to its control and jurisdiction in corporate bonds. The corporate bonds held at December 31, 2021 and 2020 consisted of instruments issued by American Express Credit Corporation, American Honda Finance Corporation, Apple Inc., Bank of America, Bank of NY Mellon Corporation, BMW US Capital, Caterpillar Financial Services Corporation, Charles Schwab Corporation, Citigroup Inc., Goldman Sachs Investment Banking Company, IBM Credit LLC, John Deere Capital Corporation, JP Morgan Chase Company, PNC Financial Services, SunTrust Banks, Inc., United Health Group Inc., and Wells Fargo Company.

Except for securities in the Customer Facility Charge account group, all other investments in this fund are maintained in the Airport's name by the custodial bank's Trust department. Pursuant to the CFC Trust Indenture, investments in the CFC account group were held in the Airport's name by the Trustee.

(in thousands of dollars)

The maturities of investments held at December 31, 2021 and 2020 were as follows:

Investment Type	2021 Investment Maturities (at fair value) 1-3 months	4-6 months	7-9 months	10-12 months	13 -36 months	Total
Investment in money market mutual funds						
First American Government						
Obligation Fund	$ 75,688	$ -	$ -	$ -	$ -	$ 75,688
Securities						
U.S. Treasury	901	-	17,153	32,260	36,630	86,944
U.S. government sponsored						
enterprises	-	-	-	-	4,986	4,986
Commercial paper	16,248	33,577	6,488	-	-	56,313
Corporate bonds	-	7,556	11,156	8,414	19,764	46,890
Total investments	$ 92,837	$ 41,133	$ 34,797	$ 40,674	$ 61,380	$ 270,821

Investment Type	2020 Investment Maturities (at fair value) 1-3 months	4-6 months	7-9 months	10-12 months	13 -36 months	Total
Investment in money market mutual funds						
First American Government						
Obligation Fund	$ 85,813	$ -	$ -	$ -	$ -	$ 85,813
Securities						
U.S. Treasury	44,261	45,278	26,615	9,513	2,358	128,025
U.S. government sponsored						
enterprises	8,006	-	-	-	9,254	17,260
Commercial paper	30,146	15,739	23,965	-	-	69,850
Corporate bonds	-	-	-	2,048	34,040	36,088
Total investments	$ 168,226	$ 61,017	$ 50,580	$ 11,561	$ 45,652	$ 337,036

All securities held by the Airport at December 31, 2021 and 2020 carried ratings in the range of AAA to A- or their equivalents.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same, which is to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

The fair value hierarchy provided by GASB Statement No. 72 categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

(in thousands of dollars)

The following tables show the fair value and the fair value measurements for the Airport's investments, subject to the provisions of GASB No. 72, at December 31, 2021 and 2020:

	2021 Investments Measured at Fair Value			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Investment in money market mutual funds				
First American Government Obligation Fund	$ 75,688	$ -	$ 75,688	$ -
Securities				
U.S Treasury	86,944	86,944	-	-
U.S. government sponsored enterprises	4,986	-	4,986	-
Commercial paper	56,313	-	56,313	-
Corporate bonds	46,890		46,890	
Total investments	$ 270,821	$ 86,944	$ 183,877	$ -

	2020 Investments Measured at Fair Value			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Investment in money market mutual funds				
First American Government Obligation Fund	$ 85,813	$ -	$ 85,813	$ -
Securities				
U.S Treasury	128,025	128,025	-	-
U.S. government sponsored enterprises	17,260	-	17,260	-
Commercial paper	69,850	-	69,850	-
Corporate bonds	36,088		36,088	
Total investments	$ 337,036	$ 128,025	$ 209,011	$ -

The methods and assumptions used to estimate the fair value of assets and liabilities in the financial statements, including a description of the methodologies used for the classifications within the fair value hierarchy, are as follows:

First American Government Obligations Funds: Invests exclusively in short-term U.S. government securities, including repurchase agreements secured by U.S. government securities. The fund is not publicly traded. Fair value is based on published fair value per share (or unit).

U.S. Treasuries: Valued at the closing price reported on the active market on which the individual securities are traded.

(in thousands of dollars)

U.S. government sponsored enterprises: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Commercial paper and corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities.

3. Restricted Assets

The assets of the following account groups at December 31, 2021 and 2020 are subject to restrictions which limit the purposes for which they may be used:

	2021	2020
Operations and Maintenance	$ 1,524	$ 1,410
Passenger Facility Charge	72,976	84,160
Police Forfeiture	3,538	3,654
Customer Facility Charge	31,739	75,479
Operations and Maintenance Reserve	27,380	27,564
2019 Terminal Roadway Reconfiguration	522	1,220
Bond Interest and Redemption	4,322	2,242
Bond Reserve	13,499	13,679
Other Third Party Funding	4,365	2,348
Less: interfund receivable balances	(2,721)	(1,846)
	$ 157,144	$ 209,910

The restricted amounts in the Operations and Maintenance account group represent amounts which, as discussed in Note 1, have been transferred from the PFC account group to satisfy the debt service requirements of the PFC Bonds. As also discussed in Note 1, assets included in the PFC account group are federally restricted for use on specific FAA approved projects. As applicable, assets in the Police Forfeiture account group are restricted by the federal government or the Commonwealth of Kentucky for expenditures allowable under the Equitable Sharing Programs of the U.S. Department of Justice, the U.S. Department of Treasury, and the Commonwealth of Kentucky. CFC assets are restricted for expenditures related to project expenditures for the GTF and debt service on the Series 2019 CFC Revenue Bonds. In accordance with the Airport's bond resolutions, assets in the Operations and Maintenance Reserve may only be used to finance operating expenditures, when sufficient funds are not otherwise available in the Operations and Maintenance account group or from other available funding sources. In accordance with the bond resolutions, the assets in the 2019 Terminal Roadway Reconfiguration account group are restricted to pay costs of the terminal roadway reconfiguration project and associated debt service. Also pursuant to the requirements of the Airport's bond resolutions and Trust Indenture, assets included in the Bond Reserve and the Bond Interest and Redemption account groups are restricted for the payment of bond principal and interest. Assets held in the Other Third-Party Funding account group are restricted for use on expenditures as contractually obligated by the outside parties from which the funding was received.

(in thousands of dollars)

4. Capital Assets

Capital assets are comprised of the following:

	Balance 12/31/2019	Additions/ transfers	Retirements/ transfers	Balance 12/31/2020	Additions/ transfers	Retirements/ transfers	Balance 12/31/2021
Land (non-depreciable)	$ 189,892	$ 35	$ (2,641)	$ 187,286	$ 2,387	$ (2,315)	$ 187,358
Runways, taxiways							
and other land improvements	716,425	14,902	(1,587)	729,740	41,343	(7,860)	763,223
Buildings and building renovations	349,246	5,010	(280)	353,976	168,295	(318)	521,953
Utility systems	90,832	-	(8,513)	82,319	-		82,319
Equipment	141,575	2,390	(774)	143,191	6,416	(5,528)	144,079
Easements (non-depreciable)	41,354	1,501	-	42,855	1,911	-	44,766
Construction-in-progress	53,728	112,814	(20,490)	146,052	109,598	(211,757)	43,893
Total capital assets	1,583,052	136,652	(34,285)	1,685,419	329,950	(227,778)	1,787,591
Less accumulated depreciation							
Runways, taxiways							
and other land improvements	530,522	22,747	(1,501)	551,768	23,282	(7,859)	567,191
Buildings and building renovations	143,497	11,385	1,267	156,149	11,513	(318)	167,344
Utility systems	73,939	2,944	(8,417)	68,466	2,879	-	71,345
Equipment	93,460	5,521	(772)	98,209	4,963	(1,276)	101,896
Total accumulated depreciation	841,418	42,597	(9,423)	874,592	42,637	(9,453)	907,776
Total capital assets, net of							
accumulated depreciation	$ 741,634	$ 94,055	$ (24,862)	$ 810,827	$ 287,313	$ (218,325)	$ 879,815
Total non-depreciable capital assets	$ 231,245	$ 1,536	$ (2,641)	$ 230,140	$ 4,298	$ (2,315)	$ 232,123
Total depreciable capital assets, net of							
accumulated depreciation	510,389	92,519	(22,221)	580,687	283,015	(216,010)	647,692
Total capital assets, net of							
accumulated depreciation	$ 741,634	$ 94,055	$ (24,862)	$ 810,827	$ 287,313	$ (218,325)	$ 879,815

Capital assets purchased are reported at cost. Easements are acquired and attached in perpetuity to the deeds of certain parcels purchased and/or sound insulated in the Airport's land and noise mitigation programs. Accordingly, the costs of obtaining these easements are recorded as land until such time as the easement documents are executed. Thereafter, the costs are transferred and recorded as easements. Those assets acquired through donation or contractual reversion of ownership are reported at the fair value determined at the time of ownership transfer. The costs of construction projects are recorded as construction-in-process until such time as the projects are substantially complete. Upon substantial completion, the costs are transferred to the appropriate fixed asset classification as shown in the above table. Related to construction-in-process and capital assets, the Airport had contract retainage and accounts payable of $15,509 and $18,699 at December 31, 2021 and 2020, respectively.

(in thousands of dollars)

Useful Lives

The Airport's capital assets are depreciated over useful lives as follows:

	Years
Runways, taxiways and other land improvements	15 - 50
Buildings	25 - 40
Building improvements and renovations	10 - 20
Utility systems	20 - 40
Equipment	3 - 30

Substantially all capital assets of the Airport are held for direct or indirect utilization in the Airport's principal activities of leasing land, buildings, and airfield facilities to third party lessees.

5. Lease of Airport Facilities

Airport facilities are leased to third parties to serve the public through the operation of airline terminal and airfield facilities, as well as through concession and warehousing operations.

As discussed in Note 1, the Board was awarded $945 in CRRSAA grant funds to provide relief from rent and minimum annual guarantees ("MAG") obligations, as applicable, to each eligible airport concession in an amount that reflects each eligible airport concession's proportional share of the total amount of the rent and MAGs, for relief provided no earlier than December 27, 2020, until the specified Concession Relief funds have been fully expended. For the year ended December 31, 2021, the Board applied $926 to provide relief from rent and MAG obligations to the Airport's eligible concessionaires, and $19 to reimburse expenses for administration of the rent and MAG obligations portion of the CRRSAA grant program.

As discussed in Note 1, the Board was awarded $3,781 in ARPA Grants to provide relief from rent and MAG obligations. For the year ended December 31, 2021, the Board applied $2,875 in ARPA funds to provide relief from rent and MAG obligations to the Airport's eligible concessionaires.

Within the Board's concession agreements with rental car, food and beverage and retail sales vendors, there are some provisions that require MAG. Due to the COVID-19 pandemic and the related reduction in passenger traffic, the Board eliminated the MAG for eligible concessionaires and granted them the ability to pay solely based on a percentage of their revenues for the period April 1, 2020 through December 31, 2020.

The concession agreements generally provide for the Airport's receipt of fixed rentals plus certain contingent rentals which are based on the tenants' gross revenues. Contingent rentals amounted to $10,979 and $5,965 for the years ended December 31, 2021 and 2020, respectively.

For the years 2022, 2023, 2024, 2025 and 2026, minimum future rentals for noncancelable leases (other than noncancelable rentals charged to the Signatory Carriers under the Use Agreement and other long-term terminal facility leases) are $11,349, $9,203, $9,104, $8,964 and $7,687, respectively.

(in thousands of dollars)

For the year 2022, prior to adjustment in the Signatory Carrier rates and charges through the calculation method outlined in Note 1, noncancelable rentals under the Use Agreement (exclusive of landing fees) and other long-term terminal facility leases pertaining to the Signatory Carriers are projected to be $14,913. For the years 2021 and 2020, the gross amounts of revenues related to Signatory Carrier noncancelable leases were $16,863 and $34,908, respectively. The net amounts for 2021 and 2020 were $16,829 and $18,792, respectively. As the Use Agreement and other long-term terminal facility leases expire on December 31, 2022, no amount of Signatory Carrier noncancelable rentals exist for 2023, 2024, 2025, 2026 or 2027. Due to the disruption and uncertainty caused by the COVID-19 pandemic, both the Board and its Signatory Carriers have agreed to extend the existing Use Agreement and all related terminal space leases for an additional year (expiring December 31, 2022). With the expiration of the current Use Agreement terminal leases, airline rates and charges will be determined based on the provisions of new agreements, extensions to the current agreements with certain modifications in terms, or by such other rate making methodology which is permitted under applicable law and which is in compliance with the rate setting methodology set forth in the Airport's bond resolutions.

6. Long-Term Liabilities

During 2021 and 2020, the Airport's long-term liabilities and related activity consisted of the following:

Revenue Bonds
The following revenue bonds were outstanding at December 31, 2021 and 2020. The maturities occur on January 1 of each year.

	2021	2020
Series 2016 Refunding Revenue Bonds, 5.000%, due 2020-2033	$ 35,650	$ 38,040
Series 2019 Revenue Bonds, 5.000%, due 2022-2049	$ 32,370	$ 32,935
Series 2019 CFC Revenue Bonds, 3.080% to 4.689%, due 2022-2049	$ 103,130	$ 103,130
	$ 171,150	$ 174,105

The Series 2016 Refunding Revenue Bonds, which bear fixed interest rates, are General Airport Revenue Bonds issued under the terms of both a general bond resolution and a resolution specific to the refunding bonds. In accordance with the applicable bond resolutions, the bonds are secured by the operating revenues of the Airport and by amounts on deposit in the PFC Revenue Account. As the Series 2016 Refunding Bonds were issued for the defeasance of the Series 2003B Bonds, which were issued to fund the cost of specific PFC eligible, FAA approved projects, the debt service requirements of the Series 2016 Refunding Bonds, including any debt service coverage or required deposits to the Bond Reserve account group, are authorized by the FAA to be paid with PFCs (see Note 1).

The Series 2019 Revenue Bonds, which bear fixed interest rates, are General Airport Revenue Bonds issued at a premium to fund the reconfiguration of the main terminal roadway. The Series 2019 Revenue Bonds were issued under the terms of the Airport's general bond resolution and a resolution specific to the Series 2019 Revenue Bonds that establish new funds and accounts to provide for the deposit and flow of net revenues (operating revenues less operating and maintenance expenses as

(in thousands of dollars)

defined in the resolution) which are pledged for payment of the Series 2019 Revenue Bonds. FAA approval of the Airport's fifteenth PFC application was received in May 2019. Among other projects, the approval included authorization to use PFC's to fund the majority of the debt service requirements of the Series 2019 Revenue Bonds, with the non-PFC eligible portion of debt service to be paid from general Airport revenues. Based on project design of the PFC eligible portions of the project, it is currently estimated that approximately 81% of the debt service will be funded with PFCs.

The Series 2019 CFC Revenue Bonds, which bear fixed interest rates, are Senior Customer Facility Charge Revenue Bonds issued to fund the construction of a Consolidated Ground Transportation Facility ("GTF") and the associated improvements necessitated by the GTF. The 2019 Series CFC Bonds are special limited obligations of the Board which are secured by a pledge of CFCs collected by the rental car companies and are subject to the requirements of the CFC Trust Indenture entered into between the Airport and the Trustee. In the event that the CFC collections are insufficient or are estimated to be insufficient to pay the debt service and fund the applicable reserves as required by the rate covenant set forth in the CFC Trust Indenture, the Board, through the agreements with the rental car companies, has secured the right to charge the rental car companies for such deficiencies. No other revenues of the Board are pledged to the payment of the Series 2019 CFC Bonds. During 2021 and 2020, CFCs collected were insufficient to fully fund the debt service requirements of the Series 2019 CFC Bonds. At the election of the Board, the rental car companies were not charged for the deficiency and, consistent with the provisions of the Trust Indenture, the Airport utilized previously collected CFCs available in the CFC Project Fund to fund the deficit, which totaled $892 and $505 in 2021 and 2020, respectively.

In March 2020, the Board adopted the 2020 Airport Revenue Subordinate General Bond Resolution which stipulates that any bonds issued under the resolution are to be secured by a pledge of net operating revenues subordinate to the rights of the Series 2016 and Series 2019 Revenue Bonds. Pursuant to the subordinate bond resolution, in March 2020 the Airport also approved a resolution authorizing entering into an agreement with PNC Bank National Association for a revolving line of credit that expires on March 1, 2024 and has a maximum commitment amount of $75,000. The Airport is permitted to draw on the line of credit for the purpose of financing capital improvement projects. The line of credit bears interest at the London Interbank Offered Rate (LIBOR) plus 56.0 or 62.5 basis points dependent upon whether the notes issued under the line of credit are tax-exempt or taxable, respectively. Due to the postponement of certain capital projects as discussed above, and the receipt of additional AIP funding, as of the date of the issuing of these financial statements, the Airport has not yet drawn any amounts on the revolving line of credit.

(in thousands of dollars)

The Series 2016 Refunding Bonds and the Series 2019 Revenue Bonds were issued at premiums of $9,566 and $5,075, respectively. The premiums are being amortized over the lives of the bonds, based on the effective interest method, as a reduction of bond interest expense. The amortization of the bond premiums subsequent to December 31, 2021 is as follows:

	General Airport Revenue Bond Premiums		
	Series 2016 Refunding Revenue Bond Premiums	**Series 2019 Revenue Bond Premiums**	**Total**
2022	740	299	1,039
2023	673	288	961
2024	605	276	881
2025	534	264	798
2026	462	252	714
2027-2030	1,184	879	2,063
2031-2040	202	1,497	1,699
2041-2049	-	491	491
	$ 4,400	$ 4,246	$ 8,646

(in thousands of dollars)

The required funding of bond principal and interest subsequent to December 31, 2021 is as follows:

	General Airport Revenue Bonds		
	Principal	Interest	Total Debt Service
2022	3,100	3,402	6,502
2023	3,255	3,246	6,501
2024	3,420	3,083	6,503
2025	3,590	2,912	6,502
2026	3,770	2,733	6,503
2027-2030	17,065	8,950	26,015
2031-2040	19,535	11,154	30,689
2041-2049	14,285	3,397	17,682
	$ 68,020	$ 38,877	$ 106,897

	2019 CFC Bonds		
	Principal	Interest	Total Debt Service
2022	4,225	4,421	8,646
2023	2,210	4,353	6,563
2024	2,285	4,282	6,567
2025	2,360	4,206	6,566
2026	2,440	4,124	6,564
2027-2030	10,710	15,555	26,265
2031-2040	35,935	29,713	65,648
2041-2049	42,965	9,549	52,514
	$ 103,130	$ 76,203	$ 179,333

	Total		
	Principal	Interest	Total Debt Service
2022	7,325	7,823	15,148
2023	5,465	7,599	13,064
2024	5,705	7,365	13,070
2025	5,950	7,118	13,068
2026	6,210	6,857	13,067
2027-2030	27,775	24,505	52,280
2031-2040	55,470	40,867	96,337
2041-2049	57,250	12,946	70,196
	$ 171,150	$ 115,080	$ 286,230

(in thousands of dollars)

At December 31, 2021 and 2020, the current and non-current portions of revenue bonds payable as shown above have been combined with the current and non-current portions of the unamortized bond premiums for presentation on the Balance Sheets. The current amounts of revenue bonds payable, inclusive of unamortized bond premium, at December 31, 2021 and 2020 were $8,364 and $6,150, respectively. The non-current portions at December 31, 2021 and 2020 were $171,432 and $177,715, respectively.

For the years ended December 31, 2021 and 2020, interest expense on outstanding revenue bonds was $8,034 and $8,148 respectively, and the amortization of bond premium was $1,115 and $1,171, respectively. On the Statement of Revenues, Expenses and Changes in Net Position these amounts have been combined and presented as $6,919 and $6,977 of revenue bond interest expense, net of premium amortization, at December 31, 2021 and 2020, respectively.

Other Long-Term Liabilities

At December 31, 2021, the Airport's other liabilities which have portions due after one year consisted of rental and other deposits, compensated absences, estimated amounts potentially due for incidents not covered by commercial insurance, estimated amounts due under a frequent parking rewards program, subordinate debt obligations for equipment procured under capital leases and the Airport's assigned proportionate shares of net pension and OPEB liabilities from its participation in the pension and OPEB plans discussed in Notes 1, 9 and 10. Amounts related to these liabilities are shown below.

(in thousands of dollars)

Long-Term Liability Activity

For the years ended December 31, 2021 and 2020, components of the Airport's liabilities which had non-current activity or balances were as follows:

	Balance 12/31/2020	Additions	Reductions	Balance 12/31/2021	Amounts Due within One Year	Amounts Due after One Year
Accounts payable and accrued expenses						
Deposits	$ 295	$ 7	$ (58)	$ 244	$ 35	$ 209
Compensated absences	4,532	1,182	(1,514)	4,200	3,370	830
Uninsured losses	231	79	(261)	49	35	14
Parking rewards	598	468	-	1,066	832	234
Revenue bonds payable	174,105		(2,955)	171,150	7,325	163,825
Revenue bond premium	9,760	-	(1,114)	8,646	1,039	7,607
Subordinate debt - equipment lease	755	638	(374)	1,019	325	694
Net pension liability	106,614	-	(19,571)	87,043	-	87,043
Net other postemployment benefits liability	33,200	-	(6,945)	26,255	-	26,255
	$ 330,090	$ 2,374	$ (32,792)	$ 299,672	$ 12,961	$ 286,711

	Balance 12/31/2019	Additions	Reductions	Balance 12/31/2020	Amounts Due within One Year	Amounts Due after One Year
Accounts payable and accrued expenses						
Deposits	$ 298	$ 275	$ (278)	$ 295	$ 85	$ 210
Compensated absences	3,977	1,479	(924)	4,532	3,211	1,321
Uninsured losses	284	138	(191)	231	175	56
Parking rewards	1,053	26	(481)	598	250	348
Revenue bonds payable	176,385	-	(2,280)	174,105	5,035	169,070
Revenue bond premium	10,931	-	(1,171)	9,760	1,115	8,645
Subordinate debt - equipment lease	436	623	(304)	755	322	433
Net pension liability	96,658	9,956	-	106,614	-	106,614
Net other postemployment benefits liability	24,281	8,919	-	33,200	-	33,200
	$ 314,303	$ 21,416	$ (5,629)	$ 330,090	$ 10,193	$ 319,897

7. Special Facility Revenue Bonds

Special Facility Revenue Bonds ("SFRBs") Series 2001A totaling $22,500 were issued in July 2001 to finance the construction of a pilot training facility for FlightSafety International, Inc. ("FlightSafety"). Although taking the legal form of a financing lease between the Board and FlightSafety, the substance of the arrangement is that the SFRBs constitute special and limited obligations and do not constitute a debt, liability or general obligation of the Board or a pledge of Airport revenues. As such, no liability relating to the SFRBs is included in the accompanying financial statements. Information related to the amounts outstanding on the SFRBs is not readily available to management of the Airport. For additional information regarding the SRFBs, readers should contact FlightSafety.

(in thousands of dollars)

8. Major Lessees

In 2021, the operating revenues received from Delta Airlines, Inc. (“Delta”) and DHL Worldwide Express, Inc. (“DHL”), represented approximately 16.35% and 13.67%, respectively, of total operating revenues. The comparable amounts for 2020 for Delta and DHL were 22.33% and 16.89%, respectively.

Landing fees received from Delta, DHL, and Amazon in 2021 represented 11.56%, 50.48% and 14.02%, respectively, of total billed landing fees. The comparable amounts for 2020 for Delta, DHL and Amazon were 10.42%, 54.32% and 15.31%, respectively.

9. Retirement Plans

Defined Benefit Pension Plans

As previously discussed, all full-time employees of the Airport are members of the Kentucky Public Pensions Authority’s (“KPPA”) County Employees Retirement System (“CERS”), a cost-sharing multiple-employer defined benefit pension system consisting of two employee plans, nonhazardous and hazardous. The plan in which employees participate is determined by the type of position held by the employee.

General Information about the Pension Plan

Plan Description

Created by the Kentucky General Assembly pursuant to the provisions of KRS Section 78.520, the assets of CERS, in addition to the assets of the Kentucky Employees Retirement System (“KERS”) and the State Police Retirement System (“SPRS”), collectively referred to as the System (“System”), are administered by the KPPA Board of Trustees (“KPPA Board”). In 2021, House Bill 484 was passed into law establishing a new governance structure for operation of the System, creating an overall KPPA Board and two additional governing Boards: the Kentucky Retirement Systems Board (“KRS Board”), which is responsible for the governance and administration of KERS and SPRS, and the County Employees Retirement System Board (“CERS Board”), which is responsible for the governance and administration of CERS. The KPPA Board was restructured from 17 members to 8 members (4 KRS Board members, 4 CERS Board members). In accordance with the provisions of KRS Sections 16.555, 61.570, and 78.630, the assets of the System are invested as a whole, while each system’s assets are used only for the payment of benefits to the members of that plan and a pro rata share of administrative costs.

(in thousands of dollars)

CERS benefits provided: Nonhazardous

	Tier 1 Nonhazardous Participation Beginning prior to 9/1/2008	**Tier 2 Nonhazardous Participation Beginning 9/1/2008 through 12/31/2013**	**Tier 3 Nonhazardous Participation Beginning on or after 01/01/2014**
Covered Employees:	All full-time employees	All full-time employees	All full-time employees
Benefit Formula:	Final compensation x Benefit factor x Years of service	Final compensation x Benefit factor x Years of service	Cash balance plan
Final Compensation:	Average of the highest 5 fiscal years (must contain at least 48 months and a minimum of 5 fiscal years)	5 complete fiscal years immediately preceding retirement; Each year must contain 12 months.	No final compensation factor
Benefit Factor:	2.00% - If member began participating after 8/1/2004 and before 9/1/2008. 2.20% - If member began participating prior to 8/1/2004	10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 = 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years)	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and a method adopted by the KPPA Board based on member's accumulated account balance.
Cost of Living Adjustment ("COLA"):	No COLA unless authorized by the Kentucky General Assembly	No COLA unless authorized by the Kentucky General Assembly	No COLA unless authorized by the Kentucky General Assembly
Unreduced Retirement Benefit:	Any age with 27 years of service; Age 65 with 1 month of service	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision; Age 65 with 5 years of earned service	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision; Age 65 with 5 years of earned service
Reduced Retirement Benefit:	Any age with 25 years of service; Age 55 with 5 years of service	Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military).	No reduced retirement benefit

(in thousands of dollars)

CERS benefits provided: Hazardous

	Tier 1 Hazardous Participation Beginning prior to 9/1/2008	Tier 2 Hazardous Participation Beginning 9/1/2008 through 12/31/2013	Tier 3 Hazardous Participation Beginning on or after 01/01/2014
Covered Employees:	All full-time employees	All full-time employees	All full-time employees
Benefit Formula:	Final compensation x Benefit factor x Years of service	Final compensation x Benefit factor x Years of service	Cash balance plan
Final Compensation:	Average of the highest 3 fiscal years (must contain at least 24 months and a minimum of 3 fiscal years)	Average of the highest 3 fiscal years; Each year must contain 12 months.	No final compensation factor
Benefit Factor:	2.50% if 60 months or greater, 2.00% if less than 60 months	10 years or less = 1.30%. Greater than 10 years, but no more than 20 years = 1.50%. Greater than 20 years, but no more than 25 years = 2.25%. Additional years above 25 = 2.50% (2.50% benefit factor only applies to service earned in excess of 25 years)	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and a method adopted by the KPPA Board based on member's accumulated account balance.
Cost of Living Adjustment:	No COLA unless authorized by the Kentucky General Assembly	No COLA unless authorized by the Kentucky General Assembly	No COLA unless authorized by the Kentucky General Assembly
Unreduced Retirement Benefit:	Any age with 20 years of service; Age 55 with 1 month of service	Any age with 25 years of service; Age 60 with 5 years of service	Any age with 25 years of service. Age 60 with 5 years of service
Reduced Retirement Benefit:	Age 50 with 15 years of service but less than 20 years of service	Age 50 with 15 years of service	No reduced retirement benefit

Contributions

Employer pension contribution rates are governed by KRS Section 61.565 and require the Airport to contribute at an actuarially determined rate. The CERS Board sets the employer contribution rates on the basis of this annual actuarial valuation last preceding the July 1 of a new biennium. If it is determined on the new basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted, then the KPPA Board may amend contribution rates as of the first day of July of the second year of a biennium.

Employee pension contributions are governed by KRS Section 61.560, deducted from active employees' salaries, and remitted to the CERS by the Airport along with the employer's portion of the contribution. Employee contribution rates are set by statute and may be changed only by the Kentucky General Assembly.

(in thousands of dollars)

The Airport has met 100% of its contribution funding requirements for the plan fiscal years ended June 30, 2021 and June 30, 2020.

The contribution rates in effect and contributions remitted relating to the CERS for the fiscal year ended December 31, 2021 were as follows:

	Contributions to CERS	
	Non Hazardous	**Hazardous**
Employee contribution rates:		
Tier 1 : Participation prior to 9/1/2008	5.00%	8.00%
Tier 2 : Participation 9/1/2008 through 12/31/2013	5.00%	8.00%
Tier 3 : Participation after 1/1/2014	5.00%	8.00%
Airport contribution rates:		
July 1, 2021 - December 31, 2021	21.17%	33.86%
July 1, 2020 - June 30, 2021	19.30%	30.06%
July 1, 2019 - June 30, 2020	19.30%	30.06%
July 1, 2018 - June 30, 2019	16.22%	24.87%
Employee contributions:		
2021	$ 1,062	$ 649
2020	$ 1,072	$ 649
2019	$ 1,036	$ 675
Airport contributions:		
2021	$ 4,342	$ 2,780
2020	$ 4,182	$ 2,598
2019	$ 3,725	$ 2,408
Amount of payroll on which employee and employer contributions were based:		
2021	$ 21,433	$ 8,703
2020	$ 21,669	$ 8,643
2019	$ 20,990	$ 8,804
Contributions made by Airport and employees as a percentage of contributions required of of Airport and employees 2021, 2020 and 2019	100%	100%

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

(in thousands of dollars)

At December 31, 2021 and December 31, 2020, the Airport reported a liability of $87,043 and $106,614, respectively, for its assigned proportionate share of the CERS net pension liability. The net pension liability was measured as of June 30, 2021 and June 30, 2020; and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates. The Airport's proportion of the net pension liability was based on a projection of the Airport's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities. At June 30, 2021, and June 30, 2020, the Airport's proportionate shares of the CERS nonhazardous plan were 0.812418% and 0.829890%, respectively. At June 30, 2021 and June 30, 2020, the Airport's proportionate shares of the CERS hazardous plan were 1.323913% and 1.424939%, respectively.

Based on its proportionate shares of pension expense as assigned by the CERS, for the Airport's fiscal years ended December 31, 2021 and December 31, 2020, the Airport recognized pension expense of $9,496 and $18,869, respectively. The 2021 and 2020 amounts include $7,128 and $6,780, respectively, of contributions made to the plan and $2,368 and $12,089, respectively, of non-cash expense recognized pursuant to the requirements of GASB Statement No. 68.

(in thousands of dollars)

At December 31, 2021 and December 31, 2020, the Airport reported deferred inflows of resources and deferred outflows of resources from the following sources:

Non-Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2019	$ 12,041	$ (2,208)	$ 9,833
Prior year contributions subsequent to measurement date	(2,005)	-	(2,005)
Difference between expected and actual experience	161	236	397
Changes in assumptions	(3,166)	-	(3,166)
Net differences between projected and actual earnings on pension plan investments	1,687	806	2,493
Changes in proportion and differences between contributions and proportionate share of contributions	525	-	525
Contributions subsequent to measurement date	2,038	-	2,038
Deferred Outflows and Inflows at December 31, 2020	$ 11,281	$ (1,166)	$ 10,115
Prior year contributions subsequent to measurement date	$ (2,038)	$ -	$ (2,038)
Difference between expected and actual experience	(992)	(502)	(1,494)
Changes in assumptions	(1,790)	-	(1,790)
Net differences between projected and actual earnings on pension plan investments	(750)	(7,746)	(8,496)
Changes in proportion and differences between contributions and proportionate share of contributions	(1,395)	(710)	(2,105)
Contributions subsequent to measurement date	1,978	-	1,978
Deferred Outflows and Inflows at December 31, 2021	$ 6,294	$ (10,124)	$ (3,830)

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2019	$ 8,104	$ (1,486)	$ 6,618
Prior year contributions subsequent to measurement date	(1,266)	-	(1,266)
Difference between expected and actual experience	(402)	-	(402)
Changes in assumptions	(2,333)	-	(2,333)
Net differences between projected and actual earnings on pension plan investments	999	546	1,545
Changes in proportion and differences between contributions and proportionate share of contributions	(401)	(790)	(1,191)
Contributions subsequent to measurement date	1,232	-	1,232
Deferred Outflows and Inflows at December 31, 2020	$ 5,933	$ (1,730)	$ 4,203
Prior year contributions subsequent to measurement date	$ (1,232)	$ -	$ (1,232)
Difference between expected and actual experience	(360)	-	(360)
Changes in assumptions	(1,189)	-	(1,189)
Net differences between projected and actual earnings on pension plan investments	(501)	(4,250)	(4,751)
Changes in proportion and differences between contributions and proportionate share of contributions	(112)	(1,676)	(1,788)
Contributions subsequent to measurement date	1,326	-	1,326
Deferred Outflows and Inflows at December 31, 2021	$ 3,865	$ (7,656)	$ (3,791)

(in thousands of dollars)

The $3,304 reported as a deferred outflow of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Amounts to be Recognized in Fiscal Years
Following the Reporting Date

June 30		
2022	$	868
2023		2,314
2024		2,325
2025		2,249
2026		3,169
Total	$	10,925

Actuarial Assumptions
The total pension liability, net pension liability, and sensitivity information as of June 30, 2021 were based on actuarial valuation of June 30, 2019. The total pension liability was rolled-forward from the valuation date of June 30, 2019 to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles. The KPPA Board adopted new actuarial assumptions after the June 30, 2018, valuation. These assumptions are documented in the report titled *Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ended June 30, 2018.* The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

(in thousands of dollars)

Item	CERS Non-Hazardous and Hazardous
Actuarial Valuation Date:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019 Gains or losses incurring after 2019 are amortized over separate closed 20-year amortization bases
Inflation:	2.30%
Payroll Growth Rate:	2.00%
Salary Increases	Non-Hazardous 3.30% to 10.30% Hazardous 3.55% to 19.05%
Investment Rate of Return	6.25%
Mortality for Active Members:	PUB-2010 General Mortality table for the nonhazardous system PUB-2010 Public Safety Mortality table for the hazardous system projected with the ultimate rates from the MP-2014 morality improvement scale using base year of 2010
Mortality for Retired Members and Beneficiaries:	Kentucky Public Pensions Authority-specific mortality table based on mortality experience from 2013-2018 projected with the ultimate rates from the MP-2014 morality improvement scale using base year of 2019
Mortality for Disabled Members	PUB-2010 Disabled Mortality table a 4-year set-forward for both male and female rates projected with the ultimate rates from the MP-2014 morality improvement scale using base year of 2010

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

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

(in thousands of dollars)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	21.75%	5.70%
Non-US equity	21.75%	6.35%
Private equity	10.00%	9.70%
Specialty credit/high yield	15.00%	2.80%
Growth	**68.50%**	
Core bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Liquidity	**11.50%**	
Real estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real return	10.00%	4.55%
Diversified strategies	**20.00%**	

Discount rate: A single discount rate of 6.25% was used for both the non-hazardous and hazardous system to measure the total pension liability for the fiscal year ending June 30, 2021. This single discount rate was based on the expected rate of return on pension plan investments for each system. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the 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 system.

Projected cash flows: The single discount rate of 6.25% was used for both the nonhazardous and hazardous systems to measure the total pension liability for the fiscal year ending June 30, 2021. This single discount rate was based on the expected rate of return on pension plan investments for each system. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the CERS' fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability.

Municipal bond rate: the discount rate determination does not use a municipal bond rate.

Sensitivity analysis: The following presents the net pension liability of the Airport calculated using the discount rate of percent, as well as what the Airport's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for nonhazardous and hazardous:

(in thousands of dollars)

Asset Class	1% Decrease 5.25%		Current Discount Rate 6.25%		1% Increase 7.25%	
Airport's net pension liability - nonhazardous	$	66,433	$	51,798	$	39,688
Airport's net pension liability - hazardous		44,924		35,245		27,356
Total	$	111,357	$	87,043	$	67,044

Pension Plan Fiduciary Net Position

Detailed information about CERS' fiduciary net position is available in the separately issued Kentucky Employees' Retirement Systems' Comprehensive Annual Financial Report (which is a matter of public record). The report may be obtained by writing to Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, or can be obtained in an electronic format by visiting the website at www.kyret.ky.gov.

Deferred Compensation Plans

The Airport's employees are also eligible to participate in two deferred compensation plans which are authorized under KRS Sections 18A.230 – 18A.275 and administered by the Kentucky Public Employees' Deferred Compensation Authority. These plans are organized as a Section 457 plan and as a Section 401(k) plan under the Internal Revenue Code. Both plans permit employees to defer a portion of their compensation until future years. Deferred compensation is not available to employees until termination, retirement or death, or in certain circumstances of financial hardship. There were no employer contributions to the 457 or 401(k) plans for the years ended December 31, 2021 and 2020. Employee contributions in total were approximately $1,365 and $1,292, respectively, for the years ended December 31, 2021 and 2020.

Additional information about the deferred compensation plans may be obtained from the Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, Kentucky 40601-8862.

10. Other Postemployment Benefits

General Information about the OPEB Plan

Plan Description

Under the provisions of KRS Section 61.701, the KPPA Board and CERS Board also administer the Kentucky Public Pensions Authority's Insurance Fund ("Insurance Fund") The statutes provide for a single insurance fund to provide group hospital and medical benefits to retirees drawing a benefit from the System and pays a prescribed contribution for whole or partial payment of required insurance premiums. The assets of the Insurance Fund, combined with the assets of the System, are invested as a whole, while each plan's assets are used only for payment of benefits to the members of that plan, and a pro-rata share of administrative costs.

(in thousands of dollars)

Benefits Provided

The Insurance Fund provides access to group health insurance coverage for retirees of the System, including all nonhazardous and hazardous members of the County Employees Retirement System ("CERS"). The coverage is optional and available to retirees until they become eligible for Medicare, at which time coverage is available through a Medicare eligible supplement plan offered by the Insurance Fund.

Insurance Fund benefits provided: Nonhazardous

	Tier 1 Nonhazardous Participation Beginning prior to 7/1/2003	Tier 2 Nonhazardous Participation Beginning 7/1/2003 through 8/31/2008	Tier 3 Nonhazardous Participation Beginning on or after 9/01/2008
Benefit Eligibility:	Recipient of a retirement allowance	Recipient of a retirement allowance with at least 120 months of service at retirement	Recipient of a retirement allowance with at least 180 months of service at retirement
Benefit Amounts:	Percentage of member premium paid by retirement system: Less than 4 years = 0%. 4-9 years = 25%. 10-14 years = 50%. 15-19 years = 75%. 20 or more years = 100%	Monthly contribution: ten dollars for each year of earned service, increased by 1.5% each July 1. Upon the retiree's death, the surviving spouse may continue coverage (if in receipt of a retirement allowance) but is responsible for 100% of the premiums.	Monthly contribution: ten dollars for each year of earned service, increased by 1.5% each July 1. Upon the retiree's death, the surviving spouse may continue coverage (if in receipt of a retirement allowance) but is responsible for 100% of the premiums.
Duty Disability Retirement:	Disability a result of injuries sustained while in the line of duty; 100% of the maximum contribution for the member and dependents	Disability a result of injuries sustained while in the line of duty; a benefit equal to at least 20 times the nonhazardous monthly contribution	Disability a result of injuries sustained while in the line of duty; a benefit equal to at least 20 times the nonhazardous monthly contribution
Duty Death in Service:	Active employee's death a result of injuries sustained while in the line of duty; spouse and children receive 100% of the maximum contribution.	Active employee's death a result of injuries sustained while in the line of duty; spouse and children receive a benefit equal to at least 20 times the nonhazardous monthly contribution.	Active employee's death a result of injuries sustained while in the line of duty; spouse and children receive a benefit equal to at least 20 times the nonhazardous monthly contribution.

(in thousands of dollars)

Insurance Fund benefits provided: Hazardous

	Tier 1 Hazardous Participation Beginning prior to 7/1/2003	Tier 2 Hazardous Participation Beginning 7/1/2003 through 8/31/2008	Tier 3 Hazardous Participation Beginning on or after 9/01/2008
Benefit Eligibility:	Recipient of a retirement allowance	Recipient of a retirement allowance with at least 120 months of service at retirement	Recipient of a retirement allowance with at least 180 months of service at retirement
Benefit Amounts:	Percentage of member and dependent premium paid by retirement system: Less than 4 years = 0%. 4-9 years = 25%. 10-14 years = 50%. 15-19 years = 75%. 20 or more years = 100%	Monthly contribution of fifteen dollars for each year of earned hazardous service. The monthly contribution is increased by 1.5% each July 1. Upon the retiree's death, the surviving spouse of a hazardous duty member will receive a monthly contribution of ten dollars for each year of hazardous service.	Monthly contribution of fifteen dollars for each year of earned hazardous service. The monthly contribution is increased by 1.5% each July 1. Upon the retiree's death, the surviving spouse of a hazardous duty member will receive a monthly contribution of ten dollars for each year of hazardous service.
Duty Disability Retirement:	Disability a result of injuries sustained while in the line of duty; 100% of the maximum contribution for the member and dependents	Disability a result of injuries sustained while in the line of duty; a benefit equal to at least 20 times the hazardous monthly contribution	Disability a result of injuries sustained while in the line of duty; a benefit equal to at least 20 times the hazardous monthly contribution
Duty Death in Service:	Active employee's death was a result of injuries sustained while in the line of duty: the member's spouse and children receive 100% of the maximum contribution.	Active employee's death was a result of injuries sustained while in the line of duty: the member's spouse and children receive a benefit equal to at least 20 times the hazardous monthly contribution.	Active employee's death was a result of injuries sustained while in the line of duty: the member's spouse and children receive a benefit equal to at least 20 times the hazardous monthly contribution.
Non-Duty Death in Service:	Surviving spouses in receipt of a pension allowance: eligible for continued health coverage with the percentage of premium paid for by the retirement system based on the member's years of hazardous service at the time of death.	Surviving spouse in receipt of a pension allowance: eligible for continued health coverage with percentage of the premium paid for by the retirement system based on the member's years of hazardous service at the time of death.	Surviving spouse in receipt of a pension allowance: eligible for continued health coverage with percentage of the premium paid for by the retirement system based on the member's years of hazardous service at the time of death.
Surviving Spouse of a Retiree:	Surviving spouse in receipt of a pension allowance: a premium subsidy based on the member's years of hazardous service	No surviving spouse coverage	No surviving spouse coverage

(in thousands of dollars)

Contributions

Employer insurance contribution rates are governed by KRS Section 61.565 which requires the Airport to contribute at an actuarially determined rate. The CERS Board sets the employer contribution rates on the basis of the annual actuarial valuation last preceding the July 1 of a new biennium. If it is determined on the new basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted, then the KPPA Board may amend contribution rates as of the first day of July of the second year of a biennium.

Employee insurance contributions are governed by KRS Section 61.702, deducted from active employees' salaries, and remitted to the CERS by the Airport along with the employer's portion of the contribution.

The Airport has met 100% of its contribution funding requirements for the plan fiscal years ended June 30, 2021 and June 30, 2020. GASB Statement No. 75 requires participating employers to include an adjustment related to an implicit subsidy, which is calculated as the difference between the underlying retiree claims costs and the overall health care premiums paid on behalf of retirees. This adjustment is needed for the purpose of the deferred outflows related to contributions made after the measurement date. The Airport's OPEB contributions amount, outlined in the schedule below, does not include the implicit subsidy reported in the amount of $294 and $277 for the years ended December 31, 2021 and 2020, respectively.

(in thousands of dollars)

The contribution rates in effect and contributions remitted relating to the Insurance Fund for the fiscal year ended December 31, 2021 were as follows:

	Contributions to the Insurance Fund	
	Non Hazardous	Hazardous
Employee contribution rates:		
Tier 1 : Participation prior to 7/1/2003	0%	0%
Tier 2 : Participation 7/1/2003 through 8/31/2008	1.00%	1.00%
Tier 3 : Participation on or after 9/1/2008	1.00%	1.00%
Airport contribution rates:		
July 1, 2021 - December 31, 2021	5.78%	10.47%
July 1, 2020 - June 30, 2021	4.76%	9.52%
July 1, 2019 - June 30, 2020	4.76%	9.52%
July 1, 2018 - June 30, 2019	5.26%	10.47%
Employee contributions:		
2021	$ 135	$ 35
2020	$ 129	$ 32
2019	$ 117	$ 31
Airport contributions:		
2021	$ 1,132	$ 869
2020	$ 1,031	$ 823
2019	$ 1,052	$ 882
Amount of payroll on which employee and employer contributions were based:		
2021	$ 21,433	$ 8,703
2020	$ 21,669	$ 8,643
2019	$ 20,990	$ 8,804
Contributions made by Airport and employees as a percentage of contributions required of of Airport and employees 2021, 2020, and 2019	100%	100%

(in thousands of dollars)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2021 and December 31, 2020, the Airport reported liabilities of $26,255 and $33,200, respectively, for its assigned proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021 and June 30, 2020; and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of those dates. The Airport's proportion of the net OPEB liability was based on a projection of the Airport's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities. At June 30, 2021, and June 30, 2020, the Airport's proportionate shares of the CERS nonhazardous plan were 0.812227% and 0.829740%, respectively. At June 30, 2021, and June 30, 2020, the Airport's proportionate shares of the CERS hazardous plan were 1.323909% and 1.424489%, respectively.

Based on its proportionate shares of OPEB expense as assigned by the Insurance Fund, for the Airport's fiscal years ended December 31, 2021 and December 31, 2020, the Airport recognized OPEB expense of $2,862 and $4,844, respectively. The 2021 and 2020 amounts include $1,995 and $1,854, respectively, of contributions made to the plan and $867 and $2,990, respectively, of non-cash expense recognized pursuant to the requirements of GASB Statement No. 75.

(in thousands of dollars)

At December 31, 2021 and December 31, 2020, the Airport reported deferred inflows of resources and deferred outflows of resources from the following sources:

Non-Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2019	$ 5,328	$ (4,756)	$ 572
Prior year contributions subsequent to measurement date	(412)	-	(412)
Prior year implicit subsidies subsequent to measurement date	(102)	-	(102)
Difference between expected and actual experience	3,257	678	3,935
Changes in assumptions	(466)	5	(461)
Net differences between projected and actual earnings on pension plan investments	986	272	1,258
Changes in proportion and differences between contributions and proportionate share of contributions	311	6	317
Contributions subsequent to measurement date	503	-	503
Implicit subsidies subsequent to measurement date	246	-	246
Deferred Outflows and Inflows at December 31, 2020	$ 9,651	$ (3,795)	$ 5,856
Prior year contributions subsequent to measurement date	$ (503)	$ -	$ (503)
Prior year implicit subsidies subsequent to measurement date	(246)	-	(246)
Difference between expected and actual experience	(903)	(1,293)	(2,196)
Changes in assumptions	637	6	643
Net differences between projected and actual earnings on pension plan investments	(291)	(2,807)	(3,098)
Changes in proportion and differences between contributions and proportionate share of contributions	(266)	(315)	(581)
Contributions subsequent to measurement date	540	-	540
Implicit subsidies subsequent to measurement date	256	-	256
Deferred Outflows and Inflows at December 31, 2021	$ 8,875	$ (8,204)	$ 671

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2019	$ 3,913	$ (2,904)	$ 1,009
Prior year contributions subsequent to measurement date	(337)	-	(337)
Prior year implicit subsidies subsequent to measurement date	(45)	-	(45)
Difference between expected and actual experience	452	719	1,171
Changes in assumptions	(1,156)	8	(1,148)
Net differences between projected and actual earnings on pension plan investments	900	313	1,213
Changes in proportion and differences between contributions and proportionate share of contributions	(60)	(293)	(353)
Contributions subsequent to measurement date	390	-	390
Implicit subsidies subsequent to measurement date	125	-	125
Deferred Outflows and Inflows at December 31, 2020	$ 4,182	$ (2,157)	$ 2,025
Prior year contributions subsequent to measurement date	$ (390)	$ -	$ (390)
Prior year implicit subsidies subsequent to measurement date	(125)	-	(125)
Difference between expected and actual experience	(117)	163	46
Changes in assumptions	537	8	545
Net differences between projected and actual earnings on pension plan investments	(300)	(2,300)	(2,600)
Changes in proportion and differences between contributions and proportionate share of contributions	(60)	(585)	(645)
Contributions subsequent to measurement date	410		410
Implicit subsidies subsequent to measurement date	38		38
Deferred Outflows and Inflows at December 31, 2021	$ 4,175	$ (4,871)	$ (696)

(in thousands of dollars)

The $950 reported as a deferred outflow of resources related to OPEB resulting from contributions subsequent to the measurement date and the $294 reported as a deferred outflow of resources resulting from the calculation of the implicit subsidy will be recognized as reductions of the net OPEB liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred Amounts to be Recognized in Fiscal Years Following the Reporting Date		
June 30		
2022	$	(464)
2023		114
2024		462
2025		188
2026		1,177
2027		(209)
Total	$	1,268

Actuarial Assumptions
The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2021, were based on an actuarial valuation date of June 30, 2019. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles, in order to reflect future economic expectations. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

(in thousands of dollars)

Item	CERS Non-Hazardous and Hazardous
Actuarial Valuation Date:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019 Gains or losses incurring after 2019 are amortized over separate closed 20-year amortization bases
Inflation:	2.30%
Payroll Growth Rate:	2.00%
Salary Increases	Non-Hazardous 3.30% to 10.30% Hazardous 3.55% to 19.05%
Investment Rate of Return	6.25%
Mortality for Active Members:	PUB-2010 General Mortality table for the nonhazardous system PUB-2010 Public Safety Mortality table for the hazardous system projected with the ultimate rates from the MP-2014 morality improvement scale using base year of 2010
Mortality for Retired Members and Beneficiaries:	Kentucky Public Pensions Authority-specific mortality table based on mortality experience from 2013-2018 projected with the ultimate rates from the MP-2014 morality improvement scale using base year of 2019
Mortality for Disabled Members	PUB-2010 Disabled Mortality table a 4-year set-forward for both male and female rates projected with the ultimate rates from the MP-2014 morality improvement scale using base year of 2010
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.25% at January 1, 2021, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each asset class. The

(in thousands of dollars)

ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	21.75%	5.70%
Non-US equity	21.75%	6.35%
Private equity	10.00%	9.70%
Specialty credit/high yield	15.00%	2.80%
Growth	**68.50%**	
Core bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Liquidity	**11.50%**	
Real estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real return	10.00%	4.55%
Diversified strategies	**20.00%**	

Discount rate: Single discount rates of 5.20% for the non-hazardous system and 5.05% for hazardous system were used to measure the total OPEB liability as of June 30, 2020. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2020. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, 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 System's actuarial determined contributions, with the understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Sensitivity analysis - discount rate: The following presents the net OPEB liability of the Airport calculated using the discount rate of percent, as well as what the Airport's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the nonhazardous and hazardous plans:

(in thousands of dollars)

Asset Class	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
Airport's net OPEB liability - nonhazardous	$ 21,350	$ 15,550	$ 10,790
	4.05%	**5.05%**	**6.05%**
Airport's net OPEB liability - hazardous	$ 15,520	$ 10,705	$ 6,836

Sensitivity analysis - healthcare cost trend rate: The following presents the net OPEB liability of the Airport, as well as what the Airport's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates for the hazardous and nonhazardous plans:

Asset Class	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Airport's net OPEB liability - nonhazardous	$ 11,194	$ 15,550	$ 20,807
Airport's net OPEB liability - hazardous	$ 7,014	$ 10,705	$ 15,224

OPEB Plan Fiduciary Net Position

Detailed information about CERS' fiduciary net position is available in the separately issued Kentucky Employees' Retirement Systems' Comprehensive Annual Financial Report (which is a matter of public record). The report may be obtained by writing to Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, or can be obtained in an electronic format by visiting the website at www.kyret.ky.gov.

11. Self-funded Group Health Coverage

As discussed in Note 1, effective January 1, 2009, the Airport, by resolution of the Board, established an account group for all activities of the self-funded health coverages maintained for employees. By this resolution, the Airport assumed the risk of financing the health and dental coverages through self-funding of claims, subject to certain individual stop loss and group aggregate limits.

Commercially procured coverages assume any liabilities for claims which exceed the established limits. Third party administrators are utilized to manage the claims handling activities of the plans. Activities in the Designated for Group Health Coverage account group include contributions to the account, the payment of claims, the payment of fees and expenses, and the establishment and maintenance of reserves. Contributions to the account for the payment of claims, fees and expenses are made from the Operations and Maintenance account group and are recorded as operating expenses. Contributions to the account for the purposes of building reserves, if necessary, are recorded as transfers of net position from the General Purposes account group.

(in thousands of dollars)

Any assets of the Designated for Group Health Coverage account group which are determined by the Airport's Chief Financial Officer to no longer be necessary for the self-funded health coverage programs are returned to the General Purposes account group, with a corresponding transfer of net position, in the period in which the determination is made.

The changes in the balances of the claim's liability and reserves in the Designated for Group Health Coverage account group consisted of the following:

		Claims Liability
Liability at December 31, 2019	$	460
Claims and changes in estimates for 2020		5,122
Claims paid in 2020		(5,249)
Changes in receivables related to claims		7
Liability at December 31, 2020	$	340
Claims and changes in estimates for 2021		5,589
Claims paid in 2021		(5,462)
Changes in receivables related to claims		(18)
Liability at December 31, 2021	$	449

		Reserve
Reserves at December 31, 2019	$	4,503
Contributions from Operations and Maintenance		6,586
Investment income		85
Claims, premiums and fees incurred		(6,671)
Reserves at December 31, 2020	$	4,503
Contributions from Operations and Maintenance		5,824
Investment income		7
Claims, premiums and fees incurred		(5,831)
Reserves at December 31, 2021	$	4,503

The Airport purchases both aggregate and specific stop loss coverage for the health insurance coverage. The specific stop loss insurance assumes the risk for claims on any individual covered by the plan. During 2021 and 2020, the individual stop loss coverage to which the Airport's claims liability was limited was $150. The aggregate insurance during 2021 and 2020 provided full coverage for aggregate claims in excess of 125% of expected claims amounts actuarially calculated by a third party. These amounts, given enrollment levels, limited total medical coverage risk financing by the Airport during 2021 and 2020 to approximately $6,241 and $5,877 each year, respectively.

12. Risk Management

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; general liability claims; and natural disasters. The Airport manages these risks through the purchase of commercial insurance.

(in thousands of dollars)

13. Commitments and Contingencies

At December 31, 2021, the Airport is committed, either through contracts or Board proceedings, to the eventual expenditure of approximately $47,440 for the rehabilitation of and additions to other Airport facilities. Of the $47,440, approximately $31,123 will be funded by federal grants, state grants, PFCs, Bonds, CFCs and/or tenant funds, with the remainder to be funded by available capital funds.

Environmental Mitigation and Remediation
In 2017, the Airport discovered fuel leakage in the soil around the Aircraft Rescue and Fire Fighting ("ARFF") training facility located on the Airport. The Airport reported this circumstance to its pollution legal liability insurer and contracted with an environmental investigation firm to determine the extent of the contamination and develop and recommend an action plan. The Airport's Corrective Action Plan ("CAP") was approved by the Commonwealth of Kentucky Energy and Environmental Cabinet's Department for Environmental Protection Division of Waste Management in December 2019. A claim for this matter was filed with the Airport's pollution legal liability insurer. Resolution of this matter remains ongoing. A letter dated December 17, 2020 concludes that two separate $100 retentions will be applied to the claim. A preliminary estimate showed the cost to be approximately $200-$350 to decommission the ARFF facility structures/equipment. The expense related to the $100 of self-insured retention was reflected in prior year financial statements and an additional $100 was expensed in the December 31, 2020 Statement of Revenues, Expenses, and Changes of Net Position. The costs to complete the CAP in excess of the Airport's $200 retention are to be paid by the insurer.

14. Subsequent Events

On March 18, 2022, the FAA was notified of the Board's notice of a consultation meeting of the air carriers, for the Board's intent to submit an application, to impose and use PFC revenues for projects related to the Board's 17th PFC Application (Number 22-17-C-00-CVG). The air carriers' consultation meeting is the beginning of the process for the Board to be able to collect a PFC at a $4.50 PFC level. Amounts to be collected under the Board's 17th PFC application will be used to fund the replacement of passenger boarding bridges in Concourse B.

(in thousands of dollars)

Schedule of the Proportionate Share of the Net Pension Liability of the
Kentucky Public Pensions Authority's County Employees Retirement System Nonhazardous
Last 10 years *
As of June 30

	2021	2020	2019	2018	2017	2016	2015	2014
Plan's total pension liability	$ 14,941,437	$ 14,697,244	$ 14,192,966	$ 13,109,268	$ 12,540,545	$ 11,065,014	$ 10,740,325	$ 9,772,522
Plan's fiduciary net position	8,565,652	7,027,327	7,159,921	7,018,963	6,687,237	6,141,393	6,440,800	6,528,146
Plan's net pension liability	$ 6,375,785	$ 7,669,917	$ 7,033,045	$ 6,090,305	$ 5,853,308	$ 4,923,621	$ 4,299,525	$ 3,244,376
Plan's fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%
Airport's proportionate share of the net pension liability	$ 51,798	$ 63,652	$ 55,838	$ 47,170	$ 42,826	$ 34,653	$ 29,529	$ 21,871
Airport's proportion of the net pension liability	0.8124%	0.8299%	0.7939%	0.7745%	0.7317%	0.7038%	0.6868%	0.6741%
Airport's covered payroll	$ 21,024	$ 21,503	$ 20,297	$ 19,375	$ 17,881	$ 16,775	$ 16,080	$ 15,483
Airport's proportionate share of the net pension liability as a percentage of its covered payroll	246.38%	296.01%	275.10%	243.46%	239.51%	206.58%	183.64%	141.26%

* Fiscal year 2014 was the 1st year of implementation, therefore only eight years are shown

Cincinnati/Northern Kentucky International Airport
Required Supplementary Information - Pension

(in thousands of dollars)

Schedule of the Proportionate Share of the Net Pension Liability of the
Kentucky Public Pensions Authority's County Employees Retirement System Hazardous
Last 10 years *
As of June 30

	2021	2020	2019	2018	2017	2016	2015	2014
Plan's total pension liability	$ 5,576,567	$ 5,394,732	$ 5,176,003	$ 4,766,794	$ 4,455,275	$ 3,726,114	$ 3,613,308	$ 3,288,826
Plan's fiduciary net position	2,914,408	2,379,704	2,413,708	2,348,337	2,217,996	2,010,176	2,078,202	2,087,002
Plan's net pension liability	$ 2,662,159	$ 3,015,028	$ 2,762,295	$ 2,418,457	$ 2,237,279	$ 1,715,938	$ 1,535,106	$ 1,201,824
Plan's fiduciary net position as a percentage of the total pension liability	52.26%	44.11%	46.63%	49.26%	49.78%	53.95%	57.52%	63.46%
Airport's proportionate share of the net pension liability	$ 35,245	$ 42,962	$ 40,820	$ 36,284	$ 32,277	$ 23,642	$ 21,281	$ 16,357
Airport's proportion of the net pension liability	0.1324%	1.4249%	1.4778%	1.5003%	1.4427%	1.3778%	1.3863%	1.3610%
Airport's covered payroll	$ 8,485	$ 8,755	$ 8,781	$ 8,548	$ 7,945	$ 7,164	$ 7,064	$ 6,920
Airport's proportionate share of the net pension liability as a percentage of its covered payroll	415.38%	490.71%	464.87%	424.47%	406.26%	330.01%	301.26%	236.37%

* Fiscal year 2014 was the 1st year of implementation, therefore only eight years are shown

Cincinnati/Northern Kentucky International Airport
Required Supplementary Information - Pension

(in thousands of dollars)

Schedule of the Employer Pension Contributions of the
Kentucky Public Pensions Authority's County Employees Retirement System Nonhazardous
Last 10 years
As of December 31

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contributions for pension	$ 4,342	$ 4,182	$ 3,734	$ 3,019	$ 2,591	$ 2,263	$ 2,140	$ 2,069	$ 2,009	$ 1,775
Airport's contributions in relation to the statutorily required contributions	(4,342)	(4,182)	(3,734)	(3,019)	(2,591)	(2,263)	(2,140)	(2,069)	(2,009)	(1,775)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of statutorily required contributions for pension	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	$ 21,433	$ 21,669	$ 20,990	$ 19,687	$ 18,215	$ 17,101	$ 17,014	$ 15,622	$ 15,236	$ 14,591
Contributions as a percentage of the Airport's covered payroll	20.26%	19.30%	17.79%	15.33%	14.22%	13.23%	12.58%	13.24%	13.19%	12.17%

Cincinnati/Northern Kentucky International Airport
Required Supplementary Information - Pension

(in thousands of dollars)

Schedule of the Employer Pension Contributions of the
Kentucky Public Pensions Authority's County Employees Retirement System Hazardous
Last 10 years
As of December 31

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contributions for pension	$ 2,780	$ 2,598	$ 2,408	$ 2,023	$ 1,770	$ 1,546	$ 1,518	$ 1,492	$ 1,446	$ 1,311
Airport's contributions in relation to the statutorily required contributions	(2,780)	(2,598)	(2,408)	(2,023)	(1,770)	(1,546)	(1,518)	(1,492)	(1,446)	(1,311)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of statutorily required contributions for pension	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	$ 8,703	$ 8,643	$ 8,804	$ 8,609	$ 8,056	$ 7,346	$ 7,409	$ 7,019	$ 6,912	$ 6,909
Contributions as a percentage of the Airport's covered payroll	31.94%	30.06%	27.35%	23.50%	21.97%	21.05%	20.49%	21.26%	20.92%	18.98%

(in thousands of dollars)

1. Defined Benefit Pension Plans

Outlined below are the factors that have significantly affected trends in the amounts reported for the ten years presented in the Required Supplementary Information related to the net pension liability.

Changes of benefit terms
The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 for the year(s) listed below:

2009
A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

1. Tiered Structure for benefit accrual rates
2. New retirement eligibility requirements
3. Different rules for the computation of final average compensation

2014
A cash balance plan was introduced for members whose participation date is on or after January 1, 2014.

Changes of assumptions
The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 for the year(s) listed below:

2015
- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 multiplied by 50% for males and 30% for females.
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

2017
- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- Payroll growth assumption was reduced from 4.00% to 2.00%.

(in thousands of dollars)

2019

Subsequent to June 30, 2018, the Kentucky Public Pensions Authority Board of Trustees adopted new actuarial assumptions. These assumptions are documented in the report titled *Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018*. The total pension liability as of June 30, 2019 is determined using these updated assumptions:

- Salary increase assumptions applicable to individual members including an increase to some of the step-rate and promotional component of the salary increase assumption for shorter service employees as well as a recommended increase to the salary increase assumption for the County Employees Retirement System ("CERS") hazardous for those members with more than 10 years of service.
- The mortality tables used for active members are the PUB-2010 General Mortality table for the nonhazardous system and the PUB-2010 Public Safety Mortality table for the hazardous system, both being projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For retired members and beneficiaries, the mortality table used is a Kentucky Public Pensions Authority- specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the table used is the PUB-2010 Disabled Mortality table with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

A summary of the changes to economic and demographic assumptions and other methods recommended in *Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018* is as follows:

Assumption	CERS non-hazardous	CERS hazardous
Economic assumptions:		
Inflation	No Change	No Change
Investment Return - Pension	No Change	No Change
Short-Service Salary Increase	Increase	Increase
Long-Service Salary Increase	No Change	Increase
Payroll Growth Assumption	No Change	No Change
Demographic assumptions:		
Retiree Mortality	Kentucky Public Pensions Authority Specific	Kentucky Public Pensions Authority Specific
Termination	Slight Increase	Significant Decrease
Retirement	Slight Decrease	Slight Decrease
Disability	Increase	Increase
Health Insurance Participation	No Change	No Change
Other methods:		
Asset Method	5-Year Smoothing	5-Year Smoothing

(in thousands of dollars)

Schedule of the Proportionate Share of the Net OPEB Liability of the
Kentucky Public Pensions Authority's County Employees System Nonhazardous Portion of the Insurance Fund
Last 10 years *
As of June 30

	2021	2020	2019	2018	2017
Plan's total OPEB liability	$ 5,161,251	$ 4,996,309	$ 4,251,466	$ 4,189,606	$ 4,222,878
Plan's fiduciary net position	3,246,801	2,581,613	2,569,511	2,414,126	2,212,536
Plan's net OPEB liability	$ 1,914,450	$ 2,414,696	$ 1,681,955	$ 1,775,480	$ 2,010,342
Plan's fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.39%
Airport's proportionate share of the net OPEB liability	$ 15,550	$ 20,036	$ 13,350	$ 13,751	$ 14,709
Airport's proportion of the net OPEB liability	0.8122%	0.8298%	0.7937%	0.7745%	0.7317%
Airport's covered payroll	$ 21,024	$ 21,503	$ 20,297	$ 19,375	$ 17,881
Airport's proportionate share of the net OPEB liability as a percentage of its covered payroll	73.96%	93.18%	65.77%	70.97%	82.26%

* Fiscal year 2017 was the 1st year of implementation, therefore only five years are shown

(in thousands of dollars)

Schedule of the Proportionate Share of the Net OPEB Liability of the
Kentucky Public Pensions Authority's County Employees System Hazardous Portion of the Insurance Fund
Last 10 years *
As of June 30

	2021	2020	2019	2018	2017
Plan's total OPEB liability	$ 2,436,383	$ 2,245,222	$ 2,080,574	$ 1,993,941	$ 2,015,673
Plan's fiduciary net position	1,627,824	1,321,117	1,340,714	1,280,982	1,189,001
Plan's net OPEB liability	$ 808,559	$ 924,105	$ 739,860	$ 712,959	$ 826,672
Plan's fiduciary net position as a percentage of the total OPEB liability	66.81%	58.84%	64.44%	64.24%	58.99%
Airport's proportionate share of the net OPEB liability	$ 10,705	$ 13,164	$ 10,931	$ 10,697	$ 11,926
Airport's proportion of the net OPEB liability	1.3239%	1.4245%	1.4774%	1.5004%	1.4427%
Airport's covered payroll	$ 8,485	$ 8,755	$ 8,781	$ 8,548	$ 7,945
Airport's proportionate share of the net OPEB liability as a percentage of its covered payroll	126.16%	150.36%	124.48%	125.14%	150.11%

* Fiscal year 2017 was the 1st year of implementation, therefore only five years are shown

(in thousands of dollars)

Schedule of the Employer OPEB Contributions of the
Kentucky Public Pensions Authority's Insurance Fund Nonhazardous
Last 10 years
As of December 31

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contributions for OPEB	$ 1,132	$ 1,031	$ 1,053	$ 980	$ 859	$ 802	$ 813	$ 787	$ 920	$ 1,035
Airport's contributions in relation to the statutorily required contributions	(1,132)	(1,031)	(1,053)	(980)	(859)	(802)	(813)	(787)	(920)	(1,035)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of statutorily required contributions for OPEB	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	$ 21,433	$ 21,669	$ 20,990	$ 19,687	$ 18,215	$ 17,101	$ 17,014	$ 15,622	$ 15,236	$ 14,591
Contributions as a percentage of the Airport's covered payroll	5.28%	4.76%	5.02%	4.98%	4.72%	4.69%	4.78%	5.04%	6.04%	7.09%

(in thousands of dollars)

Schedule of the Employer OPEB Contributions of the
Kentucky Public Pensions Authority's Insurance Fund Hazardous
Last 10 years
As of December 31

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contributions for OPEB	$ 869	$ 823	$ 883	$ 852	$ 755	$ 798	$ 972	$ 965	$ 1,089	$ 1,223
Airport's contributions in relation to the statutorily required contributions	(869)	(823)	(883)	(852)	(755)	(798)	(972)	(965)	(1,089)	(1,223)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of statutorily required contributions for OPEB	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	$ 8,703	$ 8,643	$ 8,804	$ 8,609	$ 8,056	$ 7,346	$ 7,409	$ 7,019	$ 6,912	$ 6,909
Contributions as a percentage of the Airport's covered payroll	9.99%	9.52%	10.03%	9.90%	9.37%	10.86%	13.12%	13.75%	15.76%	17.70%

(in thousands of dollars)

1. Other Post Employment Benefit Plans

Outlined below are the factors that have significantly affected trends in the amounts reported for the ten years presented in the Required Supplementary Information related to the net OPEB liability.

Changes of assumptions

The following changes were made by the Kentucky Public Pensions Authority Board of Trustees and reflected in the valuation performed as of June 30 for the year(s) listed below:

2019

Subsequent to June 30, 2018, the Kentucky Public Pensions Authority Board of Trustees adopted new actuarial assumptions. These assumptions are documented in the report titled *Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018*. The total OPEB liability as of June 30, 2019 is determined using these updated assumptions:

- Salary increase assumptions applicable to individual members including an increase to some of the step-rate and promotional component of the salary increase assumption for shorter service employees as well as a recommended increase to the salary increase assumption for the County Employees Retirement System ("CERS") hazardous for those members with more than 10 years of service.
- The mortality tables used for active members are the PUB-2010 General Mortality table for the nonhazardous system and the PUB-2010 Public Safety Mortality table for the hazardous system, both being projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For retired members and beneficiaries, the mortality table used is a KRS-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the table used is the PUB-2010 Disabled Mortality table with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

2020

The discount rate used to calculate the total OPEB liability decreased from 5.68% to 5.34% for the Non-Hazardous Fund and from 5.69% to 5.30% for the Hazardous Fund (see information regarding the calculation of the single discount rate in the discussion section of this report). The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. Also, the June 30, 2020 GASB No. 75 actuarial information reflects the anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee", which occurred in December of 2019. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee. Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains

(in thousands of dollars)

and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

A summary of the changes to economic and demographic assumptions and other methods recommended in *Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018* is as follows:

Assumption	CERS non-hazardous	CERS hazardous
Economic assumptions:		
Inflation	No Change	No Change
Investment Return - Insurance	No Change	No Change
Short-Service Salary Increase	Increase	Increase
Long-Service Salary Increase	No Change	Increase
Payroll Growth Assumption	No Change	No Change
Demographic assumptions:		
Retiree Mortality	Kentucky Public Pensions Authority Specific	Kentucky Public Pensions Authority Specific
Termination	Slight Increase	Significant Decrease
Retirement	Slight Decrease	Slight Decrease
Disability	Increase	Increase
Health Insurance Participation	No Change	No Change
Other methods:		
Asset Method	5-Year Smoothing	5-Year Smoothing

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Balance Sheet Information
December 31, 2021

(in thousands of dollars)

	Total	Eliminations	Unrestricted Account Groups: Operations & Maintenance	Unrestricted Account Groups: Designated for Capital Projects	Unrestricted Account Groups: Designated for Group Health Coverage	Unrestricted Account Groups: Repair & Replacement Reserve	Unrestricted Account Groups: General Purposes
Assets							
Current assets							
Unrestricted							
Cash	$ 6,570	$ -	$ 4,945	$ 361	$ 468	$ 73	$ 723
Investments (at fair value)	110,868	-	23,991	15,285	4,292	5,993	61,307
Investment income receivable	85	-	-	-	10	31	44
Accounts receivable	4,294	-	4,118	-	176	-	-
Interfund receivable	-	(11,336)	441	1,752	46	-	8,292
Grants and federal awards receivable	29,065	-	4,587	24,478	-	-	-
Prepaid expenses	2,568	-	1,988	162	1	-	417
Supplies inventory	4,467	-	4,467	-	-	-	-
Total unrestricted current assets	157,917	(11,336)	44,537	42,038	4,993	6,097	70,783
Restricted							
Cash	2,876	-	810	-	-	-	-
Investments (at fair value)	9,656	-	714	-	-	-	-
Total restricted current assets	12,532	-	1,524	-	-	-	-
Total current assets	170,449	(11,336)	46,061	42,038	4,993	6,097	70,783
Non-current assets							
Unrestricted							
Investments (at fair value)	9,398	-	-	-	-	3,927	5,471
Prepaid expenses	245	-	245	-	-	-	-
Capital assets, non-depreciable	232,123	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	647,692	-	-	-	-	-	-
Total unrestricted non-current assets	889,458	-	245	-	-	3,927	5,471
Restricted							
Cash	738	-	-	-	-	-	-
Investments (at fair value)	140,899	-	-	-	-	-	-
Investment income receivable	456	-	-	-	-	-	-
Interfund receivable	-	(2,721)	-	-	-	-	-
Passenger facility charges receivable	1,866	-	-	-	-	-	-
Customer facility charges receivable	653	-	-	-	-	-	-
Total restricted non-current assets	144,612	(2,721)	-	-	-	-	-
Total non- current assets	1,034,070	(2,721)	245	-	-	3,927	5,471
Total assets	1,204,519	(14,057)	46,306	42,038	4,993	10,024	76,254
Deferred Outflows of Resources							
Pension	10,159	-	10,159	-	-	-	-
Other postemployment benefits	13,050	-	13,050	-	-	-	-
Total deferred outflows of resources	23,209	-	23,209	-	-	-	-
Total assets and deferred outflows of resources	$ 1,227,728	$ (14,057)	$ 69,515	$ 42,038	$ 4,993	$ 10,024	$ 76,254
Liabilities							
Current Liabilities							
Accounts payable and accrued expenses	33,306	-	22,791	7,262	449	-	-
Rates and charges settlement payable to airlines	6,406	-	6,406	-	-	-	-
Interfund payable	-	(14,057)	11,830	59	41	32	104
Contract retainage payable	5,501	-	59	-	-	-	-
Bond interest payable	2,242	-	-	-	-	-	-
Assets held in trust	4,668	-	-	-	-	-	5
Revenue bonds payable, inclusive of unamortized premium	8,364	-	-	-	-	-	-
Subordinate debt - equipment lease	325	-	-	-	-	-	-
Total current liabilities	60,812	(14,057)	41,086	7,321	490	32	109
Non-current liabilities							
Accounts payable and accrued expenses	1,287	-	1,287	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	171,432	-	-	-	-	-	-
Subordinate debt - equipment lease	694	-	-	-	-	-	-
Net pension liability	87,043	-	87,043	-	-	-	-
Net other postemployment benefits liability	26,255	-	26,255	-	-	-	-
Total non-current liabilities	286,711	-	114,585	-	-	-	-
Total liabilities	347,523	(14,057)	155,671	7,321	490	32	109
Deferred Inflows of Resources							
Pension	17,780	-	17,780	-	-	-	-
Other postemployment benefits	13,075	-	13,075	-	-	-	-
Total deferred inflows of resources	30,855	-	30,855	-	-	-	-
Net Position							
Unrestricted	8,346	-	(117,011)	34,717	4,503	9,992	76,145
Net investment in capital assets	694,595	-	-	-	-	-	-
Restricted:							
For federally approved projects	74,637	-	-	-	-	-	-
For ground transportation expenditures	28,841	-	-	-	-	-	-
For operational cash flow shortages	27,341	-	-	-	-	-	-
For debt service	15,544	-	-	-	-	-	-
For uses legally required by contributing parties	46	-	-	-	-	-	-
Total net position	849,350	-	(117,011)	34,717	4,503	9,992	76,145
Total liabilities, deferred inflows of resources and net position	$ 1,227,728	$ (14,057)	$ 69,515	$ 42,038	$ 4,993	$ 10,024	$ 76,254

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Balance Sheet Information, continued
December 31, 2021

(in thousands of dollars)

	Net Investment in Capital Assets	Restricted Account Groups: Passenger Facility Charge	Police Forfeiture	Customer Facility Charge	Operations & Maintenance Reserve	2019 Terminal Roadway Reconfiguration	Bond Interest & Redemption	Bond Reserve	Other Third Party Funding
Assets									
Current assets									
Unrestricted									
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Investment income receivable	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-	-	805
Grants and federal awards receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Supplies inventory	-	-	-	-	-	-	-	-	-
Total unrestricted current assets	-	-	-	-	-	-	-	-	805
Restricted									
Cash	-	974	113	-	39	12	-	24	904
Investments (at fair value)	-	791	-	2,898	-	-	2,242	11	3,000
Total restricted current assets	-	1,765	113	2,898	39	12	2,242	35	3,904
Total current assets	-	1,765	113	2,898	39	12	2,242	35	4,709
Non-current assets									
Unrestricted									
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Capital assets, non-depreciable	232,123	-	-	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	647,692	-	-	-	-	-	-	-	-
Total unrestricted non-current assets	879,815	-	-	-	-	-	-	-	-
Restricted									
Cash	-	-	146	-	334	258	-	-	-
Investments (at fair value)	-	67,602	3,279	27,432	26,851	252	2,080	13,403	-
Investment income receivable	-	219	-	20	156	-	-	61	-
Interfund receivable	-	1,524	-	736	-	-	-	-	461
Passenger facility charges receivable	-	1,866	-	-	-	-	-	-	-
Customer facility charges receivable	-	-	-	653	-	-	-	-	-
Total restricted non-current assets	-	71,211	3,425	28,841	27,341	510	2,080	13,464	461
Total non- current assets	879,815	71,211	3,425	28,841	27,341	510	2,080	13,464	461
Total assets	879,815	72,976	3,538	31,739	27,380	522	4,322	13,499	5,170
Deferred Outflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 879,815	$ 72,976	$ 3,538	$ 31,739	$ 27,380	$ 522	$ 4,322	$ 13,499	$ 5,170
Liabilities									
Current Liabilities									
Accounts payable and accrued expenses	$ -	$ -	$ 14	$ 2,778	$ -	$ 12	$ -	$ -	$ -
Rates and charges settlement payable to airlines	-		-	-	-	-	-	-	-
Interfund payable	-	1,764	27	120	39	-	-	35	6
Contract retainage payable	5,442	-	-	-	-	-	-	-	-
Bond interest payable	-	-	-	-	-	-	2,242	-	-
Assets held in trust	-	-	72	-	-	-	-	-	4,591
Revenue bonds payable, inclusive of unamortized premium	8,364	-	-	-	-	-	-	-	-
Subordinate debt - equipment lease	213	-	-	-	-	-	-	-	112
Total current liabilities	14,019	1,764	113	2,898	39	12	2,242	35	4,709
Non-current liabilities									
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	170,922	-	-	-	-	510	-	-	-
Subordinate debt - equipment lease	279	-	-	-	-	-	-	-	415
Net pension liability	-	-	-	-	-	-	-	-	-
Net other postemployment benefits liability	-	-	-	-	-	-	-	-	-
Total non-current liabilities	171,201	-	-	-	-	510	-	-	415
Total liabilities	185,220	1,764	113	2,898	39	522	2,242	35	5,124
Deferred Inflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Net Position									
Unrestricted	-	-	-	-	-	-	-	-	-
Net investment in capital assets	694,595	-	-	-	-	-	-	-	-
Restricted:									
For federally approved projects	-	71,212	3,425	-	-	-	-	-	-
For ground transportation expenditures	-	-	-	28,841	-	-	-	-	-
For operational cash flow shortages	-	-	-	-	27,341	-	-	-	-
For debt service	-	-	-	-	-	-	2,080	13,464	-
For uses legally required by contributing parties	-	-	-	-	-	-	-	-	46
Total net position	694,595	71,212	3,425	28,841	27,341	-	2,080	13,464	46
Total liabilities, deferred inflows of resources									

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Balance Sheet Information
December 31, 2020

(in thousands of dollars)

			Unrestricted Account Groups				
	Total	Eliminations	Operations & Maintenance	Designated for Capital Projects	Designated for Group Health Coverage	Repair & Replacement Reserve	General Purposes
Assets							
Current assets							
Unrestricted							
Cash	$ 5,168	$ -	$ 4,087	$ 220	$ 598	$ 36	$ 227
Investments (at fair value)	122,761	-	19,153	38,242	3,012	5,166	57,188
Investment income receivable	127	-	-	-	10	12	105
Accounts receivable	4,834	-	4,675	-	159	-	-
Interfund receivable	-	(9,326)	1,448	-	44	-	7,834
Grants and federal awards receivable	5,684	-	1,239	4,257	-	-	188
Prepaid expenses	2,560	-	1,887	249	-	-	424
Supplies inventory	4,452	-	4,452	-	-	-	-
Total unrestricted current assets	145,586	(9,326)	36,941	42,968	3,823	5,214	65,966
Restricted							
Cash	1,181	-	796	-	-	-	-
Investments (at fair value)	22,353	-	614	-	-	-	-
Total restricted current assets	23,534	-	1,410	-	-	-	-
Total current assets	169,120	(9,326)	38,351	42,968	3,823	5,214	65,966
Non-current assets							
Unrestricted							
Investments (at fair value)	9,024	-	-	-	2,024	4,896	2,104
Prepaid expenses	394	-	394	-	-	-	-
Capital assets, non-depreciable	230,140	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	580,687	-	-	-	-	-	-
Total unrestricted non-current assets	820,245	-	394	-	2,024	4,896	2,104
Restricted							
Cash	1,595	-	-	-	-	-	-
Investments (at fair value)	182,898	-	-	-	-	-	-
Investment income receivable	595	-	-	-	-	-	-
Interfund receivable	-	(1,846)	-	-	-	-	-
Passenger facility charges receivable	957	-	-	-	-	-	-
Customer facility charges receivable	331	-	-	-	-	-	-
Total restricted non-current assets	186,376	(1,846)	-	-	-	-	-
Total non- current assets	1,006,621	(1,846)	394	-	2,024	4,896	2,104
Total assets	1,175,741	(11,172)	38,745	42,968	5,847	10,110	68,070
Deferred Outflows of Resources							
Pension	17,214	-	17,214	-	-	-	-
Other postemployment benefits	13,739	-	13,739	-	-	-	-
Total deferred outflows of resources	30,953	-	30,953	-	-	-	-
Total assets and deferred outflows of resources	$ 1,206,694	$ (11,172)	$ 69,698	$ 42,968	$ 5,847	$ 10,110	$ 68,070
Liabilities							
Current Liabilities							
Accounts payable and accrued expenses	31,244	-	18,312	1,695	340	-	-
Rates and charges settlement payable to airlines	5,018	-	5,018	-	-	-	-
Interfund payable	-	(11,172)	9,521	252	1,004	31	146
Contract retainage payable	6,134	-	27	953	-	-	-
Bond interest payable	2,242	-	-	-	-	-	-
Assets held in trust	2,413	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	6,150	-	-	-	-	-	-
Subordinate debt - equipment lease	322	-	-	-	-	-	-
Total current liabilities	53,523	(11,172)	32,878	2,900	1,344	31	146
Non-current liabilities							
Accounts payable and accrued expenses	1,935	-	1,935	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	177,715	-	-	-	-	-	-
Subordinate debt - equipment lease	433	-	-	-	-	-	-
Net pension liability	106,614	-	106,614	-	-	-	-
Net other postemployment benefits liability	33,200	-	33,200	-	-	-	-
Total non-current liabilities	319,897	-	141,749	-	-	-	-
Total liabilities	373,420	(11,172)	174,627	2,900	1,344	31	146
Deferred Inflows of Resources							
Pension	2,896	-	2,896	-	-	-	-
Other postemployment benefits	5,952	-	5,952	-	-	-	-
Total deferred inflows of resources	8,848	-	8,848	-	-	-	-
Net Position							
Unrestricted	8,797	-	(113,777)	40,068	4,503	10,079	67,924
Net investment in capital assets	627,407	-	-	-	-	-	-
Restricted:							
For federally approved projects	87,731	-	-	-	-	-	-
For ground transportation expenditures	59,357	-	-	-	-	-	-
For operational cash flow shortages	27,497	-	-	-	-	-	-
For debt service	13,637	-	-	-	-	-	-
Total net position	824,426	-	(113,777)	40,068	4,503	10,079	67,924
Total liabilities, deferred inflows of resources and net position	$ 1,206,694	$ (11,172)	$ 69,698	$ 42,968	$ 5,847	$ 10,110	$ 68,070

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Balance Sheet Information, continued
December 31, 2020

(in thousands of dollars)

		Restricted Account Groups							
	Net Investment in Capital Assets	Passenger Facility Charge	Police Forfeiture	Customer Facility Charge	Operations & Maintenance Reserve	2019 Terminal Roadway Reconfiguration	Bond Interest & Redemption	Bond Reserve	Other Third Party Funding
Assets									
Current assets									
Unrestricted									
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Investment income receivable	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-	-	-
Grants and federal awards receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Supplies inventory	-	-	-	-	-	-	-	-	-
Total unrestricted current assets	-	-	-	-	-	-	-	-	-
Restricted									
Cash	-	-	84	-	67	148	-	38	48
Investments (at fair value)	-	-	-	16,122	-	1,072	2,242	3	2,300
Total restricted current assets	-	-	84	16,122	67	1,220	2,242	41	2,348
Total current assets	-	-	84	16,122	67	1,220	2,242	41	2,348
Non-current assets									
Unrestricted									
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Capital assets, non-depreciable	230,140	-	-	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	580,687	-	-	-	-	-	-	-	-
Total unrestricted non-current assets	810,827	-	-	-	-	-	-	-	-
Restricted									
Cash	-	823	293	-	479	-	-	-	-
Investments (at fair value)	-	80,763	3,272	58,430	26,838	-	-	13,595	-
Investment income receivable	-	207	5	160	180	-	-	43	-
Interfund receivable	-	1,410	-	436	-	-	-	-	-
Passenger facility charges receivable	-	957	-	-	-	-	-	-	-
Customer facility charges receivable	-	-	-	331	-	-	-	-	-
Total restricted non-current assets	-	84,160	3,570	59,357	27,497	-	-	13,638	-
Total non- current assets	810,827	84,160	3,570	59,357	27,497	-	-	13,638	-
Total assets	810,827	84,160	3,654	75,479	27,564	1,220	2,242	13,679	2,348
Deferred Outflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 810,827	$ 84,160	$ 3,654	$ 75,479	$ 27,564	$ 1,220	$ 2,242	$ 13,679	$ 2,348
Liabilities									
Current Liabilities									
Accounts payable and accrued expenses	$ -	$ -	$ 12	$ 10,865	$ -	$ 20	$ -	$ -	$ -
Rates and charges settlement payable to airlines	-	-	-	-	-	-	-	-	-
Interfund payable	-	-	1	103	67	-	-	42	5
Contract retainage payable	-	-	-	5,154	-	-	-	-	-
Bond interest payable	-	-	-	-	-	-	2,242	-	-
Assets held in trust	-	-	70	-	-	-	-	-	2,343
Revenue bonds payable, inclusive of unamortized premium	6,150	-	-	-	-	-	-	-	-
Subordinate debt - equipment lease	322	-	-	-	-	-	-	-	-
Total current liabilities	6,472	-	83	16,122	67	20	2,242	42	2,348
Non-current liabilities									
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	176,515	-	-	-	-	1,200	-	-	-
Subordinate debt - equipment lease	433	-	-	-	-	-	-	-	-
Net pension liability	-	-	-	-	-	-	-	-	-
Net other postemployment benefits liability	-	-	-	-	-	-	-	-	-
Total non-current liabilities	176,948	-	-	-	-	1,200	-	-	-
Total liabilities	183,420	-	83	16,122	67	1,220	2,242	42	2,348
Deferred Inflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Net Position									
Unrestricted	-	-	-	-	-	-	-	-	-
Net investment in capital assets	627,407	-	-	-	-	-	-	-	-
Restricted:									
For federally approved projects	-	84,160	3,571	-	-	-	-	-	-
For ground transportation expenditures	-	-	-	59,357	-	-	-	-	-
For operational cash flow shortages	-	-	-	-	27,497	-	-	-	-
For debt service	-	-	-	-	-	-	-	13,637	-
Total net position	627,407	84,160	3,571	59,357	27,497	-	-	13,637	-
Total liabilities, deferred inflows of resources and net position	$ 810,827	$ 84,160	$ 3,654	$ 75,479	$ 27,564	$ 1,220	$ 2,242	$ 13,679	$ 2,348

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2021

(in thousands of dollars)

	Total	Operations & Maintenance	Designated for Capital Projects	Designated for Group Health Coverage	Repair & Replacement Reserve	General Purposes
		Unrestricted Account Groups				
Operating revenues						
Landing fees, net	$ 24,039	$ 24,039	$ -	$ -	$ -	$ -
Rentals:						
Terminal, net	13,747	13,747	-	-	-	-
Ground	5,625	5,625	-	-	-	-
Ramp	4,567	4,567	-	-	-	-
Other	1,734	1,734	-	-	-	-
Parking	33,662	33,662	-	-	-	-
Concessions	8,686	8,686	-	-	-	-
Rebilled services	1,376	1,376	-	-	-	-
Ground transportation	766	766	-	-	-	-
Other	1,099	1,099	-	-	-	-
Total operating revenues	95,301	95,301	-	-	-	-
Operating expenses						
Salaries, wages and benefits	49,985	44,939	-	5,063	-	-
Contracted services	28,997	27,883	-	765	-	244
Supplies and capital items expensed	6,329	6,133	-	-	-	-
Utilities	8,208	8,208	-	-	-	-
General administration	1,523	1,307	-	-	-	192
Insurance	1,281	1,281	-	-	-	-
Total operating expenses	96,323	89,751	-	5,828	-	436
Operating income (loss), before depreciation and amortization	(1,022)	5,550	-	(5,828)	-	(436)
Depreciation and amortization	(42,638)	-	-	-	-	-
Operating (loss) income, after depreciation and amortization	(43,660)	5,550	-	(5,828)	-	(436)
Nonoperating changes in net position: increase (decrease)						
Revenue bonds:						
Revenue bond - transfer of principal	-	(2,955)	-	-	-	-
Revenue bond - transfer of interest	-	(3,549)	-	-	-	-
Revenue bond - payment of principal	-	-	-	-	-	-
Revenue bond interest, net of premium amortization	(6,919)	-	-	-	-	-
Transfer of general purposes to fund bond reserve	-	-	-	-	-	-
Transfer of subordinate debt principal	-	-	-	-	-	-
Transfer of bond payable matched to spent proceeds	-	-	-	-	-	-
Bond issuance costs	(38)	-	-	-	-	(38)
Subordinate debt:						
Transfer of subordinate debt service - principal	-	(374)	-	-	-	-
Transfer of subordinate debt service - interest	(18)	(18)	-	-	-	-
Passenger facility charge revenues	12,968	-	-	-	-	-
Customer facility charge revenues	7,328	-	-	-	-	-
Police forfeiture program revenues	279	-	-	-	-	-
Police forfeiture program revenues passed through to other local government	-	-	-	-	-	-
Grants and federal awards for operating expenses	5,915	5,915	-	-	-	-
Investment income	(9)	359	32	6	(87)	(113)
Net gain on disposal of capital assets	36	-	22	-	-	14
Non-capitalized project costs	(141)	-	-	-	-	(102)
Capitalization of expenditures	-	-	(72,005)	-	-	403
Transfers:						
Transfer of airport reserves for capital project funding	-	-	-	-	-	-
Transfer to fund operations reserve	-	-	-	-	-	-
Transfer to fund group health coverage	-	(5,778)	-	5,822	-	-
Transfer to cover debt service requirements	-	6,094	-	-	-	-
Transfer of PFC to reimburse for eligible expenditures	-	-	19,760	-	-	15
Transfers of remaining revenues	-	(8,478)	-	-	-	8,478
Total nonoperating changes in net position, before capital contributions	19,401	(8,784)	(52,191)	5,828	(87)	8,657
Capital Contributions						
Donated capital	-	-	-	-	-	-
Grants and federal awards for capital expenditures	46,840	-	46,840	-	-	-
Third party funding of project costs	2,343	-	-	-	-	-
Total capital contributions	49,183	-	46,840	-	-	-
Total changes in net position	24,924	(3,234)	(5,351)	-	(87)	8,221
Net position at the beginning of the year (deficit)	824,426	(113,777)	40,068	4,503	10,079	67,924
Net position (deficit) at the end of the year	$ 849,350	$ (117,011)	$ 34,717	$ 4,503	$ 9,992	$ 76,145

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2021

(in thousands of dollars)

		Restricted Account Groups							
	Net Investment in Capital Assets	Passenger Facility Charge	Police Forfeiture	Customer Facility Charge	Operations & Maintenance Reserve	2019 Terminal Roadway Reconfiguration	Bond Interest & Redemption	Bond Reserve	Other Third Party Funding
Operating revenues									
Landing fees, net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rentals:									
Terminal, net	-	-	-	-	-	-	-	-	-
Ground	-	-	-	-	-	-	-	-	-
Ramp	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-
Concessions	-	-	-	-	-	-	-	-	-
Rebilled services	-	-	-	-	-	-	-	-	-
Ground transportation	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total operating revenues	-	-	-	-	-	-	-	-	-
Operating expenses									
Salaries, wages and benefits	-	-	-	(17)	-	-	-	-	-
Contracted services	-	-	58	47	-	-	-	-	-
Supplies and capital items expensed	-	-	196	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
General administration	-	-	24	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Total operating expenses	-	-	278	30	-	-	-	-	-
Operating income (loss), before depreciation and amortization	-	-	(278)	(30)	-	-	-	-	-
Depreciation and amortization	(42,638)	-	-	-	-	-	-	-	-
Operating income (loss), after depreciation and amortization	(42,638)	-	(278)	(30)	-	-	-	-	-
Nonoperating changes in net position: increase (decrease)									
Revenue bonds:									
Revenue bond - transfer of principal	-	-	-	(2,080)	-	-	5,035	-	-
Revenue bond - transfer of interest	-	-	-	(4,485)	-	-	8,034	-	-
Revenue bond - payment of principal	2,955	-	-	-	-	-	(2,955)	-	-
Revenue bond interest, net of premium amortization	1,115	-	-	-	-	-	(8,034)	-	-
Transfer of subordinate debt principal	(46)	-	-	-	-	-	-	-	46
Transfer of bond payable matched to spent proceeds	510	-	-	-	-	(510)	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-
Subordinate debt:									
Transfer of subordinate debt service - principal	374	-	-	-	-	-	-	-	-
Transfer of subordinate debt service - interest	-	-	-	-	-	-	-	-	-
Passenger facility charge revenues	-	12,968	-	-	-	-	-	-	-
Customer facility charge revenues	-	-	-	7,328	-	-	-	-	-
Police forfeiture program revenues	-	-	279		-	-	-	-	-
Police forfeiture program revenues passed through to other local government	-	-	-	-	-	-	-	-	-
Grants and federal awards for operating expenses	-	-	-	-	-	-	-	-	-
Investment income	-	(47)	1	169	(156)	-	-	(173)	-
Net gain on disposal of capital assets	-	-	-	-	-	-	-	-	-
Non-capitalized project costs	(39)	-	-	-	-	-	-	-	-
Capitalization of expenditures	104,957	-	(148)	(31,374)	-	510	-	-	(2,343)
Transfers:									
Transfer of airport reserves for capital project funding	-	-	-	-	-	-	-	-	-
Transfer to fund operations reserve	-	-	-	-	-	-	-	-	-
Transfer to fund group health coverage	-	-	-	(44)	-	-	-	-	-
Transfer to cover debt service requirements	-	(6,094)	-	-	-	-	-	-	-
Transfer of PFC to reimburse for eligible expenditures	-	(19,775)	-	-	-	-	-	-	-
Transfer of remaining revenues	-	-	-	-	-	-	-	-	-
Total nonoperating changes in net position, before capital contributions	109,826	(12,948)	132	(30,486)	(156)	-	2,080	(173)	(2,297)
Capital Contributions									
Donated capital	-	-	-	-	-	-	-	-	-
Grants and federal awards for capital expenditures	-	-	-	-	-	-	-	-	-
Third party funding of project costs	-	-	-	-	-	-	-	-	2,343
Total capital contributions	-	-	-	-	-	-	-	-	2,343
Total changes in net position	67,188	(12,948)	(146)	(30,516)	(156)	-	2,080	(173)	46
Net position at the beginning of the year (deficit)	627,407	84,160	3,571	59,357	27,497	-	-	13,637	-
Net position (deficit) at the end of the year	$ 694,595	$ 71,212	$ 3,425	$ 28,841	$ 27,341	$ -	$ 2,080	$ 13,464	$ 46

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2020

(in thousands of dollars)

		Unrestricted Account Groups				
	Total	Operations & Maintenance	Designated for Capital Projects	Designated for Group Health Coverage	Repair & Replacement Reserve	General Purposes
Operating revenues						
Landing fees, net	$ 23,621	$ 23,621	$ -	$ -	$ -	$ -
Rentals:						
Terminal, net	17,372	17,372	-	-	-	-
Ground	5,273	5,273	-	-	-	-
Ramp	4,377	4,377	-	-	-	-
Other	1,695	1,695	-	-	-	-
Parking	19,124	19,124	-	-	-	-
Concessions	6,781	6,781	-	-	-	-
Rebilled services	1,554	1,554	-	-	-	-
Ground transportation	524	524	-	-	-	-
Other	1,271	1,271	-	-	-	-
Total operating revenues	81,592	81,592	-	-	-	-
Operating expenses						
Salaries, wages and benefits	60,960	55,074	-	5,896	-	-
Contracted services	21,594	20,129	-	775	-	421
Supplies and capital items expensed	5,927	5,779	-	-	-	-
Utilities	7,285	7,285	-	-	-	-
General administration	1,379	1,364	-	-	-	-
Insurance	1,318	1,318	-	-	-	-
Total operating expenses	98,463	90,949	-	6,671	-	421
Operating income (loss), before depreciation and amortization	(16,871)	(9,357)	-	(6,671)	-	(421)
Depreciation and amortization	(42,597)	-	-	-	-	-
Operating (loss) income, after depreciation and amortization	(59,468)	(9,357)	-	(6,671)	-	(421)
Nonoperating changes in net position: increase (decrease)						
Revenue bonds:						
Revenue bond - transfer of principal	-	(2,280)	-	-	-	-
Revenue bond - transfer of interest	-	(3,663)	-	-	-	-
Revenue bond - payment of principal	-	-	-	-	-	-
Revenue bond interest, net of premium amortization	(6,977)	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-
Transfer to fund bond reserve	-	-	-	-	-	-
Transfer of bond payable matched to spent proceeds	-	-	-	-	-	-
Transfer of bond proceeds to reimburse	-	-	-	-	-	-
previously incurred project costs	-	-	-	-	-	-
Bond issuance costs	(140)	-	-	-	-	(140)
Subordinate debt - principal	-	(303)	-	-	-	-
Subordinate debt - interest	(15)	(15)	-	-	-	-
Passenger facility charge revenues	7,366	-	-	-	-	-
Customer facility charge revenues	5,057	-	-	-	-	-
Police forfeiture program revenues	580	-	-	-	-	-
Police forfeiture program revenues passed through to other local government	(4)	-	-	-	-	-
Grants and federal awards for operating expenses	11,476	11,476	-	-	-	-
Investment income	4,888	1,244	304	85	57	54
Net gain on disposal of capital assets	(102)	-	-	-	-	-
Non-capitalized project costs	-	-	-	-	-	-
Capitalization of expenditures	-	-	(23,942)	-	-	1,087
Transfers:	-	-	-	-	-	-
Funding of capital projects	-	-	10,000	-	-	(10,000)
Required reserve funding	-	(3,331)	-	-	-	-
Group health coverage	-	(6,550)	-	6,586	-	-
Debt service requirements	-	5,638	-	-	-	-
Reimbursement of eligible expenditures	-	8	3,975	-	-	191
Current year remaining revenues	-	(7,669)	-	-	-	7,727
Total nonoperating changes in net position, before capital contributions	22,129	(5,445)	(9,663)	6,671	57	(1,081)
Capital Contributions						
Donated capital	2,009	-	-	-	-	2,009
Grants and federal awards for capital expenditures	13,075	-	12,727	-	-	348
Third party funding of project costs	1,045	-	1,368	-	-	(323)
Total capital contributions	16,129	-	14,095	-	-	2,034
Total changes in net position	(21,210)	(14,802)	4,432	-	57	532
Net position at the beginning of the year (deficit)	845,636	(98,975)	35,636	4,503	10,022	67,392
	-					
Net position (deficit) at the end of the year	$ 824,426	$ (113,777)	$ 40,068	$ 4,503	$ 10,079	$ 67,924

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2020

(in thousands of dollars)

		Restricted Account Groups							
	Net Investment in Capital Assets	Passenger Facility Charge	Police Forfeiture	Customer Facility Charge	Operations & Maintenance Reserve	2019 Terminal Roadway Reconfiguration	Bond Interest & Redemption	Bond Reserve	Other Third Party Funding
Operating revenues									
Landing fees, net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rentals:									
Terminal, net	-	-	-	-	-	-	-	-	-
Ground	-	-	-	-	-	-	-	-	-
Ramp	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-
Concessions	-	-	-	-	-	-	-	-	-
Rebilled services	-	-	-	-	-	-	-	-	-
Ground transportation	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total operating revenues	-	-	-	-	-	-	-	-	-
Operating expenses									
Salaries, wages and benefits	-	-	-	(10)	-	-	-	-	-
Contracted services	-	-	73	196	-	-	-	-	-
Supplies and capital items expensed	-	-	144	4	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
General administration	-	-	15	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Total operating expenses	-	-	232	190	-	-	-	-	-
Operating income (loss), before depreciation and amortization	-	-	(232)	(190)	-	-	-	-	-
Depreciation and amortization	(42,597)	-	-	-	-	-	-	-	-
Operating income (loss), after depreciation and amortization	(42,597)	-	(232)	(190)	-	-	-	-	-
Nonoperating changes in net position: increase (decrease)									
Revenue bonds:									
Revenue bond - transfer of principal	-	-	-	-	-	-	2,280	-	-
Revenue bond - transfer of interest	-	-	-	(4,485)	-	-	8,148	-	-
Revenue bond - payment of principal	2,280	-	-	-	-	-	(2,280)	-	-
Revenue bond interest, net of premium amortization	1,171	-	-	-	-	-	(8,148)	-	-
Issuance of bonds	-	-	-	-	-	-	-	-	-
Transfer to fund bond reserve	-	-	-	(18)	-	-	-	18	-
Transfer of bond payable matched to spent proceeds	(79,022)	-	-	77,597	-	1,425	-	-	-
Transfer of bond proceeds to reimburse previously incurred project costs	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-
Subordinate debt - principal	303	-	-	-	-	-	-	-	-
Subordinate debt - interest	-	-	-	-	-	-	-	-	-
Passenger facility charge revenues	-	7,366	-	-	-	-	-	-	-
Customer facility charge revenues	-	-	-	5,057	-	-	-	-	-
Police forfeiture program revenues	-	-	580	-	-	-	-	-	-
Police forfeiture program revenues passed through to other local government	-	-	(4)	-	-	-	-	-	-
Grants and federal awards for operating expenses	-	-	-	-	-	-	-	-	-
Investment income	-	974	30	1,793	124	8	-	157	58
Net gain on disposal of capital assets	(102)	-	-	-	-	-	-	-	-
Non-capitalized project costs	-	-	-	-	-	-	-	-	-
Capitalization of expenditures	111,269	-	(43)	(86,938)	-	(1,433)	-	-	-
Transfers:	-	-	-	-	-	-	-	-	-
Funding of capital projects	-	-	-	-	-	-	-	-	-
Required reserve funding	-	-	-	-	3,331	-	-	-	-
Group health coverage	-	-	-	(36)	-	-	-	-	-
Debt service requirements	-	(5,638)	-	-	-	-	-	-	-
Reimbursement of eligible expenditures	-	(4,174)	-	-	-	-	-	-	-
Current year remaining revenues	-	-	-	-	-	-	-	-	(58)
Total nonoperating changes in net position, before capital contributions	35,899	(1,472)	563	(7,030)	3,455	-	-	175	-
Capital Contributions									
Donated capital	-	-	-	-	-	-	-	-	-
Grants and federal awards for capital expenditures	-	-	-	-	-	-	-	-	-
Third party funding of project costs	-	-	-	-	-	-	-	-	-
Total capital contributions	-	-	-	-	-	-	-	-	-
Total changes in net position	(6,698)	(1,472)	331	(7,220)	3,455	-	-	175	-
Net position at the beginning of the year (deficit)	634,105	85,632	3,240	66,577	24,042	-	-	13,462	-
Net position (deficit) at the end of the year	$ 627,407	$ 84,160	$ 3,571	$ 59,357	$ 27,497	$ -	$ -	$ 13,637	$ -

Cincinnati/Northern Kentucky International Airport
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

(in thousands of dollars)

Name of Agency or Department	CFDA or Other No.	Name of Program	Federal Awards with Expenditure Activity in 2021: Award Amount	Federal Awards with Expenditure Activity in 2021: Total Awards Expended
US Dept of Transportation	20.106	Airport Improvement Program*	$ 63,577	$ 46,300
US Dept of Transportation	20.106	COVID-19 Airport Improvement Program - Coronavirus Response and Relief Supplemental Appropriation Act (CRRSA)*	12,341	2,645
US Dept of Transportation	20.106	COVID-19 Airport Improvement Program - American Rescue Plan Act (ARPA)*	42,075	2,875
US Dept of Transportation	20.106	Airport Improvement Program Total	160,892	51,820
US Dept of Justice	16.922	Equitable Sharing Program	3,710	429
Federal Highway Administration (Passed through the Kentucky Transportation Cabinet)	20.205	Highway Planning and Construction	3,183	593
		Total awards expended		$ 52,842

* Airport Improvement Program was tested as a major program

(in thousands of dollars)

1. General

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal financial assistance programs of the Kenton County Airport Board (the "Airport"). The Airport's reporting entity is defined in Note 1 to the Airport's financial statements. All federal financial assistance was received directly from federal agencies, unless otherwise indicated on the Schedule. No amounts were provided to subrecipients and the Airport did not elect to use the 10% de minimis indirect cost rate.

The grant revenue amounts received and expended are subject to audit and adjustment. If any expenditures are disallowed by the grantor as a result of such an audit, any claim for reimbursement to the grantor would become a liability of the Airport. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

2. Basis of Presentation

The accompanying Schedule includes the federal grant activity of the Airport and is presented in accordance with accounting principles generally accepted in the United States of America. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance" or "UG").

3. Reconciliation to Financial Statements

Following is a reconciliation of amounts per the Schedule to the 2021 financial statements (amounts rounded to nearest thousand):

		2021
Grants and federal awards, nonoperating changes in net position	$	5,915
Less: Federal receipts not subject to Uniform Guidance requirements		(398)
Grants and federal awards, capital contributions		46,840
Police forfeiture revenues expended for operations, operating expenses		316
Police forfeiture revenues expended capital expenditures		148
Other		21
Expenditures of revenues from federal sources reported on the Schedule	$	52,842

CPAs / ADVISORS

blue

Blue & Co., LLC / 250 West Main Street, Suite 2900 / Lexington, KY 40507
main 859.253.1100 *fax* 859.253.1384 *email* blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS 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 members of the Kenton
County Airport Board
Hebron, 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 business-type activities of the Cincinnati/Northern Kentucky International Airport (the Airport), and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements (the financial statements), and have issued our report thereon dated July 19, 2022.

Report on Internal Control Over Financial Reporting

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

To the members of the Kenton
County Airport Board
Hebron, Kentucky

Page Two

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport'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 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 Airport'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 Airport's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC

Lexington, Kentucky
July 19, 2022

CPAs / ADVISORS

blue

Blue & Co., LLC / 250 West Main Street, Suite 2900 / Lexington, KY 40507
main 859.253.1100 *fax* 859.253.1384 *email* blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the members of the Kenton
County Airport Board
Hebron, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Cincinnati/Northern Kentucky International Airport's (the Airport) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Airport's major federal program for the year ended December 31, 2021. The Airport's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on Each Major Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Airport's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Airport's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Airport's compliance based on our audit. 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, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Airport's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Airport's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Airport's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

Page Three

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Blue & Co., LLC

Lexington, Kentucky
July 19, 2022

(in thousands of dollars)

Section I - Summary of Auditor's Results

Type of auditor's report issued: unmodified

Internal Control over financial reporting:

Material weakness(es) identified?	______ yes	___✓___ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ yes	___✓___ none reported
Noncompliance material to financial statements noted?	______ yes	___✓___ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	______ yes	___✓___ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ yes	___✓___ none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	______ yes	___✓___ no

(in thousands of dollars)

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: $1,585,259

Auditee qualified as a low-risk auditee? ___✓___ yes ______ no

Section II - Findings related to financial statements reported in accordance with *Governmental Auditing Standards*

None reported.

Section III - Findings and questioned costs related to federal awards

None reported.

Federal Award Findings and Questioned Costs

No findings or questioned costs for federal award programs were reported for the year ended December 31, 2020.

Final Agency Decision	Impose authority *	PFCs collected in prior years	PFCs collected in current year	Total PFCs collected	Interest earned	Prior year applied expenditures	Current year applied expenditures	Total applied expenditures
U.S. Department of Transportation								
Passenger Facility Charge Program								
Open applications as of December 31, 2021:								
02-08-C-00-CVG	$ 194,100	$ 176,893	$ -	$ 176,893	$ 17,206	$ 152,838	$ 4,292	$ 157,130
19-15-C-00-CVG	76,225	56,774	12,071	68,845	3,377	19,018	1,818	20,836
21-16-C-00-CVG	22,258	-	-	-	-	-	19,759	19,759
Subtotal	$ 292,583	$ 233,667	$ 12,071	$ 245,738	$ 20,583	$ 171,856	$ 25,869	$ 197,725
Closed applications as of December 31, 2021:								
94-01-C-00-CVG	$ 26,533	$ 25,513	$ -	$ 25,513	$ 1,020	$ 26,533	$ -	$ 26,533
95-02-C-00-CVG	68,279	60,228	-	60,228	8,051	68,280	-	68,280
98-03-C-00-CVG	24,843	23,087	-	23,087	1,756	24,843	-	24,843
98-04-C-00-CVG	33,057	26,842	-	26,842	6,215	33,057	-	33,057
99-05-C-00-CVG	18,221	13,609	-	13,609	4,612	18,221	-	18,221
01-06-C-00-CVG	10,987	9,870	-	9,870	1,117	10,987	-	10,987
01-07-C-00-CVG	31,378	30,685	-	30,685	693	31,378	-	31,378
05-09-C-00-CVG	34,931	31,064	-	31,064	3,868	34,932	-	34,932
06-10-C-00-CVG	19,675	18,819	-	18,819	856	19,675	-	19,675
07-11-C-00-CVG	2,423	2,423	-	2,423	-	2,423	-	2,423
09-12-C-00-CVG	9,657	9,583	-	9,583	74	9,657	-	9,657
11-13-C-00-CVG	14,797	14,450	-	14,450	348	14,797	-	14,797
13-14-C-00-CVG	44,917	43,377	-	43,377	1,540	44,916	-	44,916
Subtotal	339,698	309,550	-	309,550	30,150	339,699	-	339,699
Total	$ 632,281	$ 543,217	$ 12,071	$ 555,288	$ 50,733	$ 511,555	$ 25,869	$ 537,424

	Per PFC quarterly reports Fiscal Year 2021						
	Quarter ended Mar 31, 2021	Quarter ended June 30, 2021	Quarter ended Sept 30, 2021	Quarter ended Dec 31, 2021	Reconciling amount	Interest from prior years	Total
Revenues:							
Collections	$ 1,711	$ 3,194	$ 3,785	$ 3,381	$ -	$ -	$ 12,071
Interest	-	-	20	112	-	-	132
Total	$ 1,711	$ 3,194	$ 3,805	$ 3,493	$ -	$ -	$ 12,203
Expenditures:							
02-08-C-00-CVG	$ 1,073	$ 1,073	$ 1,073	$ 1,073	$ -	$ -	$ 4,292
19-15-C-00-CVG	451	466	451	451	-	-	1,819
21-16-C-00-CVG	9,361	5,269	3,377	1,752	-	-	19,759
Total	$ 10,885	$ 6,808	$ 4,901	$ 3,276	$ -	$ -	$ 25,870

1. General

The accompanying Schedule of Passenger Facility Charges Collected and Expended presents all passenger facility charges (PFCs) activities of the Kenton County Airport Board (the "Airport"). The Airport's reporting entity is defined in Note 1 to the Airport's financial statements. The Schedule of Passenger Facility Charges Collected and Expended includes all the PFCs and the interest earnings thereon collected by the Airport beginning June 1, 1994 through December 31, 2021. PFCs are collected pursuant to Federal Aviation Administration approved applications.

2. Basis of Presentation

The accompanying Schedule of Passenger Facility Charges Collected and Expended of the Airport is presented in accordance with accounting principles generally accepted in the United States of America. PFCs are recorded as restricted revenue until expending in compliance with applicable Records of Decision from the Federal Aviation Administration.

3. Subsequent Event

On March 18, 2022, the FAA was notified of the Board's notice of a consultation meeting of the air carriers, for the Board's intent to submit an application, to impose and use PFC revenues for projects related to the Board's 17th PFC Application (Number 22-17-C-00-CVG). The air carriers' consultation meeting is the beginning of the process for the Board to be able to collect a PFC at a $4.50 PFC level. Amounts to be collected under the Board's 17th PFC application will be used to fund the replacement of passenger boarding bridges in Concourse B.

CPAs / ADVISORS

blue

Blue & Co., LLC / 250 West Main Street, Suite 2900 / Lexington, KY 40507
main 859.253.1100 *fax* 859.253.1384 *email* blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE PASSENGER FACILITY CHARGE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE FEDERAL AVIATION ADMINISTRATION

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

Report on Compliance for Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited the Cincinnati/Northern Kentucky International Airport's (the Airport) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration* (the Guide), that could have a direct and material effect on its Passenger Facility Charge Program (the Program) for the year ended December 31, 2021 (including quarterly reports under section 158.63(a)).

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Program for the year ended December 31, 2021.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the Guide). Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Airport's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Airport's compliance based on our audit. 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, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Airport's compliance with the requirements of the Program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Airport's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Airport's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

<u>Report on Internal Control Over Compliance</u>

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Blue & Co., LLC

Lexington, Kentucky
July 19, 2022

Summary of Auditor's Results

We have issued an unmodified opinion, dated July 19, 2022 on the financial statements of Cincinnati/Northern Kentucky International Airport (the Airport) as of and for the year ended December 31, 2021.

Our audit disclosed no material weaknesses or significant deficiencies that are considered to be material weaknesses in relation to internal control over financial reporting or internal control over the Passenger Facility Charge Program (the Program).

Our audit disclosed no instances of non-compliance which are material to the Airport's financial statements.

We have issued an unmodified opinion, dated July 19, 2022 on the Airport's compliance for the Program.

Our audit disclosed no findings required to be reported under the provisions of the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide).

Findings Relating to the Financial Statements

Our audit disclosed no findings which are required to be reported in accordance with the Guide.

Findings and Questioned Costs for the Passenger Facility Charge Program

Our audit disclosed no findings or questioned costs for Program as defined by the Guide.

Cincinnati/Northern Kentucky International Airport
Schedule of Prior Year Passenger Facility Charge Findings and Their Resolutions
Year Ended December 31, 2021

No findings that are required to be reported in accordance with the provisions of the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration were reported for the year ended December 31, 2020.