CINCINNATI/NORTHERN KENTUCKY INTERNATIONAL AIRPORT

ANNUAL FINANCIAL INFORMATION AS OF DECEMBER 31, 2023

ISSUER: Kenton County Airport Board

SUBMITTER INFORMATION:

Name: Dilwyn Gruffydd
Title: CFO | Secretary-Treasurer
Company: Kenton County Airport Board
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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
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%
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: – matured CUSIPs not included

CUSIP Number	Maturity Date	Interest Rate
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%
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: – matured CUSIPs not included

CUSIP Number	Maturity Date	Interest Rate
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, 2023, Audited Financial Statements presented in accordance with Generally Accepted Accounting Principles – See separate Audit Report attachment

2) Debt Service Coverages

Debt service coverage ratio required by Bond Resolution 1.25 x annual debt service	Actual 2023 debt service coverage ratio generated by net revenues of the Airport 11.54 annual debt service
Debt service coverage ratio required by CFC Trust Indenture 1.25 x annual debt service	Actual 2023 debt service coverage ratio generated by CFCs collected by Rental Car Companies 2.04 annual debt service

3) Annual Airport Operating Data

Summarized below are certain operational statistics for the Airport for the year ended December 31, 2023:

Historical Cost per Enplanement (CPE)
(2014-2023)

	For Year Ended December 31									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CPE	$8.77	$9.17	$6.90	$5.85	$4.19	$4.51	$14.23	$7.93	$7.18	$9.65

Source: Airport Records

Enplaned Passengers & Market Share by Airline

	2023	
Airline[1]	Enplaned Passengers	Share
Delta	1,548,036	35.4%
American	828,685	19.0%
United	456,036	10.4%
Alaska	48,653	1.1%
Air Canada	23,130	0.5%
Allegiant	515,240	11.8%
Breeze Air	31,529	0.7%
British Airways	23,678	0.5%
Frontier	580,793	13.3%
Southwest	276,330	6.3%
Sun Country	15,599	0.4%
All Other[2]	22,251	0.5%
Total[3]	4,369,960	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

	2023	
Airline[1]	Landed Weight[2]	Share
Delta	1,743,649	11.0%
American	1,025,340	6.5%
United	617,151	3.9%
Air Canada	31,463	0.2%
Alaska	56,121	0.4%
Allegiant	529,510	3.2%
Breeze Air	49,541	0.3%
British Air	67,722	0.4%
Frontier	587,859	3.7%
Southwest	348,688	2.2%
Other Scheduled	10,366	0.1%
Non-Scheduled	20,798	0.2%
DHL	6,683,058	42.3%
Amazon	3,683,471	23.3%
Other Cargo	312,860	1.9%
All Other[3]	35,840	0.2%
Total[4]	15,803,437	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]
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	243,433
2019	1,248,779	956,342	249,269
2020	1,434,132	1,068,815	280,893
2021	1,694,595	1,137,900	307,808
2022	1,978,447	1,112,647	578,915
2023	2,095,114	1,117,141	945,751

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, 2023

Corporate Entity	Rental Car Brands	Twelve Months Ended December 31, 2023 Share by Gross Revenues
EAN Holdings, LLC	Enterprise Rent-A-Car, Alamo Rent a Car and National Car Rental	40%
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	24%
Tom Wood Rental Kentucky, Inc	SIXT Rent A Car	5%

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]
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
2022	333	1,291	$9,683
2023	390	1,493	$11,197

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, 2023 and 2022

Cincinnati/Northern Kentucky International Airport
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CPAs/ADVISORS

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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, 2023 and 2022, and the related notes to the financial statements, which comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Airport, as of December 31, 2023 and 2022, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Airport implemented the provisions of Government Accounting Standards Board Statement No. 96, *Subscription-based Information Technology Arrangements*, as of and for the year ended December 31, 2023. Our opinion is not modified with respect to this matter.

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.

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

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.

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 judgment made by a reasonable user based on the financial statements.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 judgment, 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, schedules of the proportionate share of net pension liability, schedules of the employer pension contributions, schedules of the proportionate share of net other post-employment benefits (OPEB) liability, schedules of the employer OPEB contributions, and related notes to pension and OPEB schedules, as listed in the table of contents (RSI), 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 RSI 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 collectively 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 are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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

<u>Other Reporting Required by *Government Auditing Standards*</u>

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2024 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

Cincinnati, Ohio
July 15, 2024

Introduction

The following management discussion and analysis of the financial performance and activity of the Cincinnati/Northern Kentucky International Airport (Airport) (CVG) provides an introduction and understanding of the Airport's basic financial statements (Statements) for the calendar year ended December 31, 2023 with selected comparative information for the years ended December 31, 2022 and 2021. 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

The Airport serves as the primary airport for scheduled passenger service for the fifteen county Cincinnati Consolidated Metropolitan Statistical Area. As of December 31, 2023, scheduled passenger service at the Airport was provided by nine airline groups. Scheduled cargo service was provided by three cargo operators. Ultra-low-cost carrier Breeze Airways began service at the Airport in February 2023. In June 2023, British Airways commenced international non-stop air service to London-Heathrow Airport.

The Airport has the unique distinction of serving as a dual air cargo hub for DHL Worldwide Express (DHL) and Amazon Air (Amazon). 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. According to Airports Council International (ACI) statistics, in 2023, CVG ranked sixth in North America for total air cargo tonnage and twelfth globally. Total cargo landed weight reported at CVG for the 12 months ended December 2023 increased 15.5% compared with the same period in 2022.

The Amazon hub at CVG serves as the central hub for Amazon's U.S. cargo network. Amazon.com Services, Inc. leases approximately 650-acre site on the south side of the Airport and has 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.

Selected activity statistics for the years ended December 31, 2023, 2022, and 2021 are as follows:

	2023	2022	2021
Enplaned passengers	4,369,960	3,782,857	3,140,530
Origin passengers(1)	4,087,711	3,558,950	3,024,810
Landed weights(lbs. 000s)			
Passenger airlines	5,088,445	4,223,022	3,907,267
Cargo airlines(2)	10,714,993	9,277,495	8,507,424
Total landed weight	15,803,438	13,500,517	12,414,691
Aircraft landings(3)	78,918	69,081	62,423

(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 2023, enplaned passenger activity increased 587,103, or 15.5% over 2022 activity and represented 96% of pre-COVID levels. In 2022, enplaned passenger activity increased 642,327 or 20.5% over 2021.

In 2023, total aircraft landed weights increased 2,302,921 or 17.1%. Passenger landed weight increased 865,423 or 20.5% as passenger airlines continued to add back capacity and two new carriers commenced air service at the Airport. In 2023, cargo landed weight increased 1,437,498 or 15.5% driven primarily by continued growth in cargo volumes at the Amazon hub and associated increased landings at the Airport.

In 2022, total aircraft landed weights increased 1,085,826 or 8.7%. Passenger landed weight increased 315,755 or 8.1% as passenger airlines added back capacity in response to continued recovery in passenger air travel. The presence of the DHL and Amazon cargo hubs at the Airport, coupled with a substantial shift to ecommerce, continued to stimulate air cargo demand. In 2022, cargo landed weight increased an additional 770,071 or 9.1%.

In 2023, the number of aircraft landings increased 9,837 or 14.2%. In 2022, the number of aircraft landings increased 6,658 or 10.7%. For 2023, the year-over-year percentage increase in aircraft landings and landed weight reflects increased frequencies for both passenger service and air cargo service. For 2022, the year-over-year 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.

Airline Rates and Charges

The Board entered into a new use and lease agreement (the Agreement) with the signatory carriers (Signatory) (Signatory Carriers) effective January 1, 2023. The following airlines are signatory to the Agreement: Delta, Frontier, Allegiant, Southwest, United, Amazon, DHL, and FedEx.

The Agreement includes airport use and facility lease provisions in one industry-standard use and lease agreement instead of a separate use agreement and multiple facility lease agreements which were previously in place at the Airport. The term of the Agreement commenced January 1, 2023, or at a later date when executed by a Signatory and continues until December 31, 2027. The Board may extend the Agreement for up to five (5) years which may be exercised in periods of one (1) year or more, subject to the written notification and Signatory airline disapproval process outlined in the Agreement.

The Agreement establishes rentals, fees, and charges for the use of the Airport by the Signatory. For purposes of computing airline rates & charges, costs are allocated to three airline cost centers (Airfield, Terminal, and Passenger Loading Bridges) and a Board cost center. Each cost center is allocated by formula its proportionate share of operation and maintenance (O&M) expenses, expensed capital outlays, amortization charges, debt service, and required transfers to the O&M Reserve Account and the Renewal and Replacement Reserve Fund. The Agreement establishes by formula a landing fee rate, a terminal rental rate, a terminal ramp area rate, a loading bridge rate, joint use fees for the use of the bag handling system and the security checkpoint, and sharing of net remaining revenues (NRR) in the terminal cost center. The airline landing fee rate charged for use of the Airport is "residual" in nature in that the landing fee rates 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 due to vacant leasable space are borne by the Airport.

The landing fee rate, terminal rates and charges, and 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 2023 and 2022 were $9.9 million and $2.0 million, respectively. In 2023 and 2022, the Board used COVID relief grant funds in a manner to both reimburse Airport operating expenses and manage airline costs by reimbursing operating expenses in airline cost centers which served to reduce airline rates and charges.

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 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 2023 under the new Agreement or in 2022 under the prior use agreement which contained a similar provision.

The new use and lease agreement effective January 1, 2023 replaced a prior use agreement which had been in place since January 1, 2016 and 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 2016 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 2016 Use Agreement through December 31, 2022. Airline revenues reflected in the financial statements presented here for 2022 and 2021 are calculated pursuant to the 2016 Use Agreement extended through December 31, 2022.

Overview of Key Federal Grants

COVID Relief Grants

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 $97.3 million under the three Acts: CARES $42.9 million, CRRSAA $12.3 million, and ARPA $42.1 million. 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. The Board's payment requests under the Acts must be submitted for incurred expenses only, consistent with FAA's Payment Policy. In order to reimburse operating expenses, the Board used $18.4 million of ARPA, $5.4 million of CRRSAA, and $0.7 million of CARES funds in 2023, $4.3 million of CRRSAA and $1.5 million of ARPA fund in 2022, $1.7 million of CRRSAA funds in 2021, and $11.1 million of CARES funds in 2020.

CRRSAA and ARPA grants also included including $4.7 million in 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. As of December 31, 2023 all concession relief grants had been allocated and grants administratively closed with the FAA.

Bipartisan Infrastructure Law

The Infrastructure Investment and Jobs Act (IIJA), known as the Bipartisan Infrastructure Law (BIL), was signed into law November 15, 2021. The law secured a total of $25 billion in funding for U.S. airport infrastructure between Federal Fiscal Years 2022 to 2026. BIL provided $15.0 billion in Airport Infrastructure Grants (AIG), $5.0 billion in competitive Airport Terminal Program (ATP) grants, and $5.0 billion to upgrade aging FAA-owned Air Traffic Control Tower facilities. In 2023, the Board was awarded $14.0 million in ATP grants, which are being used to fund the replacement of passenger boarding bridges in Concourse B. AIG grants are allocated annually based on a modified Airport Improvement Program (AIP) apportionment formula. The Board was awarded $13.5 million in AIG grants for Federal Fiscal Year 2023 which are being used to replace passenger boarding bridges in Concourse B. The Board was awarded $13.7 million in AIG grants for Federal Fiscal Year 2022 which were used to rehabilitate the Concourse B Apron and reconstruct the West Apron.

Overview of the Financial Statements

The Airport's Statements include three separate financial statements: the Statement of Net Position; 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 Statement of Net Position 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 financial statements for the year ended December 31, 2022, have been restated for the adoption of GASB Statement No. 96 – *Subscription Based Information Technology Arrangements* (SBITA) (GASB 96), effective January 1, 2022, which requires certain subscription-based arrangements related to information technology and software to be recorded in the statements of net position. Previously, such arrangements were classified as a period expense and were not recorded in the statements of net position. The financial statements for the year ended December 31, 2021, were not restated for GASB 96 as the information was not readily available.

The restatement to the Airport's 2022 Statement of Net Position due to the implementation of GASB 96 is set forth below (in thousands of dollars):

	2022 as previously stated	GASB 96 restatements	Restated 2022
Assets			
Current assets	$ 204,192	$ -	$ 204,192
Non-current assets			
Capital assets	880,708	1,383	882,091
Other non-current assets	288,101	-	288,101
Total assets	1,373,001	1,383	1,374,384
Total deferred outflows of resources	31,716	-	31,716
Liabilities			
Current liabilities	$ 67,982	$ 369	$ 68,351
Non-current liabilities	291,970	1,014	292,984
Total liabilities	359,952	1,383	361,335
Total deferred inflows of resources	168,877	-	168,877
Net position			
Unrestricted	16,146	-	16,146
Net investment in capital assets	705,280	-	705,280
Restricted	154,462	-	154,462
Total net position	$ 875,888	-	$ 875,888

The restatement to the Airport's 2022 Statement of Revenue, Expenses, and Changes in Net Position due to the implementation of GASB 96 is set forth below (in thousands of dollars):

	2022 as previously stated	GASB 96 restatements	Restated 2022
Operating revenues	$ 126,147	$ -	$ 126,147
Operating expenses	116,038	(720)	115,318
Operating income (loss), before depreciation and amortization	10,109	720	10,829
Depreciation and amortization	(45,358)	(629)	(45,987)
Operating loss, after depreciation and amortization	(35,249)	91	(35,158)
Nonoperating changes in net position: (decrease) increase	30,790	(91)	30,699
Capital contributions	30,997	-	30,997
Total changes in net position	26,538	-	26,538
Net position at the beginning of the year	849,350		849,350
Net position at the end of the year	$ 875,888		$ 875,888

The restatement to the Airport's 2022 Statement of Cash Flows due to the implementation of GASB 96 is set forth below (in thousands of dollars):

	2022 as previously stated	GASB 96 restatements	Restated 2022
Cash flows from operating activities	$ 9,203	$ 721	$ 9,924
Cash flows from non-capital financing activities	11,330	-	11,330
Cash flows from capital and related financing activities	11,963	(721)	11,242
Cash flows from investing activities	(40,404)	-	(40,404)
Net decrease in cash	(7,908)	-	(7,908)
Cash at the beginning of the year	10,184		10,184
Cash at the end of the year	$ 2,276		$ 2,276

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, 2023, 2022 and 2021 is set forth below (in thousands of dollars):

	2023	Restated* 2022	2021
Assets			
Current assets	$ 243,586	$ 204,192	$ 180,109
Non-current assets			
Capital assets	909,545	882,091	879,815
Other non-current assets	305,128	288,101	294,704
Total assets	1,458,259	1,374,384	1,354,628
Deferred outflows of resources	44,951	31,716	23,209
Liabilities			
Current liabilities	61,529	68,351	60,812
Non-current liabilities	263,570	292,984	286,711
Total liabilities	325,099	361,335	347,523
Deferred inflows of resources	194,431	168,877	180,964
Net Position			
Unrestricted	66,007	16,146	8,346
Net investment in capital assets	739,182	705,280	694,595
Restricted	178,491	154,462	146,409
Total net position	$ 983,680	$ 875,888	$ 849,350

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

Net Position

Net position is the difference between total assets, total deferred outflows, total liabilities, and total deferred inflows and is an indicator of the fiscal health of the Airport. The majority of the Airport's net position at December 31, 2023, 2022, and 2021, 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 2023, the Airport's net position increased by $107.8 million primarily due to increases in operating revenues generated by terminal rents and parking facilities, an increase in investment income generated by higher interest rates, and an increase in federal grant revenues for operations and capital requirements.

In 2022, the Airport's net position increased by $26.5 million primarily due to increases in operating revenues generated by parking facilities and an increase in available Passenger Facility Charges and Customer Facility Charges generated by an associated increase in enplanements.

Assets, Liabilities, and Deferrals

In 2023, total assets increased $83.9 million primarily due to an increase in unrestricted cash and investment balances generated by operations, an increase in restricted cash and investments generated by federal grant receipts, and an increase in capital asset additions utilizing federal grants and awards. Offsetting the increase was a decrease in non-current assets due to the reduction of lease receivables related to a decrease in net present value of the Airport's regulated leases and a decrease in grant and federal awards receivable due to the collection of prior year and current year receivables.

In 2022, total assets increased $19.8 million primarily due to an increase in unrestricted cash and investment balances generated by operations. Offsetting the increase was a decrease in non-current assets due to the reduction of lease receivables related to a decrease in net present value of the Airport's regulated leases.

In 2023, total liabilities decreased $36.2 million primarily due to a significant decrease in the Board's proportionate share of the Kentucky Public Pensions Authority's (KPPA) other postemployment benefits liability, a decrease in accounts payable due to the timing of supplier payments, and by scheduled payments on bond debt principal.

In 2022, total liabilities increased $13.8 million primarily due to an increase in the Board's proportionate share of the Kentucky Public Pensions Authority's (KPPA) pension liability and an increase in assets held in trust for capital improvements to a third-party facility located at the Airport, offset by scheduled payments on bond debt principal.

In 2023, deferred outflows of resources increased $13.2 million and deferred inflows of resources increased $25.6 million. The increase in deferred inflows of resources was primarily due to an increase in the Airport's proportionate share of KPPA pension contributions. The increase in deferred outflow of resources was primarily due to actuarial changes in the recognition of differences between expected and actual other KPPA postemployment benefits experience.

In 2022, deferred outflows of resources increased $8.5 million and deferred inflows of resources decreased $12.1 million. The decrease in deferred inflows was primarily due to a $9.7 million amortization of deferred lease revenues. Other changes in deferred outflows and deferred inflows, along with associated liabilities, for pension and other postemployment benefits were interrelated and reflected a net increase in net position of $1.8 million. These changes are primarily attributable to investment performance in the respective plans as compared to discount rates used for actuarial calculations as well as differences in the airport's proportionate share of the plan liabilities offset by its annual contributions.

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, 2023, 2022, and 2021 is set forth below (in thousands of dollars):

	2023	Restated* 2022	2021
Operating revenues	$ 161,872	$ 126,147	$ 93,563
Operating expenses	128,121	115,318	96,323
Operating income (loss), before depreciation and amortization	33,751	10,829	(2,760)
Depreciation and amortization	(48,294)	(45,987)	(42,638)
Operating loss, after depreciation and amortization	(14,543)	(35,158)	(45,398)
Nonoperating changes in net position: (decrease) increase	65,663	30,699	21,139
Capital contributions	56,672	30,997	49,183
Total changes in net position	107,792	26,538	24,924
Net position at the beginning of the year	875,888	849,350	824,426
Net position at the end of the year	$ 983,680	$ 875,888	$ 849,350

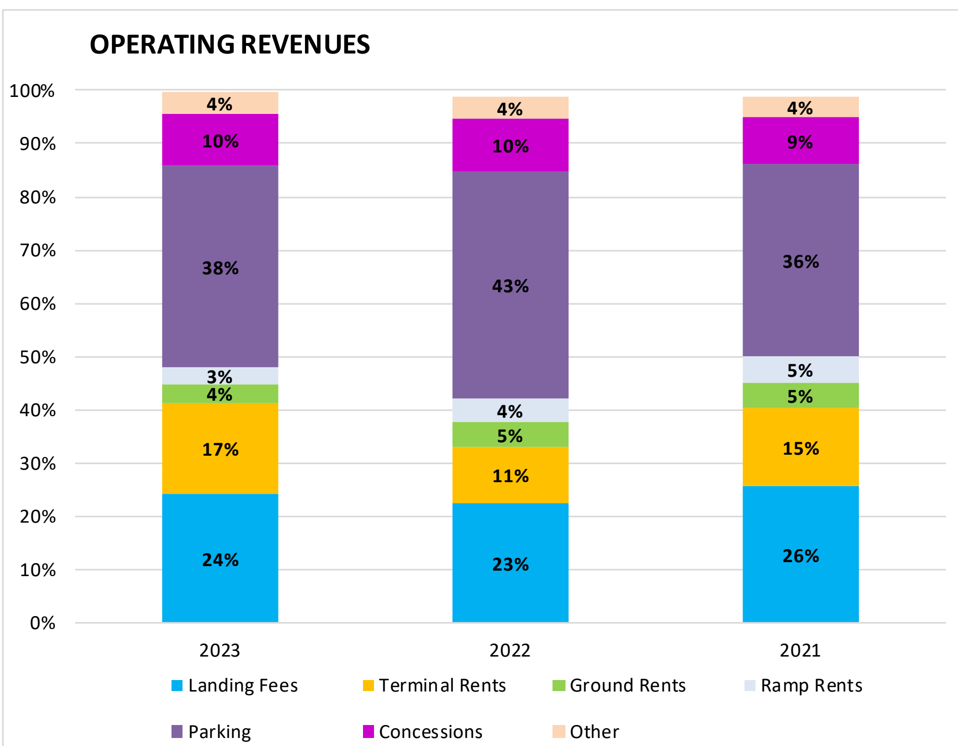
*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

Operating Revenues

A summary comparison of the Airport's Operating Revenues for the years ended December 31, 2023, 2022, and 2021 is set forth below (in thousands of dollars):

Operating revenues

	2023	2022	2021
Landing fees	$ 39,223	$ 28,412	$ 24,039
Rentals:			
Terminal	27,699	13,315	13,704
Ground	5,680	5,796	4,541
Ramp	4,969	5,668	4,567
Other	1,961	1,594	1,509
Parking	61,216	53,790	33,662
Concessions	16,093	12,578	8,301
Rebilled services	1,570	1,793	1,376
Ground transportation	2,398	1,482	766
Other	1,063	1,719	1,098
	$ 161,872	$ 126,147	$ 93,563



Operating revenues increased $35.7 million in 2023 primarily driven by increased landing and terminal fees collected under the new 2023 Use and Lease Agreement and by parking revenue growth driven by growth in enplanements and an increase in the daily terminal garage rate to $22.00 in July 2023.

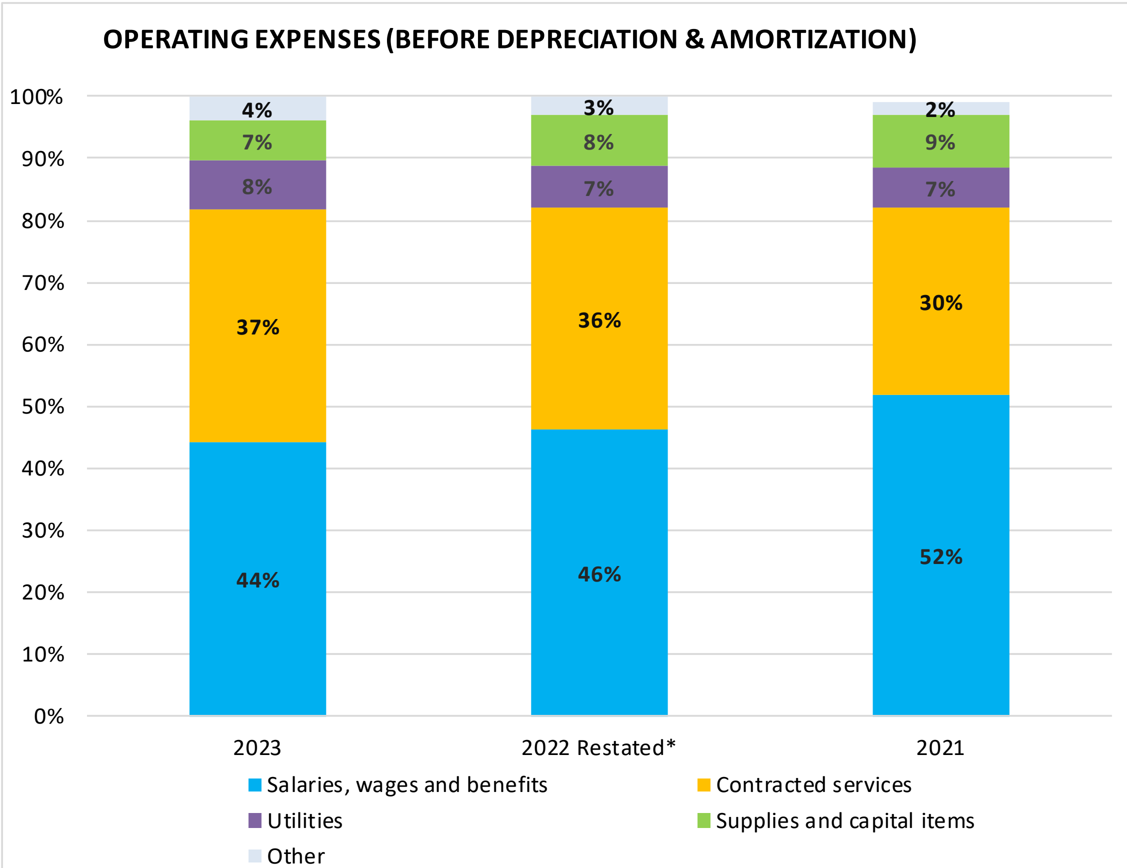
Operating revenues increased $32.6 million in 2022 primarily driven by parking revenue growth. Parking revenues increased at a faster rate than origin passenger volumes due to the average length of stay in the terminal garage increasing and daily parking rates increasing to $18.00, $11.00, and $9.00 in the Terminal, Valupark, and Economy lots, respectively.

Operating Expenses

A summary comparison of the Airport's Operating Expenses for the years ended December 31, 2023, 2022, and 2021 is set forth below (in thousands of dollars):

Operating expenses

	2023	Restated* 2022	2021
Salaries, wages and benefits	$ 56,744	$ 53,411	$ 49,985
Contracted services	47,997	41,104	28,997
Supplies and capital items	10,039	7,883	6,329
Utilities	8,366	9,345	8,208
General administration	3,230	1,953	1,523
Insurance	1,745	1,622	1,281
Total operating expenses Before depreciation & amortization	128,121	115,318	96,323
Depreciation & amortization	48,294	45,987	42,638
Total operating expenses	$ 176,415	$ 161,305	$ 138,961



Operating expenses increased $12.8 million in 2023. These changes are primarily driven by increased utilization of contracted services related for operating and maintaining Airport terminal and parking facilities and increased employee compensation costs.

Operating expenses increased $19.0 million in 2022. These changes are primarily driven by increased utilization of contracted services, including one-time expenditures for demolition of obsolete facilities and expenses related to the increased level of services required to operate and maintain the Airport's parking facilities. Employee compensation rates also increased in 2022 as recommended by a Board initiated market-based compensation study.

Nonoperating Changes in Net Position

The nonoperating changes in net position increased $35.0 million in 2023. These changes are primarily due to an increase in COVID related federal grant revenue to reimburse eligible operating expenses and an increase in investment income driven by higher interest rates.

The nonoperating changes in net position increased $9.6 million in 2022. PFC and CFC revenues increased due to increases in passenger activity; use of COVID relief grants to reimburse eligible operating expenses, higher investment returns due to rate actions taken by the Federal Reserve, and the reclassification and restatement of a portion of leases under GASB 87 to nonoperating income.

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 2023, capital contributions increased by $25.7 million due to grants received for the rehabilitation of the Concourse B Apron, the reconstruction of the West Apron, and other miscellaneous airfield projects.

In 2022, capital contributions decreased by $18.2 million reflecting the completion of the Runway 9/27 Rehabilitation project and associated reduction in federal grant contributions.

Summary of Cash Flows

A comparative summary of the Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021 is as follows (in thousands of dollars):

	2023	Restated* 2022	2021
Net cash provided (used) by operating activities	$ 16,929	$ 9,924	$ 6,957
Net cash provided (used) by non-capital financing activities	33,621	11,330	4,540
Net cash provided (used) by capital and related financing activities	(7,692)	11,242	(78,571)
Net cash (used) provided in investing activities	(42,574)	(40,404)	69,314
Net (decrease) increase in cash	284	(7,908)	2,240
Cash at the beginning of the year	2,276	10,184	7,944
Cash at the end of the year	$ 2,560	$ 2,276	$ 10,184

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

The Airport's overall cash position increased $0.3 million in 2023 due to inflows of COVID related federal grant funds and cash generated by operating activities, significantly offset by outflows on capital asset acquisition and improvements, funding of debt service requirements, and increases in investment balances.

The Airport's overall cash position decreased $7.9 million in 2022 primarily due to the liquidation of investments used for capital asset acquisition and improvements and debt service requirements, offset by increases generated by operating activities and non-operating lease interest income.

Capital Assets

During 2023, 2022 and 2021, the Airport had capital additions, including construction in process and equipment, land, and easement purchases totaling $156 million, $111 million, and $330 million, respectively.

Significant Airport projects expenditures capitalized during 2023, 2022 and 2021 were as follows:

Projects capitalized (in thousands of dollars)	2023	2022	2021
West apron rehab	$ 37,768	$ -	$ -
Concourse A & B ramp improvements	19,512	-	-
Miscellaneous runway, taxiway, roadway	11,197	4	661
Delta apron ramp	3,500	-	-
Informational technology & innovation	1,330	-	-
Miscellaneous terminal building	677	1,181	3,107
Non-airfield roadways	467	4,402	-
Miscellaneous non-terminal buildings	455	503	2,519
Parking garage & lot lighting	268	3,508	-
Consolidated ground transportation facility	67	2,950	158,868
Runway 9/27 and associated taxiways	-	30,460	35,565
Baggage handling system	-	11,859	3,802
Terminal escalator replacement	-	3,432	-
Terminal roadways & roadway utilities	-	74	5,010
Taxiway N & S rehab and extension	-	-	108
	$ 75,241	$ 58,373	$ 209,640

Debt Administration

As of December 31, 2023, the Airport's outstanding bonds were the Series 2016 Refunding Revenue Bonds with a principal balance of $30.5 million, the Series 2019 Revenue Bonds with a principal balance of $31.2 million, and the Series 2019 CFC fixed rate revenue bonds with a principal balance of $98.9 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 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, 2023, 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. In 2022 and 2021, consistent with the provisions of the Trust Indenture, the Airport utilized previously collected CFCs available in the CFC Project Fund to fund a $60 thousand and $892 thousand deficit, respectively. No such deficiency payments were required in 2023. As of December 31, 2023, 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 expired on March 1, 2024 and had a maximum commitment amount of $75.0 million. In February 2023, due to inactivity during the term of the credit agreement resulting from the COVID crisis and associated deferral of certain capital projects and unanticipated receipts of additional federal funding, PNC Bank National Association notified the Board that the line of credit would not be extended past March 1, 2024. As a result, the Board competitively solicited a replacement revolving credit facility.

In July 2023, the Board adopted the Series 2023 Subordinate Bond Resolution and issued the Series 2023 Subordinate Notes in the maximum commitment amount of $150.0 million for the purpose of providing short term funding for capital improvement projects, including capitalized interest, and funding costs of issuance relating to the 2023 Subordinate Notes. In conjunction with the 2023 Subordinate Bond Resolution, the Board authorized an agreement with Bank of America National Association for a replacement revolving line of credit in the maximum commitment amount of $150.0 million. The agreement expires on August 21, 2026 with provision for two additional one-year extensions. Pursuant to this agreement, a notice of termination was remitted to PNC Bank National Association terminating the $75.0 million 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
Statements of Net Position
December 31, 2023 and 2022

(in thousands of dollars)

	2023	Restated* 2022
Assets		
Current assets		
Unrestricted		
Cash	$ 1,707	$ 1,321
Investments (at fair value)	182,421	142,699
Investment income receivable	295	240
Accounts receivable	10,920	6,103
Lease receivable	9,913	9,674
Grants and federal awards receivable	14,321	18,872
Prepaid expenses	2,623	2,505
Supplies inventory	6,211	5,655
Total unrestricted current assets	228,411	187,069
Restricted		
Cash	853	955
Investments (at fair value)	14,278	16,147
Investment income receivable	44	21
Total restricted current assets	15,175	17,123
Total current assets	243,586	204,192
Non-current assets		
Unrestricted		
Investments (at fair value)	1,484	4,872
Lease receivable	125,585	130,775
Prepaid expenses	293	194
Capital assets, non-depreciable	230,448	230,962
Capital assets, net of accumulated depreciation	679,097	651,129
Total unrestricted non-current assets	1,036,907	1,017,932
Restricted		
Investments (at fair value)	173,915	148,859
Investment income receivable	795	559
Passenger facility charges receivable	2,232	2,080
Customer facility charges receivable	824	762
Total restricted non-current assets	177,766	152,260
Total non-current assets	1,214,673	1,170,192
Total assets	1,458,259	1,374,384
Deferred outflows of resources		
Pension	31,395	18,635
Other postemployment benefits	13,556	13,081
Total deferred outflows of resources	44,951	31,716

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 - SBITA, effective January 1, 2022.

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

Cincinnati/Northern Kentucky International Airport
Statements of Net Position, continued
December 31, 2023 and 2022

(in thousands of dollars)

	2023	Restated* 2022
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	$ 29,537	$ 39,101
Rates and charges settlement payable to airlines	9,895	4,301
Contract retainage payable	147	1,115
Bond interest payable	2,177	2,210
Assets held in trust	10,002	12,085
Revenue bonds payable, inclusive of unamortized premium	8,796	8,570
Subordinate debt - equipment lease	764	600
Subscription liability	211	369
Total current liabilities	61,529	68,351
Non-current liabilities		
Accounts payable and accrued expenses	2,203	2,944
Revenue bonds payable, inclusive of unamortized premium	158,421	165,006
Subordinate debt - equipment lease	1,791	1,643
Subscription liability	803	1,014
Net pension liability	99,751	95,951
Net other postemployment benefits liability	601	26,426
Total non-current liabilities	263,570	292,984
Total liabilities	325,099	361,335
Deferred inflows of resources		
Pension	22,179	14,378
Other postemployment benefits	36,753	14,050
Leases	135,499	140,449
Total deferred inflows of resources	194,431	168,877
Net position		
Unrestricted	66,007	16,146
Net investment in capital assets	739,182	705,280
Restricted:		
For federally approved projects	95,697	82,675
For ground transportation expenditures	32,507	27,102
For operational cash flow shortages	34,127	29,396
For debt service	15,524	15,126
For uses legally required by contributing parties	636	163
Total net position	$ 983,680	$ 875,888

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 - SBITA, effective January 1, 2022.

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
Years Ended December 31, 2023 and 2022

(in thousands of dollars)

	2023	Restated* 2022
Operating revenues		
Landing fees, net	$ 39,223	$ 28,412
Rentals:		
Terminal, net	27,699	13,315
Ground	5,680	5,796
Ramp	4,969	5,668
Other	1,961	1,594
Parking	61,216	53,790
Concessions	16,093	12,578
Rebilled services	1,570	1,793
Ground transportation	2,398	1,482
Other	1,063	1,719
Total operating revenues	161,872	126,147
Operating expenses		
Salaries, wages and benefits	56,744	53,411
Contracted services	47,997	41,104
Supplies and capital items expensed	10,039	7,883
Utilities	8,366	9,345
General administration	3,230	1,953
Insurance	1,745	1,622
Total operating expenses	128,121	115,318
Operating income, before depreciation and amortization	33,751	10,829
Depreciation and amortization	(48,294)	(45,987)
Operating loss, after depreciation and amortization	(14,543)	(35,158)
Nonoperating changes in net position: (decrease) increase		
Revenue bond interest, net of premium amortization	(6,639)	(6,783)
Bond issuance costs	(191)	(38)
Subordinate debt interest	(98)	(26)
Passenger facility charge revenues	17,332	15,318
Customer facility charge revenues	11,197	9,683
Police forfeiture program revenues	555	1,029
Police forfeiture program revenues passed through to other local government	(4)	(13)
Grants and federal awards for operating expenses	25,007	7,125
Investment income	17,262	1,627
Interest income - leases	4,241	4,458
Interest expense - subscription assets	(53)	(91)
Net (loss) gain on disposal of capital assets	321	(1,140)
Non-capitalized project costs	(3,262)	(450)
Other	(5)	-
Total nonoperating changes in net position, before capital contributions	65,663	30,699
Capital contributions		
Donated capital	-	405
Grants and federal awards for capital expenditures	53,278	30,438
Third party funding of project costs	3,394	154
Total capital contributions	56,672	30,997
Total changes in net position	107,792	26,538
Net position at the beginning of the year	875,888	849,350
Net position at the end of the year	$ 983,680	$ 875,888

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

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

Cincinnati/Northern Kentucky International Airport
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

(in thousands of dollars)

	2023	Restated* 2022
Cash flows from operating activities		
Cash received from customers	$ 162,158	$ 119,889
Principal paid on subscription assets	(370)	(629)
Cash paid to suppliers	(76,694)	(50,229)
Cash paid for the direct benefit of employees	(68,165)	(59,107)
Net cash (used) provided by operating activities	16,929	9,924
Cash flows from non-capital financing activities		
Police forfeiture program receipts	555	1,029
Police forfeiture program receipts passed through to other local government	(12)	(4)
Grants and federal awards receipts for operating expenses	28,837	5,847
Interest income - leases	4,241	4,458
Net cash (used) provided by non-capital financing activities	33,621	11,330
Cash flows from capital and related financing activities		
Revenue bond debt service - principal	(5,400)	(5,180)
Revenue bond debt service - interest	(7,633)	(7,854)
Bond issuance costs	(76)	(38)
Subordinate debt service - principal	(637)	(396)
Subordinate debt service - interest	(98)	(26)
Proceeds from issuance of subordinate debt	951	1,312
Passenger facility charges received	17,172	15,093
Customer facility charges received	11,104	9,378
Grants and federal awards receipts for capital expenditures	53,576	42,332
Assets held in trust	2,557	7,426
Interest expense - subscription assets	(52)	(92)
Proceeds from sale of assets	740	1,850
Acquisition and construction of airport facilities	(79,896)	(52,563)
Net cash provided (used) by capital and related financing activities	(7,692)	11,242
Cash flows from investing activities		
Proceeds from sales and maturities of investments	664,387	494,026
Purchase of investments	(722,857)	(541,630)
Investment income received	15,896	7,200
Net cash (used) provided by investing activities	(42,574)	(40,404)
Net increase in cash	284	(7,908)
Cash at the beginning of the year	2,276	10,184
Cash at the end of the year	2,560	$ 2,276

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

Cincinnati/Northern Kentucky International Airport
Statements of Cash Flows, continued
Years Ended December 31, 2023 and 2022

(in thousands of dollars)

	2023	Restated* 2022
Reconciliation of operating loss to net cash		
Provided by operating activities		
Operating loss, after depreciation and amortization	$ (14,543)	$ (35,158)
Adjustments to reconcile operating loss to		
net cash provided by operating activities		
Depreciation and amortization	48,294	45,987
Change in assets and liabilities		
Increase in accounts receivable	(4,750)	(1,809)
Increase in supplies inventory	(556)	(1,188)
Decrease (increase) in portion of interfund receivables related to operating activities	664	(2,181)
(Increase) decrease in prepaid expenses	(397)	133
(Decrease) increase in accounts payable and accrued expenses	(9,937)	6,479
Increase (decrease) in rates and charges settlement payable to airlines	5,593	(2,105)
(Decrease) increase in contract retainage payable	(169)	129
(Decrease) increase in portion of interfund payables related to operating activities	(2,514)	1,492
Increase in deferred outflow of resources related to pension or OPEB	(13,235)	(8,507)
Increase (decrease) in deferred inflow of resources related to pension or OPEB	30,504	(2,427)
Increase (decrease) in net pension liability	3,800	8,908
(Decrease) increase in net postemployment benefits liability	(25,825)	171
Total adjustments	31,472	45,082
Net cash provided by operating activities	$ 16,929	$ 9,924
Noncash capital and related financing activities:		
Property acquired through subscription liabilities	$ -	$ 308
Amortization of revenue bond premium, payment of revenue bond debt service interest	$ 960	$ 1,039
Total noncash capital and related financing activities	$ 960	$ 1,347

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

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 (PFCs), Customer Facility Charges (CFCs), 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 Statements of Net Position 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 Statements of Net Position 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 Statements of Net Positions dates and are needed to cover current liabilities which exist at the Statements of Net Position dates. Liabilities are classified as current if they are likely to be paid within one year of the Statements of Net Positions dates.

Pronouncements Adopted in the Comparative Reporting Period

During 2023, the Airport implemented Statement No. 96, *Subscription-Based Information Technology Arrangements.* GASB Statement No. 96 establishes standards of accounting and financial reporting for subscription-based information technology arrangements (SBITAs) by a government. The primary objective of this statement is to provide guidance on the accounting and financial reporting for SBITAs for governmental end users. This statement requires SBITA's with a term greater than 12 months are capitalized, resulting in a subscription asset and a corresponding

(in thousands of dollars)

subscription liability. Previously, such arrangements were classified as outflows of resources, and were not recorded on the statements of net position.

Significant Upcoming Implementations

In December 2023, GASB issued Statement No. 102 – *Certain Risk Disclosures* to establish reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. This statement requires governments to assess whether a concentration, defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources, or a constraint, defined as a limitation imposed on a government by an external party or by formal action of a governmental entities' highest level of decision-making authority, makes the government vulnerable to the risk of a substantial impact to it's financial statements. Additionally, this Statement requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for the Airport's fiscal year ending December 31, 2025.

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences* to update the recognition and measurement guidance for compensated absences, with the objective of creating a unified model of reporting. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. The statement also updates disclosure requirements for the Airport's compensated absence policy. This statement is effective for the Airport's fiscal year ending December 31, 2024.

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

The Board entered into a new use and lease agreement negotiated (the Agreement) with the signatory carriers effective January 1, 2023. The following airlines are signatory to the Agreement: Delta, Frontier, Allegiant, Southwest, United, Amazon, DHL, and FedEx.

The Agreement includes airport use and facility lease provisions in one industry-standard use and lease agreement instead of a separate use agreement and multiple facility lease agreements which were previously in place at the Airport. The term of the Agreement commenced January 1, 2023, or at a later date when executed by a Signatory and continues until December 31, 2027. The Board may extend the Agreement for up to five (5) years which may be exercised in periods of one (1) year or more, subject to the written notification and Signatory airline disapproval process outlined in the Agreement.

The Agreement establishes rentals, fees, and charges for the use of the Airport by the Signatory. For purposes of computing airline rates & charges, costs are allocated to three airline cost centers (Airfield, Terminal, and Passenger Loading Bridges) and a Board cost center. Each cost center is allocated by formula its proportionate share of operation and maintenance (O&M) expenses, expensed capital outlays, amortization charges, debt service, and required transfers to the O&M

(in thousands of dollars)

Reserve Account and the Renewal & Replacement Reserve Fund. The Agreement establishes by formula a landing fee rate, a terminal rental rate, a terminal ramp area rate, a loading bridge rate, joint use fees for the use of the bag handling system and the security checkpoint, and sharing of net remaining revenues (NRR) in the terminal cost center. The airline landing fee rate charged for use of the Airport is "residual" in nature in that the landing fee rates 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 due to vacant leasable space are borne by the Airport.

The landing fee rate, terminal rates and charges, and 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 2023 and 2022 were $9.9 million and $2.0 million, respectively. In 2023 and 2022, the Board used COVID relief grant funds in a manner to both reimburse Airport operating expenses and manage airline costs by reimbursing operating expenses in airline cost centers which served to reduce airline rates & charges.

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 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 2023 under the new Agreement or in 2022 under the prior use agreement which contained a similar provision.

The new use and lease agreement effective January 1, 2023 replaced a prior use agreement which had been in place since January 1, 2016 and 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 2016 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 2016 Use Agreement through December 31, 2022. Airline revenues reflected in the financial statements for 2022 are calculated pursuant to the 2016 Use Agreement extended through December 31, 2022.

(in thousands of dollars)

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 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. During 2023, the Board elected to transfer $10,000 of the Airport's share of 2023 net remaining revenues, which were utilized from the Operations and Maintenance account group to the General Purposes account group and subsequently to the Designation for Capital Projects 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

(in thousands of dollars)

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 12).

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. If 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, 2023 and 2022 the balances of total assets in the Repair and Replacement Reserve were $10,066 and $9,818, respectively. The bond resolutions do not require the Board to adjust the amount held in the Repair and Replacement 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 Repair and Replacement Reserve account group were used during 2023 and 2022.

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 2023 and 2022, the amounts transferred to the General Purposes account group were $53,179 and $19,467, respectively.

Net Investment in Capital Assets

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 Statement of Net Position date. To correctly reflect the net positions of the individual account groups, liabilities for outstanding debt equal to the unspent proceeds at the Statement of Net Position date are reflected in the account groups in which the proceeds are held.

Restricted Account Groups

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 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.

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

(in thousands of dollars)

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, 2023, the Board has received approval on a total of seventeen 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 $657,482. Through December 31, 2023, PFCs and associated investment income in the amount of $641,679 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 2023 and 2022 was $11,197 and $9,683, 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 7), 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 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, 2023 and 2022, were $34,162 and $29,593, respectively. For the years ended December 31, 2023 and 2022 the asset balances in the Operations and Maintenance Reserve were $34,732 and $29,561, respectively. The bond resolutions 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

(in thousands of dollars)

maturity. No funds from the Operations and Maintenance Reserve account group were used during 2023 and 2022.

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 7). 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 is 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. During 2023, the remaining unspent proceeds from this bond issue were utilized by the Board for capital expenditures and the account group was subsequently closed. As of December 31, 2023 and 2022 unspent bond proceeds totaled $0 and $489 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 2023 and 2022, 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 7). 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 2016 Series Bond Resolution provides through an action adopted by the Board, renewable on an annual basis 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 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 2023, the amounts of $3,140, $2,952, and $1,523 were transferred from the PFC account group for the principal, interest, and debt service coverage

(in thousands of dollars)

requirements, respectively. During 2022, the amounts of $2,781, $3,101, and $1,471 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, 2023 and 2022, the amounts of $1,523 and $1,471 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 2023 and 2022, the amounts of $6,563 and $6,506 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 2022 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 $60 in 2022. In 2023, there was no deficiency in funds available for debt service requirements and, accordingly, no CFC Project Funds were utilized for funding the 2019 CFC Bonds.

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, 2023 and 2022, the required and actual balances in the Bond Reserve account group were as follows:

	2023		2022	
	Required	Actual	Required	Actual
General Airport Revenue Bond Reserve Account	$ 4,552	$ 5,095	$ 4,695	$ 4,922
2019 CFC Senior Debt Service Reserve Fund	6,567	6,662	6,567	6,560
CFC Coverage Fund	1,642	1,694	1,642	1,578
Total	$ 12,761	$ 13,451	$ 12,904	$ 13,060

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 at December 31, 2022 was cured with a transfer of CFCs from the CFC Project Fund in the CFC account group in January 2023. 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, 2023 and 2022.

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.

(in thousands of dollars)

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. At December 31, 2023 and 2022, the allowance for uncollectible accounts was \$673 and \$567, respectively.

Leases

The Airport, as a lessor, is required to classify its business-type activities as either non-regulated leases or regulated leases, dependent on the underlying nature of the lease.

For the years ended December 31, 2023 and 2022, the Airport was not party to any leases as a lessee significant enough to require disclosure.

Non-regulated leases
The Airport leases certain assets to various third parties as non-regulated leases. At the commencement of the lease, the Airport recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The initial deferred inflow of resources is equal to the lease receivable adjusted for lease payments received at or before the lease commencement date. Subsequently, the lease receivable is reduced by the principal portion of lease payments received and the deferred inflow of resources is recognized as operating revenue over the life of the lease term.

Key estimates and judgments include how the Airport determines the discount rate it uses to discount lease receipts to present value, lease term, and lease receipts.

- The Airport uses its estimated incremental average borrowing rate at lease inception as the discount rate for its leases.

- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

Certain future changes in circumstances would require the Airport to remeasure lease receivables and deferred inflows of resources. The Airport will continue to monitor for these events and would remeasure the affected leases if the changes are expected to significantly affect the remaining amount of lease receivables and deferred inflows.

Regulated leases
The Airport leases certain assets to various third parties as regulated leases. These leases are aeronautic in nature and apply to assets related to the movement of passengers, baggage, mail, and cargo at the airport. Regulated lease revenues are operating revenues and recorded as earned over the life of the lease term (see Note 5).

(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 capital assets, 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 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.

Change in Accounting Principle - Subscription Based Information Technology Arrangements

During 2023, the Airport adopted GASB Statement No. 96, Subscription Based Information Technology Arrangements (GASB 96) (SBITA). Pursuant to the requirements of GASB 96 the Board is required to record subscription assets for technology arrangements that have a maximum possible term greater than twelve months. Previously, SBITAs were not recorded in the statements of net position.

(in thousands of dollars)

The restatement to the Airport's 2022 Statement of Net Position due to the implementation of GASB 96 is set forth below:

	2022 as previously stated	GASB 96 restatements	Restated* 2022
Assets			
Current assets	$ 204,192	$ -	$ 204,192
Non-current assets			
Capital assets	880,708	1,383	882,091
Other non-current assets	288,101	-	288,101
Total assets	1,373,001	1,383	1,374,384
Total deferred outflows of resources	31,716	-	31,716
Liabilities			
Current liabilities	67,982	369	68,351
Non-current liabilities	291,970	1,014	292,984
Total liabilities	359,952	1,383	361,335
Total deferred inflows of resources	168,877	-	168,877
Net position			
Unrestricted	16,146	-	16,146
Net investment in capital assets	705,280	-	705,280
Restricted	154,462	-	154,462
Total net position	$ 875,888	$ -	$ 875,888

The restatement to the Airport's 2022 Statement of Revenue, Expenses, and Changes in Net Position due to the implementation of GASB 96 is set forth below:

	2022 as previously stated	GASB 96 restatements	Restated* 2022
Operating revenues	$ 126,147	$ -	$ 126,147
Operating expenses	116,038	(720)	115,318
Operating (loss) income, before depreciation and amortization	10,109	720	10,829
Depreciation and amortization	(45,358)	(629)	(45,987)
Operating loss, after depreciation and amortization	(35,249)	91	(35,158)
Nonoperating changes in net position: (decrease) increase	30,790	(91)	30,699
Capital contributions	30,997	-	30,997
Total changes in net position	26,538	-	26,538
Net position at the beginning of the year	849,350		849,350
Net position at the end of the year	$ 875,888		$ 875,888

(in thousands of dollars)

The restatement to the Airport's 2022 Statement of Cash Flows due to the implementation of GASB 96 is set forth below:

		2022 as previously stated		GASB 96 restatement s		Restated 2022
Net cash provided (used) by operating activities						
Cash paid to suppliers	$	(51,579)	$	(1,350)	$	(50,229)
Principal paid on subscription assets		-		629		(629)
Net cash provided (used) by capital and related financing activities						
Interest expense - subscription assets		-		92		(92)
Acquisition and construction of airport facilities		(51,934)		629		(52,563)
Reconciliation of operating loss to net cash Provided by operating activities						
Operating loss		(35,249)		(91)		(35,158)
Depreciation and amortization		45,357		(630)		45,987
Net cash flows from operating activities		9,203		(721)		9,924

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.

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 7).

(in thousands of dollars)

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 10).

Accumulated sick leave is accrued and included in the current and noncurrent portion of the liabilities as accrued expenses (see Note 7).

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, 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 adherence to certain employment level requirements. During 2022 the Board amended the CARES Act grant and distributed the funds to sponsor capital construction projects. The amounts amended were $6,583 and $20,165, leaving $16,151 in the original CARES Act grant. The Board applied $699 and $397 in CARES Act funds for the year ended December 31, 2023, and 2022, respectively, to reimburse operations & maintenance expense.

The Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) included nearly $2.0 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

(in thousands of dollars)

prescribed in the Act. CRRSAA grants may be used to reimburse airport operational and maintenance expenses directly related to the Airport and may also be used to reimburse a Sponsor's payment of debt service. 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 years ended December 31, 2023 and 2022, the Board applied $5,374 and $4,328 in CRRSAA grant funds to reimburse operations & maintenance expense and offset shortfalls in operating revenue and $0 and $926 to provide relief from rent and MAG obligations to the Airport's eligible concessionaires.

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 years ended December 31, 2023 and 2022, the Board applied $18,427 and $0 in ARPA grant funds to reimburse operations & maintenance expense and offset shortfalls in operating revenue and $0 and $906 to provide relief from rent and MAG obligations to the Airport's eligible concessionaires.

For the years ended December 31, 2023 and December 31, 2022, 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

All full-time employees of the Airport as of December 31, 2023 and 2022 are members of the Kentucky Public Pensions Authority (KPPA) County Employees Retirement System (CERS), a cost-sharing multiple-employer defined benefit pension system (more fully described in Note 10). 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 11), 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

An individual appointed to the Airport Board 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, 2023 and 2022, the amount of revenues remitted by the company to the Board under this agreement were \$774 and \$683, respectively. The company was current on all receivable balances at December 31, 2023 and 2022.

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 2022 financial statements have been reclassified to conform with the 2023 presentation.

(in thousands of dollars)

Subsequent Event

On April 24, 2024, the Board's submitted to the FAA to impose and use PFC revenues for expenditures related to the Board's 18th PFC Application (Number 24-18-C-00-CVG) to be able to collect a PFC at a $4.50 PFC level. Amounts to be collected under the Board's 18th PFC application will be used to fund the purchase of replacement airfield snow removal equipment.

On June 11, 2024, the FAA notified the Board that the application had been approved under a streamlined process created under Section 121 of the Federal Aviation Administration Reauthorization (FAA) Act of 2018, as codified at 49 U.S.C. § 40117(l), and the Board could begin collecting the PFCs authorized under this application commencing in February 2025.

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.

(in thousands of dollars)

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 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.

(in thousands of dollars)

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 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

(in thousands of dollars)

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, 2023 and 2022, the Airport's cash and investments were comprised of the following:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Cash	$ 2,560	$ 2,560	$ 2,276	$ 2,276
Investments				
Investment in money market mutual funds				
First American Government Obligation Fund	$ 88,076	$ 88,076	$ 54,824	$ 54,824
Securities				
U.S Treasury	87,155	88,533	166,342	165,505
U.S. government sponsored enterprises	99,718	100,550	5,000	4,864
Commercial paper	67,916	69,330	58,561	59,140
Corporate bonds	26,354	25,609	29,838	28,244
Total investments	$ 369,219	$ 372,098	$ 314,565	$ 312,577

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 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 safekeeping by the Federal Reserve Bank in the Airport's name. At December 31, 2023 and 2022, the combined values of the letter of credit and collateral securities were $7,727 and $8,329, respectively.

(in thousands of dollars)

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, 2023 and 2022, as permitted by the Policy, consisted of instruments issued by the Federal National Mortgage Association.

The commercial paper instruments in which the Airport was invested at December 31, 2023 and 2022 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, 2023 and/or December 31, 2022 consisted of instruments issued by BNP Paribas, Canadian Imperial Holdings, Cooperative Centrale, Credit Agricole Corporate and Investment Bank, Credit Suisse First Investment Bank, ING US Funding, Mitsubishi UFJ Financial Group, Natixis NY, Prudential FDG, Royal Bank of Canada, Toronto Dominion Holdings USA, and Toyota Credit Union.

In April and May of 2022, the Airport purchased commercial paper issued by Credit Suisse AG, New York Branch with a total par value of $12,900. At that time the commercial paper held a credit rating of A-1 from S&P and P-1 from Moody's, ratings which conform to the requirements of the Board's investment policy. Subsequently, rating downgrades to A-2 and P-2 reclassified these securities as out of compliance with the policy. As the securities had maturity dates of no later than sixty days after December 31, 2022, the Board determined that the best course of action was to continue to hold until maturity, rather than realizing potential market losses by selling prior to the maturity date. All the commercial paper matured as scheduled and proceeds were received in full by the Airport.

KRS 66.480 allows state and local governments to invest money subject to its control and jurisdiction in corporate bonds. The corporate bonds held at December 31, 2023 and 2022 consisted of instruments issued by Bank of America, BBT Corporation, BMW US Capital, Caterpillar Financial Services Corporation, Charles Schwab Corporation, Citigroup Inc., Goldman Sachs Investment Banking Company, HSBC Inc., JP Morgan Chase Company, Morgan Stanley, Paccar Financial Corporation, PNC Financial Services, 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, 2023 and 2022 were as follows:

Investment Type	1-3 months	4-6 months	7-9 months	10-12 months	13 -36 months	Total
	2023 Investment Maturities (at fair value)					
Investment in money market mutual funds						
First American Government Obligation Fund	$ 88,076	$ -	$ -	$ -	$ -	$ 88,076
Securities						
U.S. Treasury	47,828	38,560	1,180	965	-	88,533
U.S. government sponsored enterprises	26,098	52,087	6,773	4,266	11,326	100,550
Commercial paper	21,289	32,566	15,475	-	-	69,330
Corporate bonds	7,792	7,504	7,350	2,963	-	25,609
Total investments	$ 191,083	$130,717	$ 30,778	$ 8,194	$ 11,326	$ 372,098

Investment Type	1-3 months	4-6 months	7-9 months	10-12 months	13 -36 months	Total
	2022 Investment Maturities (at fair value)					
Investment in money market mutual funds						
First American Government Obligation Fund	$ 54,824	$ -	$ -	$ -	$ -	$ 54,824
Securities						
U.S. Treasury	41,866	53,803	42,613	14,333	12,890	165,505
U.S. government sponsored enterprises	-	-	4,864	-	-	4,864
Commercial paper	27,722	20,784	10,634	-	-	59,140
Corporate bonds	5,994	-	-	907	21,343	28,244
Total investments	$ 130,406	$ 74,587	$ 58,111	$ 15,240	$ 34,233	$ 312,577

All securities held by the Airport at December 31, 2023 and 2022 carried ratings in the range of AAA to A- or their equivalents, with the exception of Credit Suisse First Investment Bank, discussed in the previous disclosure on commercial paper.

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

(in thousands of dollars)

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.

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, 2023 and 2022:

	2023 Investments Measured at Fair Value			
	Fair Value	Level 1	Level 2	Level 3
Investment in money market mutual funds				
First American Government				
Obligation Fund	$ 88,076	$ -	$ 88,076	$ -
Securities				
U.S Treasury	88,533	88,533	-	-
U.S. government sponsored				
enterprises	100,550	-	100,550	-
Commercial paper	69,330	-	69,330	-
Corporate bonds	25,609		25,609	
Total investments	$ 372,098	$ 88,533	$ 283,565	$ -

	2022 Investments Measured at Fair Value			
	Fair Value	Level 1	Level 2	Level 3
Investment in money market mutual funds				
First American Government				
Obligation Fund	$ 54,824	$ -	$ 54,824	$ -
Securities				
U.S Treasury	165,505	165,505	-	-
U.S. government sponsored				
enterprises	4,864	-	4,864	-
Commercial paper	59,140	-	59,140	-
Corporate bonds	28,244		28,244	
Total investments	$ 312,577	$ 165,505	$ 147,072	$ -

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 invest 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 are 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 are 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 are 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, 2023 and 2022 are subject to restrictions which limit the purposes for which they may be used:

	2023	2022
Operations and Maintenance	$ 1,531	$ 1,534
Passenger Facility Charge	92,833	80,197
Police Forfeiture	4,496	3,950
Customer Facility Charge	32,600	27,286
Operations and Maintenance Reserve	34,732	29,561
2019 Terminal Roadway Reconfiguration	-	492
Bond Interest and Redemption	4,457	4,390
Bond Reserve	13,451	13,060
Other Third Party Funding	11,461	12,238
Less: restricted interfund receivable balances	(2,620)	(3,325)
	$ 192,941	$ 169,383

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 12/31/2021	Additions/ transfers	Retirements/ transfers	Restated* Balance 12/31/2022	Additions/ transfers	Retirements/ transfers	Balance 12/31/2023
Land (non-depreciable)	$ 187,358	$ 706	$ (3,720)	$ 184,344	$ 237	$ (1,613)	$ 182,968
Runways, taxiways							
and other land improvements	763,224	38,448	(1,548)	800,124	71,616	(13,888)	857,852
Buildings and building renovations	521,953	8,072	(4,624)	525,401	1,199	-	526,600
Utility systems	82,319	-	(239)	82,080	1,232	-	83,312
Equipment	144,079	15,205	(4,140)	155,144	3,960	(1,802)	157,302
Easements (non-depreciable)	44,766	1,853	-	46,619	862	-	47,481
Construction-in-progress	43,893	46,816	(59,801)	30,908	76,937	(78,350)	29,495
Subscription assets	-	2,012	-	2,012	-	-	2,012
Total capital assets	1,787,592	113,112	(74,072)	1,826,632	156,043	(95,653)	1,887,022
Less accumulated depreciation							
Runways, taxiways							
and other land improvements	567,191	21,076	(1,540)	586,727	22,144	(13,603)	595,268
Buildings and building renovations	167,344	17,195	(3,343)	181,196	17,731	-	198,927
Utility systems	71,345	1,857	(239)	72,963	2,051	-	75,014
Equipment	101,897	5,230	(4,101)	103,026	5,999	(1,755)	107,270
Subscription assets	-	629	-	629	369	-	998
Total accumulated depreciation	907,777	45,987	(9,223)	944,541	48,294	(15,358)	977,477
Total capital assets, net of							
accumulated depreciation	$ 879,815	$ 67,125	$ (64,849)	$ 882,091	$ 107,749	$ (80,295)	$ 909,545
Total non-depreciable capital assets	$ 232,123	$ 2,559	$ (3,720)	$ 230,962	$ 1,099	$ (1,613)	$ 230,448
Total depreciable capital assets, net of							
accumulated depreciation	647,692	63,183	(61,129)	651,129	106,650	(78,682)	679,097
Total capital assets, net of							
accumulated depreciation	$ 879,815	$ 65,742	$ (64,849)	$ 882,091	$ 107,749	$ (80,295)	$ 909,545

*The year ended December 31, 2022 balances have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

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 $10,567 and $11,966 at December 31, 2023 and 2022, 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

Non-regulated leases
The Airport, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with exceptions for certain regulated leases and leases determined to have a lease term of one year or less. In compliance with the requirements of GASB 87, the asset and any associated accumulated depreciation underlying leases where the Airport is the lessor remains a component of the Airport's financial statements. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable and, if applicable, any payments received at or before the commencement of the lease term that relate to future periods.

The Airport leases certain assets to various third parties. The assets leased include building facilities, land, office space, terminal space for concessions, rental car facilities, advertising, and others. Payments for the Airport's leases are received monthly, and the revenue varies based on the nature of the lease. The majority of the Airport's leases can be separated in three categories; fixed fee with periodic escalation clauses, fixed fee adjusted annually based on the Airport's Use Agreement terminal rate calculation, and sales-based leases with minimum annual guarantees (MAGS).

As the Airport's fixed fee leases contain periodic escalation clauses, the lease receivables are calculated utilizing the escalation amounts outlined within the individual lease agreements. The fixed fee leases adjusted annually based on the Airport's Use Agreement terminal rate calculation are calculated using the most recent available terminal rate calculation. For sales-based leases, the monthly fee is a percentage of gross revenue and varies each month. Per the requirements of GASB 87, the Airport reports these lease receivables based on the MAGs stipulated within the individual leases.

(in thousands of dollars)

During the year ended December 31, 2023 and 2022, the Board recognized the following related to its lessor agreements:

	2023	2022
Lease revenue	$ 9,674	$ 9,659
Interest income related to leases	4,241	4,458
Revenue from payments not previously included in the measurement of the lease receivable	157	-

Future principal and interest payment requirements related to the Airport's lease receivable at December 31, 2023 are as follows:

Year	Principal	Interest	Total
2024	$ 9,913	$ 4,102	$ 14,015
2025	10,274	3,802	14,076
2026	10,552	3,491	14,043
2027	10,552	3,168	13,720
2028	10,507	2,823	13,330
2029 - 2032	29,634	8,118	37,752
2033 - 2037	6,000	7,690	13,690
2038 - 2042	7,212	6,627	13,839
2043 - 2047	8,383	5,345	13,728
2048 - 2052	9,467	3,788	13,255
2053 - 2057	8,069	2,530	10,599
2058 - 2062	7,591	1,437	9,028
2063 - 2067	6,809	499	7,308
2068 - 2069	536	8	544
Total	$ 135,499	53,428	$ 188,927

(in thousands of dollars)

Regulated leases
In accordance with GASB 87, the Airport does not recognize a lease receivable or a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings. Regulated aviation leases between airports and aeronautical users are regulated by the U.S. Department of Transportation and the Federal Aviation Administration.

The leased assets for regulated leases include terminal space and ramps, aircraft maintenance facilities, cargo facilities and ramps, buildings, and land.

During the year ended December 31, 2023 and 2022, the Board recognized the following from regulated leases:

	2023	2022
Lease revenue	$ 20,548	$ 26,415
Revenue from variable payments excluded from the schedule of expected future minimum payments	111	739

Future expected minimum payments related to the Airport's regulated leases at December 31, 2023 are as follows:

Year	
2024	$ 19,498
2025	19,653
2026	17,854
2027	18,088
2028	3,704
2029 - 2032	15,308
2033 - 2037	19,843
2038 - 2042	20,485
2043 - 2047	21,587
2048 - 2052	23,284
2053 - 2057	22,727
2058 - 2062	21,307
2063 - 2067	22,334
2068 - 2069	11,022
Total	$ 256,694

As discussed in Note 1, the Airport 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 until the specified concession relief funds have been fully expended. The Airport fully drew the entire amount in fiscal year 2021.

(in thousands of dollars)

As discussed in Note 1, the Airport was awarded $3,781 in ARPA Grants to provide relief from rent and MAG obligations. For the years ended December 31, 2023 and 2022, the Airport applied $0 and $906 respectively in ARPA funds to provide relief from rent and MAG obligations to the Airport's eligible concessionaires.

6. Subscription-based Information Technology Arrangements

At implementation beginning January 1, 2022, the Airport initially measured the subscription liability at the present value of payments expected to be made during the remaining SBITA term. Subscription assets are recorded as the sum of the amount of the initial measurement of the subscription liability and subscription payments made before the commencement of the arrangement term, less any incentives received from the vendor before the commencement of the term and any ancillary initial direct costs. Subsequently, the portion of the subscription asset derived from the initial subscription liability is amortized utilizing the same basis as the subscription liability, whereas the remaining components of the subscription assets are amortized on a straight-line basis over their useful lives.

Key estimates and judgments related to SBITAs include how the Airport determines the discount rate used to discount the projected SBITA payments to present value, the term of the SBITA, and the SBITA payments. As interest rates charged by SBITA providers were not provided, the Airport elected to utilize its estimated incremental borrowing rates as the SBITA discount rate. The SBITA term includes all noncancellable periods and extensions to arrangements that are solely invocable by the Airport or the SBITA provider and all payments included in the measurement of the subscription liability are comprised of fixed payments. The Airport monitors changes in circumstances that would require its SBITA to be subject to remeasurement and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

The Airport has entered into SBITAs with various third parties, including arrangements providing access to software utilized for lease management and accounts receivable, video systems, project management, file editing, and aviation data analytics. The subscription assets primarily include access to a third party's proprietary software and require continuing licensing fee payments over the life of the arrangement. The Airport does not recognize a subscription liability or a subscription asset for SBITAs that are viewed to be short-term, or the continuing payments are primarily related to maintenance or on-going support.

A subscription asset and related accumulated amortization are included in capital assets on the Statement of Net Position. Balances at December 31, 2023 is as follows:

Subscription asset	$ 2,012
Accumulated amortization	$ 998
Term	12 to 120 months

(in thousands of dollars)

Future principal and interest payment requirements related to the Board's subscription liability at December 31, 2023 are as follows:

Year	Principal	Interest	Total
2024	$ 211	$ 38	$ 249
2025	193	31	224
2026	195	24	219
2027	167	16	183
2028	180	9	189
2029-2030	68	3	71
	$ 1,014	$ 121	$ 1,135

7. Long-Term Liabilities

During 2023 and 2022, the Airport's long-term liabilities and related activity consisted of the following:

Revenue Bonds

The following revenue bonds were outstanding at December 31, 2023 and 2022. The maturities occur on January 1 of each year.

	2023	2022
Series 2016 Refunding Revenue Bonds, 5.000%, due 2020-2033	$ 30,505	$ 33,140
Series 2019 Revenue Bonds, 5.000%, due 2022-2049	$ 31,160	$ 31,780
Series 2019 CFC Revenue Bonds, 3.080% to 4.689%, due 2023-2049	$ 98,905	$ 101,050
	$ 160,570	$ 165,970

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 81.5% 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 GTF and the associated improvements. 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 2022, 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 $60 in 2022.

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. In February 2023, due to inactivity during the term of the credit agreement resulting from the COVID crisis and associated deferral of certain capital projects and unanticipated receipts of additional federal funding, PNC Bank National Association notified the Board that the line of credit would not be extended past March 1, 2024. As a result, the Board competitively solicited a replacement revolving credit facility.

In July 2023, the Board adopted the Series 2023 Subordinate Bond Resolution and issued the Series 2023 Subordinate Notes in the maximum commitment amount of $150.0 million for the purpose of providing short term funding for capital improvement projects, including capitalized interest, and funding costs of issuance relating to the 2023 Subordinate Notes. In conjunction with the 2023 Subordinate Bond Resolution, the Board authorized an agreement with Bank of America National Association for a replacement revolving line of credit in the maximum commitment amount of $150.0 million. The agreement expires on August 21, 2026 with provision for two additional one-year extensions. Pursuant to this agreement, a notice of termination was remitted to PNC Bank National Association terminating the $75.0 million 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, 2023 is as follows:

	General Airport Revenue Bond Premiums		
	Series 2016 Refunding Revenue Bond Premiums	Series 2019 Revenue Bond Premiums	Total
2024	605	276	881
2025	534	264	798
2026	462	252	714
2027	394	239	633
2028	328	226	554
2029-2030	462	415	877
2031-2040	202	1,497	1,699
2041-2049	-	491	491
	$ 2,987	$ 3,660	$ 6,647

(in thousands of dollars)

The required funding of bond principal and interest subsequent to December 31, 2023 is as follows:

	General Airport Revenue Bonds		
	Principal	Interest	Total Debt Service
2024	3,420	3,083	6,503
2025	3,590	2,912	6,502
2026	3,770	2,733	6,503
2027	3,960	2,544	6,504
2028	4,155	2,346	6,501
2029-2030	8,950	4,059	13,009
2031-2040	19,535	11,153	30,688
2041-2049	14,285	3,397	17,682
	$ 61,665	$ 32,227	$ 93,892

	2019 CFC Bonds		
	Principal	Interest	Total Debt Service
2024	4,495	4,282	8,777
2025	2,360	4,206	6,566
2026	2,440	4,124	6,564
2027	2,530	4,036	6,566
2028	2,625	3,942	6,567
2029-2030	5,555	7,576	13,131
2031-2040	35,935	29,713	65,648
2041-2049	42,965	9,549	52,514
	$ 98,905	$ 67,428	$ 166,333

	Total		
	Principal	Interest	Total Debt Service
2024	7,915	7,365	15,280
2025	5,950	7,118	13,068
2026	6,210	6,857	13,067
2027	6,490	6,580	13,070
2028	6,780	6,288	13,068
2029-2030	14,505	11,635	26,140
2031-2040	55,470	40,866	96,336
2041-2049	57,250	12,946	70,196
	$ 160,570	$ 99,655	$ 260,225

(in thousands of dollars)

At December 31, 2023 and 2022, 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 Statement of Net Position. The current amounts of revenue bonds payable, inclusive of unamortized bond premium, at December 31, 2023 and 2022 were $8,796 and $8,570, respectively. The non-current portions at December 31, 2023 and 2022 were $158,421 and $165,006, respectively.

For the years ended December 31, 2023 and 2022, interest expense on outstanding revenue bonds was $7,599 and $7,822 respectively, and the amortization of bond premium was $960 and $1,039, respectively. On the Statement of Revenues, Expenses and Changes in Net Position these amounts have been combined and presented as $6,639 and $6,783 of revenue bond interest expense, net of premium amortization, at December 31, 2023 and 2022, respectively.

Other Long-Term Liabilities

At December 31, 2023, 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, 10 and 11. Amounts related to these liabilities are shown below.

(in thousands of dollars)

Long-Term Liability Activity
For the years ended December 31, 2023 and 2022, components of the Airport's liabilities which had non-current activity or balances were as follows:

	Balance 12/31/2022	Additions	Reductions	Balance 12/31/2023	Amounts due within one year	Amounts due after one year
Accounts payable and accrued expenses						
Deposits	$ 241	$ 37	$ (10)	$ 268	$ 53	$ 215
Compensated absences	5,102	1,557	(1,710)	4,949	4,002	947
Uninsured losses	554	61	(100)	515	326	189
Parking rewards	1,224	257	(171)	1,310	458	852
Revenue bonds payable	165,970	-	(5,400)	160,570	7,915	152,655
Revenue bond premium	7,606	-	(959)	6,647	881	5,766
Subordinate debt - equipment lease	2,243	1,031	(719)	2,555	764	1,791
Subscription liability	1,383	-	(369)	1,014	211	803
Net pension liability	95,951	3,800	-	99,751	-	99,751
Net other postemployment benefits liability	26,426	-	(25,825)	601	-	601
	$ 306,700	$ 6,743	$ (35,263)	$ 278,180	$ 14,610	$ 263,570

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022	Amounts due within one year	Amounts due after one year
Accounts payable and accrued expenses						
Deposits	$ 244	$ 5	$ (8)	$ 241	$ 30	$ 211
Compensated absences	4,200	1,747	(845)	5,102	3,921	1,181
Uninsured losses	49	659	(154)	554	104	450
Parking rewards	1,066	160	(2)	1,224	122	1,102
Revenue bonds payable	171,150	-	(5,180)	165,970	7,610	158,360
Revenue bond premium	8,646	-	(1,040)	7,606	960	6,646
Subordinate debt - equipment lease	1,019	1,619	(395)	2,243	600	1,643
Subscription liability	1,705	308	(630)	1,383	369	1,014
Net pension liability	87,043	8,908	-	95,951	-	95,951
Net other postemployment benefits liability	26,255	171	-	26,426	-	26,426
	$ 301,377	$ 13,577	$ (8,254)	$ 306,700	$ 13,716	$ 292,984

8. 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. As of December 31, 2023 and 2022, $4,400 was outstanding on the SFRBs. For additional information regarding the SRFBs, readers should contact FlightSafety.

(in thousands of dollars)

9. Major Lessees

In 2023, the operating revenues received from Delta, DHL, and Amazon, represented approximately 11.41%, 10.60%, and 7.41%, respectively, of total operating revenues. The comparable amounts for 2022 for Delta, DHL, and Amazon were 13.18%, 11.19%, and 4.69% respectively.

Landing fees received from DHL, Amazon, and Delta in 2023 represented 39.86%, 25.61%, and 10.40%, respectively, of total billed landing fees. The comparable amounts for 2022 for DHL, Amazon, and Delta were 50.48%, 14.02%, and 11.56%, respectively.

10. 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, 2023 and June 30, 2022.

The contribution rates in effect and contributions remitted relating to the CERS for the fiscal year ended December 31, 2023 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, 2023 - December 31, 2023	23.34%	41.11%
July 1, 2022 - June 30, 2023	23.40%	42.81%
July 1, 2021 - June 30, 2022	22.78%	35.60%
July 1, 2020 - June 30, 2021	19.30%	30.06%
Employee contributions:		
2023	$ 1,641	$ 866
2022	$ 1,407	$ 776
2021	$ 1,062	$ 649
Airport contributions:		
2023	$ 6,737	$ 4,547
2022	$ 5,751	$ 3,838
2021	$ 4,342	$ 2,780
Amount of payroll on which employee and employer contributions were based:		
2023	$ 28,828	$ 10,837
2022	$ 24,868	$ 9,733
2021	$ 21,433	$ 8,703
Contributions made by Airport and employees as a percentage of contributions required of Airport and employees 2023, 2022 and 2021	100%	100%

(in thousands of dollars)

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

At December 31, 2023 and December 31, 2022, the Airport reported a liability of $99,751 and $95,951, respectively, for its assigned proportionate share of the CERS net pension liability. The net pension liability was measured as of June 30, 2023 and June 30, 2022; 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, 2023, and June 30, 2022, the Airport's proportionate shares of the CERS nonhazardous plan were 0.961754% and 0.789442%, respectively. At June 30, 2023 and June 30, 2022, the Airport's proportionate shares of the CERS hazardous plan were 1.410988% and 1.274206%, respectively.

Based on its proportionate shares of pension expense as assigned by the CERS, for the Airport's fiscal years ended December 31, 2023 and December 31, 2022, the Airport recognized pension expense of $10,125 and $6,619, respectively. The 2023 and 2022 amounts include $11,284 and $9,589, respectively, of contributions made to the plan and a reduction of non-cash expense of ($1,159) and ($2,970), respectively, recognized pursuant to the requirements of GASB Statement No. 68.

(in thousands of dollars)

At December 31, 2023 and 2022, the balances of deferred inflows and outflows reflected the following activity:

Nonhazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2021	$ 6,294	$ (10,124)	$ (3,830)
Prior year contributions subsequent to measurement date	(1,978)	-	(1,978)
Difference between expected and actual experience	(534)	(5)	(539)
Changes in assumptions	(695)	2,611	1,916
Net differences between projected and actual earnings on pension plan investments	5,755	(611)	5,144
Changes in proportion and differences between contributions and proportionate share of contributions	(909)	-	(909)
Contributions subsequent to measurement date	3,135	-	3,135
Deferred Outflows and Inflows at December 31, 2022	$ 11,068	$ (8,129)	$ 2,939
Prior year contributions subsequent to measurement date	$ (3,135)	$ -	$ (3,135)
Difference between expected and actual experience	3,134	341	3,475
Changes in assumptions	-	(5,656)	(5,656)
Net differences between projected and actual earnings on pension plan investments	(1,099)	(1,206)	(2,305)
Changes in proportion and differences between contributions and proportionate share of contributions	7,719	844	8,563
Contributions subsequent to measurement date	3,411	-	3,411
Deferred Outflows and Inflows at December 31, 2023	$ 21,098	$ (13,806)	$ 7,292

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2021	$ 3,865	$ (7,656)	$ (3,791)
Prior year contributions subsequent to measurement date	(1,326)	-	(1,326)
Difference between expected and actual experience	143	-	143
Changes in assumptions	(440)	-	(440)
Net differences between projected and actual earnings on pension plan investments	3,212	1,470	4,682
Changes in proportion and differences between contributions and proportionate share of contributions	-	(63)	(63)
Contributions subsequent to measurement date	2,113	-	2,113
Deferred Outflows and Inflows at December 31, 2022	$ 7,567	$ (6,249)	$ 1,318
Prior year contributions subsequent to measurement date	$ (2,113)	$ -	$ (2,113)
Difference between expected and actual experience	624	-	624
Changes in assumptions	-	(2,971)	(2,971)
Net differences between projected and actual earnings on pension plan investments	(949)	(330)	(1,279)
Changes in proportion and differences between contributions and proportionate share of contributions	2,935	1,177	4,112
Contributions subsequent to measurement date	2,233	-	2,233
Deferred Outflows and Inflows at December 31, 2023	$ 10,297	$ (8,373)	$ 1,924

(in thousands of dollars)

At December 31, 2023 and 2022, the Airport reported deferred inflows of resources and deferred outflows of resources from the following sources:

Nonhazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 61	$ 508
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	7,764	6,301
Changes in proportion and differences between contributions and proportionate share of contributions	108	1,320
Contributions subsequent to measurement date	3,135	-
Total at December 31, 2022	$ 11,068	$ 8,129
Difference between expected and actual experience	$ 3,194	$ 168
Changes in assumptions		5,655
Net differences between projected and actual earnings on pension plan investments	6,666	7,508
Changes in proportion and differences between contributions and proportionate share of contributions	7,827	475
Contributions subsequent to measurement date	3,411	
Total at December 31, 2023	$ 21,098	$ 13,806

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,116	$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	4,338	3,439
Changes in proportion and differences between contributions and proportionate share of contributions	-	2,810
Contributions subsequent to measurement date	2,113	-
Total at December 31, 2022	$ 7,567	$ 6,249
Difference between expected and actual experience	$ 1,740	$ -
Changes in assumptions	-	2,972
Net differences between projected and actual earnings on pension plan investments	3,388	3,769
Changes in proportion and differences between contributions and proportionate share of contributions	2,936	1,632
Contributions subsequent to measurement date	2,233	
Total at December 31, 2023	$ 10,297	$ 8,373

(in thousands of dollars)

The $5,644 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, 2024. 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		
2024	$	(814)
2025		(892)
2026		14
2027		(1,921)
2028		41
Total	$	(3,572)

Actuarial Assumptions
The total pension liability, net pension liability, and sensitivity information as of June 30, 2023 were based on actuarial valuation of June 30, 2021. The total pension liability was rolled-forward from the valuation date of June 30, 2021 to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

(in thousands of dollars)

Item	CERS Nonhazardous and Hazardous
Actuarial Valuation Date:	June 30, 2021
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:	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

(in thousands of dollars)

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	50.00%	5.90%
Private equity	10.00%	11.73%
Equity	**60.00%**	
Core bonds	10.00%	2.45%
Specialty credit/high yield	10.00%	3.65%
Cash	0.00%	1.39%
Fixed Income	**20.00%**	
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Inflation Protected	**20.00%**	

Discount rate: A single discount rate of 6.25% was used for both the nonhazardous and hazardous system to measure the total pension liability for the fiscal year ending June 30, 2023. 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. 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, 2023. 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.

(in thousands of dollars)

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:

Asset Class	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Airport's net pension liability - nonhazardous	$ 77,914	$ 61,711	$ 48,246
Airport's net pension liability - hazardous	48,034	38,040	29,876
Total	$ 125,948	$ 99,751	$ 78,122

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, 2023 and 2022. Employee contributions in total were approximately $1,616 and $1,303, respectively, for the years ended December 31, 2023 and 2022.

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.

11. 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

(in thousands of dollars)

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.

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, 2023 and June 30, 2022. 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 $208 and $340 for the years ended December 31, 2023 and 2022, 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, 2023 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, 2023 - December 31, 2023	0.00%	2.58%
July 1, 2022 - June 30, 2023	3.39%	6.78%
July 1, 2021 - June 30, 2022	4.17%	8.73%
July 1, 2020 - June 30, 2021	4.76%	9.52%
Employee contributions:		
2023	$ 208	$ 58
2022	$ 170	$ 49
2021	$ 135	$ 35
Airport contributions:		
2023	$ 481	$ 507
2022	$ 929	$ 749
2021	$ 1,132	$ 869
Amount of payroll on which employee and employer contributions were based:		
2023	$ 28,828	$ 10,837
2022	$ 24,868	$ 9,733
2021	$ 21,433	$ 8,703
Contributions made by Airport and employees as a percentage of contributions required of Airport and employees 2023, 2022, and 2021	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, 2023 and December 31, 2022, the Airport reported liabilities of $601 and $26,426, respectively, for its assigned proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023 and June 30, 2022; 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, 2023, and June 30, 2022, the Airport's proportionate shares of the CERS nonhazardous plan were 0.961717% and 0.789345%, respectively. At June 30, 2023, and June 30, 2022, the Airport's proportionate shares of the CERS hazardous plan were 1.410061% and 1.273577%, respectively.

Based on its proportionate shares of OPEB expense as assigned by the Insurance Fund, for the Airport's fiscal years ended December 31, 2023 and December 31, 2022, the Airport recognized OPEB expense of ($2,741) and $2,839, respectively. The 2023 and 2022 amounts include $988 and $1,678, respectively, of contributions made to the plan and ($3,729) and $1,161, respectively, of non-cash expense recognized pursuant to the requirements of GASB Statement No. 75.

(in thousands of dollars)

At December 31, 2023 and 2022, the balances of deferred inflows and outflows reflected the following activity:

Nonhazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2021	$ 8,875	$ (8,204)	$ 671
Prior year contributions subsequent to measurement date	$ (540)	$ -	$ (540)
Prior year implicit subsidies subsequent to measurement date	(256)	-	(256)
Difference between expected and actual experience	(877)	1,071	194
Changes in assumptions	(1,659)	(2,016)	(3,675)
Net differences between projected and actual earnings on pension plan investments	2,117	948	3,065
Changes in proportion and differences between contributions and proportionate share of contributions	(265)	(321)	(586)
Contributions subsequent to measurement date	578	-	578
Implicit subsidies subsequent to measurement date	281	-	281
Deferred Outflows and Inflows at December 31, 2022	$ 8,254	$ (8,522)	$ (268)
Prior year contributions subsequent to measurement date	$ (578)	$ -	$ (578)
Prior year implicit subsidies subsequent to measurement date	(281)	-	(281)
Difference between expected and actual experience	(642)	(15,282)	(15,924)
Changes in assumptions	149	209	358
Net differences between projected and actual earnings on pension plan investments	(416)	(525)	(941)
Changes in proportion and differences between contributions and proportionate share of contributions	2,539	191	2,730
Contributions subsequent to measurement date	-	-	-
Implicit subsidies subsequent to measurement date	238	-	238
Deferred Outflows and Inflows at December 31, 2023	$ 9,263	$ (23,929)	$ (14,666)

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2021	$ 4,175	$ (4,871)	$ (696)
Prior year contributions subsequent to measurement date	(410)	-	(410)
Prior year implicit subsidies subsequent to measurement date	(38)	-	(38)
Difference between expected and actual experience	(95)	510	415
Changes in assumptions	(874)	(1,863)	(2,737)
Net differences between projected and actual earnings on pension plan investments	1,592	819	2,411
Changes in proportion and differences between contributions and proportionate share of contributions	(33)	(123)	(156)
Contributions subsequent to measurement date	451		451
Implicit subsidies subsequent to measurement date	59		59
Deferred Outflows and Inflows at December 31, 2022	$ 4,827	$ (5,528)	$ (701)
Prior year contributions subsequent to measurement date	$ (451)	$ -	$ (451)
Prior year implicit subsidies subsequent to measurement date	(59)	-	(59)
Difference between expected and actual experience	(65)	(7,311)	(7,376)
Changes in assumptions	(494)	(145)	(639)
Net differences between projected and actual earnings on pension plan investments	(512)	(150)	(662)
Changes in proportion and differences between contributions and proportionate share of contributions	937	310	1,247
Contributions subsequent to measurement date	140		140
Implicit subsidies subsequent to measurement date	(30)		(30)
Deferred Outflows and Inflows at December 31, 2023	$ 4,293	$ (12,824)	$ (8,531)

(in thousands of dollars)

At December 31, 2023 and 2022, the Airport reported deferred inflows of resources and deferred outflows of resources from the following sources:

Nonhazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,568	$ 3,573
Changes in assumptions	2,464	2,030
Net differences between projected and actual earnings on pension plan investments	2,901	2,269
Changes in proportion and differences between contributions and proportionate share of contributions	464	650
Contributions subsequent to measurement date	857	-
Total at December 31, 2022	$ 8,254	$ 8,522
Difference between expected and actual experience	$ 925	$ 18,854
Changes in assumptions	2,613	1,822
Net differences between projected and actual earnings on pension plan investments	2,485	2,794
Changes in proportion and differences between contributions and proportionate share of contributions	3,002	459
Contributions subsequent to measurement date	-	
Implicit subsidies subsequent to measurement date	238	
Total at December 31, 2023	$ 9,263	$ 23,929

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 240	$ 642
Changes in assumptions	1,811	1,867
Net differences between projected and actual earnings on pension plan investments	2,269	1,872
Changes in proportion and differences between contributions and proportionate share of contributions	-	1,147
Contributions subsequent to measurement date	507	-
Total at December 31, 2022	$ 4,827	$ 5,528
Difference between expected and actual experience	$ 174	$ 7,954
Changes in assumptions	1,317	2,011
Net differences between projected and actual earnings on pension plan investments	1,756	2,021
Changes in proportion and differences between contributions and proportionate share of contributions	936	838
Contributions subsequent to measurement date	140	
Implicit subsidies subsequent to measurement date	(30)	
Total at December 31, 2023	$ 4,293	$ 12,824

(in thousands of dollars)

The $140 reported as a deferred outflow of resources related to OPEB resulting from contributions subsequent to the measurement date and the $208 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, 2024. 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		
2024	$	4,538
2025		4,071
2026		5,443
2027		3,866
2028		4,247
2029		1,376
Total	$	23,541

Actuarial Assumptions
The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2022, were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles, in order to reflect future economic expectations. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

(in thousands of dollars)

Item	**CERS Nonhazardous and Hazardous**
Actuarial Valuation Date:	June 30, 2021
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:	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
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Healthcare Trend Rates (post-65)	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

(in thousands of dollars)

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 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
Public equity	50.00%	5.90%
Private equity	10.00%	11.73%
Equity	**60.00%**	
Core fixed income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Fixed Income	**20.00%**	
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Inflation Protected	**20.00%**	

Discount rate: Single discount rates of 5.93% for the nonhazardous system and 5.97% for hazardous system were used to measure the total OPEB liability as of June 30, 2023. 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 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. 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.

(in thousands of dollars)

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:

Asset Class	1% Decrease 4.93%	Current Discount Rate 5.93%	1% Increase 6.93%
Airport's net OPEB liability - nonhazardous	$ 2,492	$ (1,328)	$ (4,526)
	4.97%	5.97%	6.97%
Airport's net OPEB liability - hazardous	$ 4,879	$ 1,929	$ (529)

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	$ (4,256)	$ (1,328)	$ 2,269
Airport's net OPEB liability - hazardous	$ 22	$ 1,929	$ 4,233

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.

12. 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

(in thousands of dollars)

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.

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, 2021	$	449
Claims and changes in estimates for 2022		4,858
Claims paid in 2022		(4,812)
Changes in receivables related to claims		31
Liability at December 31, 2022	$	526
Claims and changes in estimates for 2023		5,683
Claims paid in 2023		(5,722)
Changes in receivables related to claims		(51)
Liability at December 31, 2023	$	436

		Reserve
Reserves at December 31, 2021	$	4,503
Contributions from Operations and Maintenance		6,705
Investment income		75
Claims, premiums and fees incurred		(6,780)
Reserves at December 31, 2022	$	4,503
Contributions from Operations and Maintenance		7,316
Investment income		307
Claims, premiums and fees incurred		(7,623)
Reserves at December 31, 2023	$	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 2023 and 2022, the individual stop loss coverage to which the Airport's claims liability was limited was $150. The aggregate insurance during 2023 and 2022 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 2023 and 2022 to approximately $6,147 and $6,178 each year, respectively.

(in thousands of dollars)

13. 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.

14. Commitments and Contingencies

At December 31, 2023, the Airport is committed, either through contracts or Board proceedings, to the eventual expenditure of approximately $74,404 which consists primarily of construction of passenger boarding bridges, snow removal equipment, baggage handling system design and management and runway 18/36C design. Of the $74,404, approximately $58,654 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. A letter dated December 17, 2020, concluded that two separate $100 retentions were to be applied to the claim. The expenses related to the $200 of self-insured retention were reflected in prior year financial statements.

On July 15, 2022, the Airport executed a settlement with its pollution insurer, receiving proceeds of $450. On August 5, 2022, the Airport entered into a Development Ground Lease Agreement (Ground Lease) with a third party (Developer) for a proposed hangar development on the site. The Ground Lease provides for the treatment, removal, and/or disposal of contaminated soils impacted by the hangar development. Pursuant to the terms of the Ground Lease, the Airport has agreed to reimburse the Developer for eligible remediation costs up to, but not in excess of, $500 in a form of credits against future charges when incurred, thereby limiting the Airport's future financial impact. The Airport has recorded the settlement proceeds of $450 as a liability payable to the Developer in case of such reimbursement.

(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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Plan's total pension liability	$ 15,089,106	$ 15,192,599	$ 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	8,672,597	7,963,586	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	$ 6,416,509	$ 7,229,013	$ 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	57.48%	52.42%	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	$ 61,711	$ 57,069	$ 51,798	$ 63,652	$ 55,838	$ 47,170	$ 42,826	$ 34,653	$ 29,529	$ 21,871
Airport's proportion of the net pension liability	0.9618%	0.7894%	0.8124%	0.8299%	0.7939%	0.7745%	0.7317%	0.7038%	0.6868%	0.6741%
Airport's covered payroll	$ 28,828	$ 24,868	$ 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	214.07%	229.49%	246.38%	296.01%	275.10%	243.46%	239.51%	206.58%	183.64%	141.26%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Plan's total pension liability	$ 5,731,148	$ 5,769,691	$ 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	3,035,192	2,718,234	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	$ 2,695,956	$ 3,051,457	$ 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	52.96%	47.11%	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	$ 38,040	$ 38,882	$ 35,245	$ 42,962	$ 40,820	$ 36,284	$ 32,277	$ 23,642	$ 21,281	$ 16,357
Airport's proportion of the net pension liability	1.4110%	1.2742%	1.3239%	1.4249%	1.4778%	1.5003%	1.4427%	1.3778%	1.3863%	1.3610%
Airport's covered payroll	$ 10,837	$ 9,733	$ 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	351.02%	399.49%	415.38%	490.71%	464.87%	424.47%	406.26%	330.01%	301.26%	236.37%

(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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions for pension	$ 6,737	$ 5,751	$ 4,342	$ 4,182	$ 3,734	$ 3,019	$ 2,591	$ 2,263	$ 2,140	$ 2,069
Airport's contributions in relation to the statutorily required contributions	(6,737)	(5,751)	(4,342)	(4,182)	(3,734)	(3,019)	(2,591)	(2,263)	(2,140)	(2,069)
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	$ 28,828	$ 24,868	$ 21,433	$ 21,669	$ 20,990	$ 19,687	$ 18,215	$ 17,101	$ 17,014	$ 15,622
Contributions as a percentage of the Airport's covered payroll	23.37%	23.13%	20.26%	19.30%	17.79%	15.33%	14.22%	13.23%	12.58%	13.24%

(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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions for pension	$ 4,547	$ 3,838	$ 2,780	$ 2,598	$ 2,408	$ 2,023	$ 1,770	$ 1,546	$ 1,518	$ 1,492
Airport's contributions in relation to the statutorily required contributions	(4,547)	(3,838)	(2,780)	(2,598)	(2,408)	(2,023)	(1,770)	(1,546)	(1,518)	(1,492)
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	$ 10,837	$ 9,733	$ 8,703	$ 8,643	$ 8,804	$ 8,609	$ 8,056	$ 7,346	$ 7,409	$ 7,019
Contributions as a percentage of the Airport's covered payroll	41.96%	39.43%	31.94%	30.06%	27.35%	23.50%	21.97%	21.05%	20.49%	21.26%

(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:

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%.

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:

(in thousands of dollars)

- 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.

2023
Subsequent to June 30, 2022, the Kentucky Public Pensions Authority Board of Trustees adopted new actuarial assumptions. These assumptions are documented in the report titled *Kentucky Retirement Systems 2022 Actuarial Experience Study for the Period Ending June 30, 2022*, and include a proposed change in the investment return assumption from 6.25% to 6.50%. As of June 30, 2023, KPPA had not included this change in investment return assumptions in their actuarial reporting.

A summary of the changes to economic and demographic assumptions and other methods recommended in *Kentucky Retirement Systems 2022 Actuarial Experience Study for the Period Ending June 30, 2022* is as follows:

Assumption	CERS nonhazardous	CERS hazardous
Economic assumptions:		
Inflation	No Change	No Change
Investment Return - Pension	Increase	Increase
Short-Service Salary Increase	No Change	No Change
Long-Service Salary Increase	No Change	No Change
Payroll Growth Assumption	No Change	No Change
Demographic assumptions:		
Retiree Mortality	Kentucky Public Pensions Authority Specific	Kentucky Public Pensions Authority Specific
Termination	No Change	No Change
Retirement	Slight increase	Slight increase
Disability	No Change	No Change
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

	2023	2022	2021	2020	2019	2018	2017
Plan's total OPEB liability	$ 3,260,308	$ 5,053,498	$ 5,161,251	$ 4,996,309	$ 4,251,466	$ 4,189,606	$ 4,222,878
Plan's fiduciary net position	3,398,375	3,079,984	3,246,801	2,581,613	2,569,511	2,414,126	2,212,536
Plan's net OPEB liability	$ (138,067)	$ 1,973,514	$ 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	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.39%
Airport's proportionate share of the net OPEB liability	$ (1,328)	$ 15,578	$ 15,550	$ 20,036	$ 13,350	$ 13,751	$ 14,709
Airport's proportion of the net OPEB liability	0.9617%	0.7893%	0.8122%	0.8298%	0.7937%	0.7745%	0.7317%
Airport's covered payroll	$ 28,828	$ 24,868	$ 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	-4.61%	62.64%	73.96%	93.18%	65.77%	70.97%	82.26%

* Fiscal year 2017 was the 1st year of implementation, therefore only seven 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

	2023	2022	2021	2020	2019	2018	2017
Plan's total OPEB liability	$ 1,771,015	$ 2,374,457	$ 2,436,383	$ 2,245,222	$ 2,080,574	$ 1,993,941	$ 2,015,673
Plan's fiduciary net position	1,634,192	1,522,671	1,627,824	1,321,117	1,340,714	1,280,982	1,189,001
Plan's net OPEB liability	$ 136,823	$ 851,786	$ 808,559	$ 924,105	$ 739,860	$ 712,959	$ 826,672
Plan's fiduciary net position as a percentage of the total OPEB liability	92.27%	64.13%	66.81%	58.84%	64.44%	64.24%	58.99%
Airport's proportionate share of the net OPEB liability	$ 1,929	$ 10,848	$ 10,705	$ 13,164	$ 10,931	$ 10,697	$ 11,926
Airport's proportion of the net OPEB liability	1.2736%	1.2736%	1.3239%	1.4245%	1.4774%	1.5004%	1.4427%
Airport's covered payroll	$ 10,837	$ 9,733	$ 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	17.80%	111.46%	126.16%	150.36%	124.48%	125.14%	150.11%

* Fiscal year 2017 was the 1st year of implementation, therefore only seven 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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions for OPEB	$ 481	$ 929	$ 1,132	$ 1,031	$ 1,053	$ 980	$ 859	$ 802	$ 813	$ 787
Airport's contributions in relation to the statutorily required contributions	(481)	(929)	(1,132)	(1,031)	(1,053)	(980)	(859)	(802)	(813)	(787)
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	$ 28,828	$ 24,868	$ 21,433	$ 21,669	$ 20,990	$ 19,687	$ 18,215	$ 17,101	$ 17,014	$ 15,622
Contributions as a percentage of the Airport's covered payroll	1.67%	3.74%	5.28%	4.76%	5.02%	4.98%	4.72%	4.69%	4.78%	5.04%

(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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions for OPEB	$ 507	$ 749	$ 869	$ 823	$ 883	$ 852	$ 755	$ 798	$ 972	$ 965
Airport's contributions in relation to the statutorily required contributions	(507)	(749)	(869)	(823)	(883)	(852)	(755)	(798)	(972)	(965)
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	$ 10,837	$ 9,733	$ 8,703	$ 8,643	$ 8,804	$ 8,609	$ 8,056	$ 7,346	$ 7,409	$ 7,019
Contributions as a percentage of the Airport's covered payroll	4.68%	7.70%	9.99%	9.52%	10.03%	9.90%	9.37%	10.86%	13.12%	13.75%

(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 nonhazardous 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 and losses incurring in future years will be amortized over separate 20-year amortization bases. This

(in thousands of dollars)

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.

2021
The discount rate used to calculate the total OPEB liability increased from 5.20% to 5.70% for the CERS nonhazardous insurance plan and from 5.05% to 5.61% for the CERS hazardous insurance plan.

2023
The discount rate used to calculate the total OPEB liability increased from 5.70% to 5.93% for the CERS nonhazardous insurance plan and from 5.61% to 5.97% for the CERS hazardous insurance plan.

A summary of the changes to economic and demographic assumptions and other methods recommended in *Kentucky Retirement Systems 2022 Actuarial Experience Study for the Period Ending June 30, 2022* is as follows:

Assumption	**CERS nonhazardous**	**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	No Change
Payroll Growth Assumption	No Change	No Change
Demographic assumptions:		
Retiree Mortality	Kentucky Public Pensions Authority Specific	Kentucky Public Pensions Authority Specific
Termination	No Change	No Change
Retirement	Slight Increase	Slight Increase
Disability	No Change	No Change
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 Statement of Net Position
December 31, 2023

(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	$ 1,707	$ -	$ 1,682	$ -	$ 25	$ -	$ -
Investments (at fair value)	182,421	-	60,764	13,135	5,427	8,534	94,561
Investment income receivable	295	-	81	53	22	48	91
Accounts receivable	10,920	-	10,656	-	196	-	68
Lease receivable	9,913	-	10,468	-	-	-	-
Interfund receivable	-	(57,198)	3,543	1,664	37	-	51,954
Grants and federal awards receivable	14,321	-	2,035	12,286	-	-	-
Prepaid expenses	2,623	-	2,201	133	4	-	285
Supplies inventory	6,211	-	6,211	-	-	-	-
Total unrestricted current assets	228,411	(57,198)	97,641	27,271	5,711	8,582	146,959
Restricted							
Cash	853	-	-	-	-	-	-
Investments (at fair value)	14,278	-	1	-	-	-	-
Investment income receivable	44	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Total restricted current assets	15,175	-	1	-	-	-	-
Total current assets	243,586	(57,198)	97,642	27,271	5,711	8,582	146,959
Non-current assets							
Unrestricted							
Investments (at fair value)	1,484	-	-	-	-	1,484	-
Lease receivable	125,585	-	125,030	-	-	-	-
Prepaid expenses	293	-	293	-	-	-	-
Capital assets, non-depreciable	230,448	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	679,097	-	-	-	-	-	-
Total unrestricted non-current assets	1,036,907	-	125,323	-	-	1,484	-
Restricted							
Cash	-	-	-	-	-	-	-
Investments (at fair value)	173,915	-	1,528	-	-	-	-
Investment income receivable	795	-	3	-	-	-	-
Interfund receivable	-	(2,621)	-	-	-	-	-
Passenger facility charges receivable	2,232	-	-	-	-	-	-
Customer facility charges receivable	824	-	-	-	-	-	-
Total restricted non-current assets	177,766	(2,621)	1,531	-	-	-	-
Total non- current assets	1,214,673	(2,621)	126,854	-	-	1,484	-
Total assets	1,458,259	(59,819)	224,496	27,271	5,711	10,066	146,959
Deferred Outflows of Resources							
Pension	31,395	-	31,395	-	-	-	-
Other postemployment benefits	13,556	-	13,556	-	-	-	-
Total deferred outflows of resources	44,951	-	44,951	-	-	-	-
Liabilities							
Current Liabilities							
Accounts payable and accrued expenses	29,537	-	18,426	10,310	436	-	130
Rates and charges settlement payable to airlines	9,895	-	9,895	-	-	-	-
Interfund payable	-	(59,819)	54,520	434	772	148	1,370
Contract retainage payable	147	-	20	-	-	-	-
Bond interest payable	2,177	-	-	-	-	-	-
Assets held in trust	10,002	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	8,796	-	-	-	-	-	-
Subordinate debt - equipment lease	764	-	-	-	-	-	-
Subscription liability	211	-	-	-	-	-	-
Total current liabilities	61,529	(59,819)	82,861	10,744	1,208	148	1,500
Non-current liabilities							
Accounts payable and accrued expenses	2,203	-	2,203	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	158,421	-	-	-	-	-	-
Subordinate debt - equipment lease	1,791	-	-	-	-	-	-
Subscription liability	803	-	-	-	-	-	-
Net pension liability	99,751	-	99,751	-	-	-	-
Net other postemployment benefits liability	601	-	601	-	-	-	-
Total non-current liabilities	263,570	-	102,555	-	-	-	-
Total liabilities	325,099	(59,819)	185,416	10,744	1,208	148	1,500
Deferred Inflows of Resources							
Pension	22,179	-	22,179	-	-	-	-
Other postemployment benefits	36,753	-	36,753	-	-	-	-
Leases	135,499	-	135,499	-	-	-	-
Total deferred inflows of resources	194,431	-	194,431	-	-	-	-
Net Position							
Unrestricted	66,007	-	(110,400)	16,527	4,503	9,918	145,459
Net investment in capital assets	739,182	-	-	-	-	-	-
Restricted:							
For federally approved projects	95,697	-	-	-	-	-	-
For ground transportation expenditures	32,507	-	-	-	-	-	-
For operational cash flow shortages	34,127	-	-	-	-	-	-
For debt service	15,524	-	-	-	-	-	-
For uses legally required by contributing parties	636	-	-	-	-	-	-
Total net position	$ 983,680	$ -	$ (110,400)	$ 16,527	$ 4,503	$ 9,918	$ 145,459

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Statement of Net Position, continued
December 31, 2023

(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	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-	-	-
Grants and federal awards receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Supplies inventory	-	-	-	-	-	-	-	-	-
Total unrestricted current assets	-	-	-	-	-	-	-	-	-
Restricted									
Cash	-	7	-	-	-	-	-	-	846
Investments (at fair value)	-	1,518	105	93	605	-	2,247	137	9,572
Investment income receivable	-	-	-	-	-	-	-	-	44
Accounts receivable	-	-	-	-	-	-	-	-	-
Total restricted current assets	-	1,525	105	93	605	-	2,247	137	10,462
Total current assets	-	1,525	105	93	605	-	2,247	137	10,462
Non-current assets									
Unrestricted									
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Capital assets, non-depreciable	230,448	-	-	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	679,097	-	-	-	-	-	-	-	-
Total unrestricted non-current assets	909,545	-	-	-	-	-	-	-	-
Restricted									
Cash	-	-	-	-	-	-	-	-	-
Investments (at fair value)	-	87,016	4,384	30,542	34,005	-	2,191	13,250	999
Investment income receivable	-	504	7	76	122	-	19	64	-
Interfund receivable	-	1,556	-	1,065	-	-	-	-	-
Passenger facility charges receivable	-	2,232	-	-	-	-	-	-	-
Customer facility charges receivable	-	-	-	824	-	-	-	-	-
Total restricted non-current assets	-	91,308	4,391	32,507	34,127	-	2,210	13,314	999
Total non- current assets	909,545	91,308	4,391	32,507	34,127	-	2,210	13,314	999
Total assets	909,545	92,833	4,496	32,600	34,732	-	4,457	13,451	11,461
Deferred Outflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
Liabilities									
Current Liabilities									
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-	235
Rates and charges settlement payable to airlines	-	-	-	-	-	-	-	-	-
Interfund payable	-	1,526	34	93	605	-	70	137	110
Contract retainage payable	127	-	-	-	-	-	-	-	-
Bond interest payable	-	-	-	-	-	-	2,177	-	-
Assets held in trust	-	-	72	-	-	-	-	-	9,930
Revenue bonds payable, inclusive of unamortized premium	8,796	-	-	-	-	-	-	-	-
Subordinate debt - equipment lease	621	-	-	-	-	-	-	-	143
Subscription liability	211	-	-	-	-	-	-	-	-
Total current liabilities	9,755	1,526	106	93	605	-	2,247	137	10,418
Non-current liabilities									
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	158,421	-	-	-	-	-	-	-	-
Subordinate debt - equipment lease	1,384	-	-	-	-	-	-	-	407
Subscription liability	803	-	-	-	-	-	-	-	-
Net pension liability	-	-	-	-	-	-	-	-	-
Net other postemployment benefits liability	-	-	-	-	-	-	-	-	-
Total non-current liabilities	160,608	-	-	-	-	-	-	-	407
Total liabilities	170,363	1,526	106	93	605	-	2,247	137	10,825
Deferred Inflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Net Position									
Unrestricted	-	-	-	-	-	-	-	-	-
Net investment in capital assets	739,182	-	-	-	-	-	-	-	-
Restricted:									
For federally approved projects	-	91,307	4,390	-	-	-	-	-	-
For ground transportation expenditures	-	-	-	32,507	-	-	-	-	-
For operational cash flow shortages	-	-	-	-	34,127	-	-	-	-
For debt service	-	-	-	-	-	-	2,210	13,314	-
For uses legally required by contributing parties	-	-	-	-	-	-	-	-	636
Total net position	$ 739,182	$ 91,307	$ 4,390	$ 32,507	$ 34,127	$ -	$ 2,210	$ 13,314	$ 636

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Statement of Net Position, continued
Restated* December 31, 2022

(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	$ 1,321	$ -	$ 1,288	$ -	$ 33	$ -	$ -
Investments (at fair value)	142,699	-	36,613	17,281	5,191	6,091	77,523
Investment income receivable	240	-	29	25	7	27	152
Accounts receivable	6,103	-	5,958	-	145	-	-
Lease receivable	9,674	-	9,674	-	-	-	-
Interfund receivable	-	(25,189)	3,380	1,520	70	-	19,303
Grants and federal awards receivable	18,872	-	5,865	13,007	-	-	-
Prepaid expenses	2,505	-	1,907	135	-	-	463
Supplies inventory	5,655	-	5,655	-	-	-	-
Total unrestricted current assets	187,069	(25,189)	70,369	31,968	5,446	6,118	97,441
Restricted							
Cash	955	-	-	-	-	-	-
Investments (at fair value)	16,147	-	1,533	-	-	-	-
Investment income receivable	21	-	-	-	-	-	-
Total restricted current assets	17,123	-	1,533	-	-	-	-
Total current assets	204,192	(25,189)	71,902	31,968	5,446	6,118	97,441
Non-current assets							
Unrestricted							
Investments (at fair value)	4,872	-	-	-	1,172	3,700	-
Lease receivable	130,775	-	130,775	-	-	-	-
Prepaid expenses	194	-	194	-	-	-	-
Capital assets, non-depreciable	230,962	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	651,129	-	-	-	-	-	-
Total unrestricted non-current assets	1,017,932	-	130,969	-	1,172	3,700	-
Restricted							
Cash	-	-	-	-	-	-	-
Investments (at fair value)	148,859	-	-	-	-	-	-
Investment income receivable	559	-	1	-	-	-	-
Interfund receivable	-	(3,325)	-	-	-	-	-
Passenger facility charges receivable	2,080	-	-	-	-	-	-
Customer facility charges receivable	762	-	-	-	-	-	-
Total restricted non-current assets	152,260	(3,325)	1	-	-	-	-
Total non- current assets	1,170,192	(3,325)	130,970	-	1,172	3,700	-
Total assets	1,374,384	(28,514)	202,872	31,968	6,618	9,818	97,441
Deferred Outflows of Resources							
Pension	18,635	-	18,635	-	-	-	-
Other postemployment benefits	13,081	-	13,081	-	-	-	-
Total deferred outflows of resources	31,716	-	31,716	-	-	-	-
Liabilities							
Current Liabilities							
Accounts payable and accrued expenses	39,101	-	27,536	7,297	526	-	3,570
Rates and charges settlement payable to airlines	4,301	-	4,301	-	-	-	-
Interfund payable	-	(28,514)	23,521	846	1,589	62	648
Contract retainage payable	1,115	-	188	-	-	-	-
Bond interest payable	2,210	-	-	-	-	-	-
Assets held in trust	12,085	-	-	-	-	-	5
Revenue bonds payable, inclusive of unamortized premium	8,570	-	-	-	-	-	-
Subordinate debt - equipment lease	600	-	-	-	-	-	-
Subscription liability	369	-	-	-	-	-	-
Total current liabilities	68,351	(28,514)	55,546	8,143	2,115	62	4,223
Non-current liabilities							
Accounts payable and accrued expenses	2,944	-	2,944	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	165,006	-	-	-	-	-	-
Subordinate debt - equipment lease	1,643	-	-	-	-	-	-
Subscription liability	1,014	-	-	-	-	-	-
Net pension liability	95,951	-	95,951	-	-	-	-
Net other postemployment benefits liability	26,426	-	26,426	-	-	-	-
Total non-current liabilities	292,984	-	125,321	-	-	-	-
Total liabilities	361,335	(28,514)	180,867	8,143	2,115	62	4,223
Deferred Inflows of Resources							
Pension	14,378	-	14,378	-	-	-	-
Other postemployment benefits	14,050	-	14,050	-	-	-	-
Leases	140,449	-	140,449	-	-	-	-
Total deferred inflows of resources	168,877	-	168,877	-	-	-	-
Net Position							
Unrestricted	16,146	-	(115,156)	23,825	4,503	9,756	93,218
Net investment in capital assets	705,280	-	-	-	-	-	-
Restricted:							
For federally approved projects	82,675	-	-	-	-	-	-
For ground transportation expenditures	27,102	-	-	-	-	-	-
For operational cash flow shortages	29,396	-	-	-	-	-	-
For debt service	15,126	-	-	-	-	-	-
For uses legally required by contributing parties	163	-	-	-	-	-	-
Total net position	$ 875,888	$ -	$ (115,156)	$ 23,825	$ 4,503	$ 9,756	$ 93,218

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Statement of Net Position, continued
Restated* December 31, 2022

(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	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-	-	916
Grants and federal awards receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Supplies inventory	-	-	-	-	-	-	-	-	-
Total unrestricted current assets	-	-	-	-	-	-	-	-	916
Restricted									
Cash	-	18	-	-	-	-	-	-	937
Investments (at fair value)	-	1,349	105	184	165	3	2,245	79	10,484
Investment income receivable	-	-	-	-	-	-	-	-	21
Total restricted current assets	-	1,367	105	184	165	3	2,245	79	11,442
Total current assets	-	1,367	105	184	165	3	2,245	79	12,358
Non-current assets									
Unrestricted									
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Capital assets, non-depreciable	230,962	-	-	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	651,129	-	-	-	-	-	-	-	-
Total unrestricted non-current assets	882,091	-	-	-	-	-	-	-	-
Restricted									
Cash	-	-	-	-	-	-	-	-	-
Investments (at fair value)	-	74,930	3,829	25,311	29,260	488	2,130	12,911	-
Investment income receivable	-	265	16	55	136	1	15	70	-
Interfund receivable	-	1,555	-	974	-	-	-	-	796
Passenger facility charges receivable	-	2,080	-	-	-	-	-	-	-
Customer facility charges receivable	-	-	-	762	-	-	-	-	-
Total restricted non-current assets	-	78,830	3,845	27,102	29,396	489	2,145	12,981	796
Total non- current assets	882,091	78,830	3,845	27,102	29,396	489	2,145	12,981	796
Total assets	882,091	80,197	3,950	27,286	29,561	492	4,390	13,060	13,154
Deferred Outflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
Liabilities									
Current Liabilities									
Accounts payable and accrued expenses	$ -	$ -	$ 9	$ 160	$ -	$ 3	$ -	$ -	$ -
Rates and charges settlement payable to airlines	-	-	-	-	-	-	-	-	-
Interfund payable	-	1,367	24	24	165	-	35	79	154
Contract retainage payable	927	-	-	-	-	-	-	-	-
Bond interest payable	-	-	-	-	-	-	2,210	-	-
Assets held in trust	-	-	72	-	-	-	-	-	12,008
Revenue bonds payable, inclusive of unamortized premium	8,570	-	-	-	-	-	-	-	-
Subordinate debt - equipment lease	404	-	-	-	-	-	-	-	196
Subscription liability	369	-	-	-	-	-	-	-	-
Total current liabilities	10,270	1,367	105	184	165	3	2,245	79	12,358
Non-current liabilities									
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	164,517	-	-	-	-	489	-	-	-
Subordinate debt - equipment lease	1,010	-	-	-	-	-	-	-	633
Subscription liability	1,014	-	-	-	-	-	-	-	-
Net pension liability	-	-	-	-	-	-	-	-	-
Net other postemployment benefits liability	-	-	-	-	-	-	-	-	-
Total non-current liabilities	166,541	-	-	-	-	489	-	-	633
Total liabilities	176,811	1,367	105	184	165	492	2,245	79	12,991
Deferred Inflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Lease	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Net Position									
Unrestricted	-	-	-	-	-	-	-	-	-
Net investment in capital assets	705,280	-	-	-	-	-	-	-	-
Restricted:									
For federally approved projects	-	78,830	3,845	-	-	-	-	-	-
For ground transportation expenditures	-	-	-	27,102	-	-	-	-	-
For operational cash flow shortages	-	-	-	-	29,396	-	-	-	-
For debt service	-	-	-	-	-	-	2,145	12,981	-
For uses legally required by contributing parties	-	-	-	-	-	-	-	-	163
Total net position	$ 705,280	$ 78,830	$ 3,845	$ 27,102	$ 29,396	$ -	$ 2,145	$ 12,981	$ 163

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2023

(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	$ 39,223	$ 39,223	$ -	$ -	$ -	$ -
Rentals:						
Terminal, net	27,699	27,699	-	-	-	-
Ground	5,680	5,680	-	-	-	-
Ramp	4,969	4,969	-	-	-	-
Other	1,961	1,961	-	-	-	-
Parking	61,216	61,216	-	-	-	-
Concessions	16,093	16,093	-	-	-	-
Rebilled services	1,570	1,570	-	-	-	-
Ground transportation	2,398	2,398	-	-	-	-
Other	1,063	1,063	-	-	-	-
Total operating revenues	161,872	161,872	-	-	-	-
Operating expenses						
Salaries, wages and benefits	56,744	50,063	-	6,681	-	-
Contracted services	47,997	46,331	-	942	-	496
Supplies and capital items expensed	10,039	9,980	-	-	-	-
Utilities	8,366	8,366	-	-	-	-
General administration	3,230	1,979	-	-	-	1,225
Insurance	1,745	1,745	-	-	-	-
Total operating expenses	128,121	118,464	-	7,623	-	1,721
Operating income (loss), before depreciation and amortization	33,751	43,408	-	(7,623)	-	(1,721)
Depreciation and amortization	(48,294)	-	-	-	-	-
Operating (loss) income, after depreciation and amortization	(14,543)	43,408	-	(7,623)	-	(1,721)
Nonoperating changes in net position: increase (decrease)						
Revenue bonds:						
Revenue bond - transfer of principal	-	(3,255)	-	-	-	-
Revenue bond - transfer of interest	-	(3,246)	-	-	-	-
Revenue bond - payment of principal	-	-	-	-	-	-
Revenue bond interest, net of premium amortization	(6,639)	-	-	-	-	-
Transfer of general purposes to fund bond reserve	-	-	-	-	-	-
Transfer of subordinate debt principal	-	-	-	-	-	-
Transfer of bond payable matched to spent proceeds	-	-	-	-	-	-
Bond issuance costs	(191)	-	-	-	-	(191)
Subordinate debt:						
Transfer of subordinate debt service - principal	-	(637)	-	-	-	-
Transfer of subordinate debt service - interest	(98)	(98)	-	-	-	-
Passenger facility charge revenues	17,332	-	-	-	-	-
Customer facility charge revenues	11,197	-	-	-	-	-
Police forfeiture program revenues	555	-	-	-	-	-
Police forfeiture program revenues passed through to other local government	(4)	-	-	-	-	-
Grants and federal awards for operating expenses	25,007	25,007	-	-	-	-
Investment income	17,262	8,711	683	307	162	367
Interest income - leases	4,241	4,241	-	-	-	-
Interest expense - subscription assets	(53)	(53)	-	-	-	-
Net gain on disposal of capital assets	321	-	138	-	-	229
Non-capitalized project costs	(3,262)	-	-	-	-	(5)
Capitalization of expenditures	-	(369)	(77,663)	-	-	388
Other	(5)	-	-	-	-	(5)
Transfers:						
Transfer to fund operations reserve	-	(4,550)	-	-	-	-
Transfer to fund group health coverage	-	(7,316)	-	7,316	-	-
Transfer to cover debt service requirements	-	6,092	-	-	-	-
Transfer of PFC to reimburse for eligible expenditures	-	-	2,872	-	-	-
Transfers of remaining revenues	-	(63,179)	10,000	-	-	53,179
Total nonoperating changes in net position, before capital contributions	65,663	(38,652)	(63,970)	7,623	162	53,962
Capital Contributions						
Donated capital	-	-	-	-	-	-
Grants and federal awards for capital expenditures	53,278	-	53,278	-	-	-
Third party funding of project costs	3,394	-	3,394	-	-	-
Total capital contributions	56,672	-	56,672	-	-	-
Total changes in net position	107,792	4,756	(7,298)	-	162	52,241
Net position at the beginning of the year (deficit)	875,888	(115,156)	23,825	4,503	9,756	93,218
Net position (deficit) at the end of the year	$ 983,680	$ (110,400)	$ 16,527	$ 4,503	$ 9,918	$ 145,459

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2023

(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
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	-	-	-	-	-	-	-	-	-
Contracted services	-	-	94	134	-	-	-	-	-
Supplies and capital items expensed	-	-	59	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
General administration	-	-	26	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Total operating expenses	-	-	179	134	-	-	-	-	-
Operating income (loss), before depreciation and amortization	-	-	(179)	(134)	-	-	-	-	-
Depreciation and amortization	(48,294)	-	-	-	-	-	-	-	-
Operating income (loss), after depreciation and amortization	(48,294)	-	(179)	(134)	-	-	-	-	-
Nonoperating changes in net position: increase (decrease)									
Revenue bonds:									
Revenue bond - transfer of principal	-	-	-	(2,210)	-	-	5,465	-	-
Revenue bond - transfer of interest	-	-	-	(4,353)	-	-	7,599	-	-
Revenue bond - payment of principal	5,400	-	-	-	-	-	(5,400)	-	-
Revenue bond interest, net of premium amortization	960	-	-	-	-	-	(7,599)	-	-
Transfer of subordinate debt principal	-	-	-	-	-	-	-	-	-
Transfer of bond payable matched to spent proceeds	18	-	-	-	-	-	-	-	(18)
Bond issuance costs	-	-	-	-	-	-	-	-	-
Subordinate debt:	-	-	-	-	-	-	-	-	-
Transfer of subordinate debt service - principal	637	-	-	-	-	-	-	-	-
Transfer of subordinate debt service - interest	-	-	-	-	-	-	-	-	-
Passenger facility charge revenues	-	17,332	-	-	-	-	-	-	-
Customer facility charge revenues	-	-	-	11,197	-	-	-	-	-
Police forfeiture program revenues	-	-	555	-	-	-	-	-	-
Police forfeiture program revenues passed through to other local government	-	-	(4)	-	-	-	-	-	-
Grants and federal awards for operating expenses	-	-	-	-	-	-	-	-	-
Investment income	-	4,109	198	1,807	181	12	-	229	496
Interest income - leases	-	-	-	-	-	-	-	-	-
Interest expense - subscription assets	-	-	-	-	-	-	-	-	-
Net gain on disposal of capital assets	(46)	-	-	-	-	-	-	-	-
Non-capitalized project costs	(3,257)	-	-	-	-	-	-	-	-
Capitalization of expenditures	78,484	-	(25)	(798)	-	(12)	-	-	(5)
Other	-	-	-	-	-	-	-	-	-
Transfers:									
Transfer of airport reserves for capital project funding	-	-	-	-	-	-	-	-	-
Transfer to fund operations reserve	-	-	-	-	4,550	-	-	-	-
Transfer to fund group health coverage	-	-	-	-	-	-	-	-	-
Transfer to cover debt service requirements	-	(6,092)	-	(104)	-	-	-	104	-
Transfer of PFC to reimburse for eligible expenditures	-	(2,872)	-	-	-	-	-	-	-
Transfer of remaining revenues	-	-	-	-	-	-	-	-	-
Total nonoperating changes in net position, before capital contributions	82,196	12,477	724	5,539	4,731	-	65	333	473
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	33,902	12,477	545	5,405	4,731	-	65	333	473
Net position at the beginning of the year (deficit)	705,280	78,830	3,845	27,102	29,396	-	2,145	12,981	163
Net position (deficit) at the end of the year	$ 739,182	$ 91,307	$ 4,390	$ 32,507	$ 34,127	$ -	$ 2,210	$ 13,314	$ 636

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
As Restated* Year Ended December 31, 2022

(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	$ 28,412	$ 28,412	$ -	$ -	$ -	$ -
Rentals:						
Terminal, net	13,315	13,315	-	-	-	-
Ground	5,796	5,796	-	-	-	-
Ramp	5,668	5,668	-	-	-	-
Other	1,594	1,594	-	-	-	-
Parking	53,790	53,790	-	-	-	-
Concessions	12,578	12,578	-	-	-	-
Rebilled services	1,793	1,793	-	-	-	-
Ground transportation	1,482	1,482	-	-	-	-
Other	1,719	1,719	-	-	-	-
Total operating revenues	126,147	126,147	-	-	-	-
Operating expenses						
Salaries, wages and benefits	53,411	47,439	-	5,974	-	-
Contracted services	41,104	40,028	-	806	-	164
Supplies and capital items expensed	7,883	7,695	-	-	-	-
Utilities	9,345	9,345	-	-	-	-
General administration	1,953	1,759	-	-	-	163
Insurance	1,622	1,622	-	-	-	-
Total operating expenses	115,318	107,888	-	6,780	-	327
Operating income (loss), before depreciation and amortization	10,829	18,259	-	(6,780)	-	(327)
Depreciation and amortization	(45,987)	-	-	-	-	-
Operating (loss) income, after depreciation and amortization	(35,158)	18,259	-	(6,780)	-	(327)
Nonoperating changes in net position: increase (decrease)						
Revenue bonds:						
Revenue bond - transfer of principal	-	(2,891)	-	-	-	-
Revenue bond - transfer of interest	-	(3,401)	-	-	-	-
Revenue bond - payment of principal	-	-	-	-	-	-
Revenue bond interest, net of premium amortization	(6,783)	-	-	-	-	-
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	-	(390)	-	-	-	-
Transfer of subordinate debt service - interest	(26)	(26)	-	-	-	-
Passenger facility charge revenues	15,318	-	-	-	-	-
Customer facility charge revenues	9,683	-	-	-	-	-
Police forfeiture program revenues	1,029	-	-	-	-	-
Police forfeiture program revenues passed through to other local government	(13)	-	-	-	-	-
Grants and federal awards for operating expenses	7,125	7,125	-	-	-	-
Investment income	1,627	1,943	290	75	(236)	(310)
Interest income - leases	4,458	4,458	-	-	-	-
Interest expense - subscription assets	(91)	(91)	-	-	-	-
Net gain on disposal of capital assets	(1,140)	-	-	-	-	163
Non-capitalized project costs	(450)	-	-	-	-	-
Capitalization of expenditures	-	(629)	(43,340)	-	-	(2,287)
Transfers:						
Transfer to fund operations reserve	-	(2,232)	-	-	-	-
Transfer to fund group health coverage	-	(6,685)	-	6,705	-	-
Transfer to cover debt service requirements	-	5,882	-	-	-	-
Transfer of PFC to reimburse for eligible expenditures	-	-	1,566	-	-	-
Transfers of remaining revenues	-	(19,467)	-	-	-	19,467
Total nonoperating changes in net position, before capital contributions	30,699	(16,404)	(41,484)	6,780	(236)	16,995
Capital Contributions						
Donated capital	405	-	-	-	-	405
Grants and federal awards for capital expenditures	30,438	-	30,438	-	-	-
Third party funding of project costs	154	-	154	-	-	-
Total capital contributions	30,997	-	30,592	-	-	405
Total changes in net position	26,538	1,855	(10,892)	-	(236)	17,073
Net position at the beginning of the year (deficit)	849,350	(117,011)	34,717	4,503	9,992	76,145
Net position (deficit) at the end of the year	$ 875,888	$ (115,156)	$ 23,825	$ 4,503	$ 9,756	$ 93,218

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
As Restated* Year Ended December 31, 2022

(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	-	-	-	(2)	-	-	-	-	-
Contracted services	-	-	62	44	-	-	-	-	-
Supplies and capital items expensed	-	-	188	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
General administration	-	-	31	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Total operating expenses	-	-	281	42	-	-	-	-	-
Operating income (loss), before depreciation and amortization	-	-	(281)	(42)	-	-	-	-	-
Depreciation and amortization	(45,987)	-	-	-	-	-	-	-	-
Operating income (loss), after depreciation and amortization	(45,987)	-	(281)	(42)	-	-	-	-	-
Nonoperating changes in net position: increase (decrease)									
Revenue bonds:									
Revenue bond - transfer of principal	-	-	-	(2,145)	-	-	5,245	(209)	-
Revenue bond - transfer of interest	-	-	-	(4,421)	-	-	7,822	-	-
Revenue bond - payment of principal	5,180	-	-	-	-	-	(5,180)	-	-
Revenue bond interest, net of premium amortization	1,039	-	-	-	-	-	(7,822)	-	-
Transfer of subordinate debt principal	(32)	-	-	-	-	-	-	-	32
Transfer of bond payable matched to spent proceeds	489	-	-	-	-	(489)	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-
Subordinate debt:	-	-	-	-	-	-	-	-	-
Transfer of subordinate debt service - principal	390	-	-	-	-	-	-	-	-
Transfer of subordinate debt service - interest	-	-	-	-	-	-	-	-	-
Passenger facility charge revenues	-	15,318	-	-	-	-	-	-	-
Customer facility charge revenues	-	-	-	9,683	-	-	-	-	-
Police forfeiture program revenues	-	-	1,029	-	-	-	-	-	-
Police forfeiture program revenues passed through to other local government	-	-	(13)	-	-	-	-	-	-
Grants and federal awards for operating expenses	-	-	-	-	-	-	-	-	-
Investment income	-	(252)	40	411	(177)	6	-	(248)	85
Interest income - leases	-	-	-	-	-	-	-	-	-
Interest expense - subscription assets	-	-	-	-	-	-	-	-	-
Net gain on disposal of capital assets	(1,303)	-	-	-	-	-	-	-	-
Non-capitalized project costs	(450)	-	-	-	-	-	-	-	-
Capitalization of expenditures	51,359	-	(355)	(5,231)	-	483	-	-	-
Transfers:									
Transfer to fund operations reserve	-	-	-	-	2,232	-	-	-	-
Transfer to fund group health coverage	-	-	-	(20)	-	-	-	-	-
Transfer to cover debt service requirements	-	(5,882)	-	26	-	-	-	(26)	-
Transfer of PFC to reimburse for eligible expenditures	-	(1,566)	-	-	-	-	-	-	-
Transfer of remaining revenues	-	-	-	-	-	-	-	-	-
Total nonoperating changes in net position, before capital contributions	56,672	7,618	701	(1,697)	2,055	-	65	(483)	117
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	10,685	7,618	420	(1,739)	2,055	-	65	(483)	117
Net position at the beginning of the year (deficit)	694,595	71,212	3,425	28,841	27,341	-	2,080	13,464	46
Net position (deficit) at the end of the year	$ 705,280	$ 78,830	$ 3,845	$ 27,102	$ 29,396	$ -	$ 2,145	$ 12,981	$ 163

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 - SBITA, effective January 1, 2022.

Cincinnati/Northern Kentucky International Airport
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

(in thousands of dollars)

Name of agency or department	Assistance Listing Number	Name of program	Federal awards with expenditure activity in 2023: Award amount	Federal awards with expenditure activity in 2023: Total awards expended
US Dept of Transportation	20.106	Airport Improvement Program*	$ 153,200	$ 53,011
US Dept of Transportation	20.106	COVID-19 Airport Improvement Program - Coronavirus Aid, Relief, and Economic (CARES) Act *	16,151	699
US Dept of Transportation	20.106	COVID-19 Airport Improvement Program - Coronavirus Response and Relief Supplemental Appropriation Act (CRRSA)*	11,402	5,374
US Dept of Transportation	20.106	COVID-19 Airport Improvement Program - American Rescue Plan Act (ARPA)*	42,075	18,427
US Dept of Transportation	20.106	Airport Improvement Program Total	222,828	77,511
US Dept of Justice	16.922	Equitable sharing program	5,287	203
US Dept of Treasury	21.016	Equitable Sharing Program	220	-
US Dept of Homeland Security	97.036	Public Assistance Program	112	112
Federal Highway Administration (Passed through the Kentucky Transportation Cabinet)	20.205	Highway Planning and Construction	3,183	131
		Total awards expended		$ 77,957

* Airport Improvement Program was tested as a major program.

See report of independent auditors and notes to Schedule of Expenditures of Federal Awards.

(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 expensed 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 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 2023 financial statements (amounts rounded to nearest thousand):

Grants and federal awards, nonoperating changes in net position	$	25,007
Less: Federal receipts not subject to uniform guidance requirements		(393)
Less: Local government grants not funded by federal resources		(138)
Grants and federal awards, capital contributions		53,278
Police forfeiture revenues expended for operations, operating expenses		172
Police forfeiture revenues expended capital expenditures		25
Other		6
Expenditures of revenues from federal sources reported on the Schedule	$	77,957

CPAs/ADVISORS

blue

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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) as of and for the year ended December 31, 2023, 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 15, 2024.

<u>Report on Internal Control Over Financial Reporting</u>

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 or significant deficiencies may exist that have not been identified.

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

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

Cincinnati, Ohio
July 15, 2024

CPAs/ADVISORS

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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR PROGRAM AND 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, 2023. 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, 2023.

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.

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

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 judgment 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 judgment 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.

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.

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

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

Cincinnati, Ohio
July 15, 2024

(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

Identification of major program:

Assistance Listing Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

(in thousands of dollars)

Dollar threshold used to distinguish between type A and type B programs:	$2,339
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 were reported for the year ended December 31, 2022.

Cincinnati/Northern Kentucky International Airport
Notes to Schedule of Passenger Facility Charges Collected and Expended
Year Ended December 31, 2023

(in thousands of dollars)

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, 2023:								
02-08-C-00-CVG	$ 194,100	$ 176,893	$ -	$ 176,893	$ 17,206	$ 161,422	$ 4,992	$ 166,414
18-15-C-00-CVG	76,225	72,848	-	72,848	3,377	22,636	1,800	24,436
21-16-C-00-CVG	22,257	11,090.00	7,775	18,865	3,393	21,325	-	21,325
23-17-C-00-CVG	25,200	-	9,397	9,397	-	-	1,347	1,347
Subtotal	$ 317,782	$ 260,831	$ 17,172	$ 278,003	$ 23,976	$ 205,383	$ 8,139	$ 213,522
Closed applications as of December 31, 2023:								
94-01-C-00-CVG	$ 26,533	$ 25,513	$ -	$ 25,513	$ 1,020	$ 26,533	$ -	$ 26,533
95-02-C-00-CVG	68,280	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	34,932	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	44,917	-	44,917
Subtotal	339,700	309,550	-	309,550	30,150	339,700	-	339,700
Total	$ 657,482	$ 570,381	$ 17,172	$ 587,553	$ 54,126	$ 545,083	$ 8,139	$ 553,222

	Per PFC quarterly reports Fiscal Year 2023						
	Quarter ended Mar 31, 2023	Quarter ended June 30, 2023	Quarter ended Sept 30, 2023	Quarter ended Dec 31, 2023	Reconciling amount	Interest from prior years	Total
Revenues:							
Collections	$ 3,784	$ 5,440	$ 3,544	$ 4,404	$ -	$ -	$ 17,172
Interest	422	454	576	1,157	-	-	2,609
Total	$ 4,206	$ 5,894	$ 4,120	$ 5,561	$ -	$ -	$ 19,781
Expenditures:							
02-08-C-00-CVG	$ 1,073	$ 1,073	$ 1,073	$ 1,773	$ -	$ -	$ 4,992
18-15-C-00-CVG	450	450	450	450	-	-	1,800
21-16-C-00-CVG	-	-	-	-	-	-	-
23-17-C-00-CVG	-	-	1,347	-	-	-	1,347
Total	$ 1,523	$ 1,523	$ 2,870	$ 2,223	$ -	$ -	$ 8,139

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

1. General

The accompanying Schedule of Passenger Facility Charges Collected and Expended (PFC Schedule) 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 PFC Schedule includes all the PFCs and the interest earnings thereon collected by the Airport beginning June 1, 1994 through December 31, 2023. PFCs are collected pursuant to Federal Aviation Administration approved applications.

2. Basis of Presentation

The accompanying PFC Schedule of the Airport is presented on the cash basis of accounting which is the basis of accounting used for the PFC quarterly reports. PFCs are recorded as restricted revenue until expending in compliance with applicable Records of Decision from the Federal Aviation Administration. Because the PFC Schedule presents only a selected portion of the operations of the Airport, it is not intended to and does not present the financial position, changes in net position or cash flows of the Airport. Expenditures represent the amount of capital and other cost expended for approved projects.

14 CFR Section 158.63 requires that the public agency provide quarterly reports to carriers collecting PFC revenues for the public agency, with a copy to the appropriate FAA Airports office. The PFC quarterly report must include PFC revenue received from collecting carriers, interest earned, and expenditures for the quarter; cumulative PFC revenue received, interest earned, expenditures, and the amount committed for use on currently approved projects. Amounts reported in the accompanying PFC Schedule include a reconciliation to quarterly amounts reported in the System of Airports Reporting.

3. Reconciliation to Financial Statements

Following is a reconciliation of amounts per the PFC Schedule to the 2023 financial statements (amounts rounded to nearest thousand):

Passenger Facility Charge revenues	$	17,332
PFC's receivable, December 31, 2023		(2,232)
PFC's receivable, December 31, 2022		2,080
Other adjustments		(8)
PFCs collected in the current year	$	17,172

4. Subsequent Event

On April 24, 2024, the Board's submitted to the FAA to impose and use PFC revenues for expenditures related to the Board's 18th PFC Application (Number 24-18-C-00-CVG) to be able to collect a PFC at a $4.50 PFC level. Amounts to be collected under the Board's 18th PFC application will be used to fund the purchase of replacement airfield snow removal equipment.

On June 11, 2024, the FAA notified the Board that the application had been approved under a streamlined process created under Section 121 of the Federal Aviation Administration Reauthorization (FAA) Act of 2018, as codified at 49 U.S.C. § 40117(l), and the Board could begin collecting the PFCs authorized under this application commencing in February 2025.

CPAs/ADVISORS

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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, 2023 (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, 2023.

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.

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

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 judgment 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 judgment 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.

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 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.

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

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

Cincinnati, Ohio
July 15, 2024

Cincinnati/Northern Kentucky International Airport
Schedule of Passenger Facility Charge Findings and Questioned Costs
Year Ended December 31, 2023

Summary of Auditor's Results

We have issued an unmodified opinion, dated July 15, 2024, on the financial statements of Cincinnati/Northern Kentucky International Airport (the Airport) as of and for the year ended December 31, 2023.

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 15, 2024 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 the 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, 2023

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, 2022.