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, 2020 and 2019

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REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying financial statements (hereby referred to as the financial statements) of the business-type activities of the Cincinnati/Northern Kentucky International Airport (hereby referred to as the Airport) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express our opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Airport as of December 31, 2020 and 2019, and the respective changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America requires that management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming 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 Awards*, and the schedule of passenger facility charges collected and expended ("Supplementary Information") are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2021 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

Blue & Co., LLC

Lexington, Kentucky
July 19, 2021

Introduction

The following management discussion and analysis of the financial performance and activity of the Cincinnati/Northern Kentucky International Airport ("Airport") provides an introduction and understanding of the Airport's basic financial statements ("Statements") for the calendar year ended December 31, 2020 with selected comparative information for the years ended December 31, 2019 and December 31, 2018. The Statements are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP"). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto.

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

Airport Governance

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

Airport Activity Highlights

COVID-19

First identified in late 2019, in early March 2020 the World Health Organization declared the coronavirus respiratory disease COVID-19 a global pandemic. As a result, many states and local governments in the United States, including the Commonwealth of Kentucky (the "Commonwealth"), issued various "stay at home" or "shelter in place" orders, which severely restricted movement and limited businesses and other activities to essential functions. Additionally, a number of nations effectively closed their borders by restricting entry and exit to only essential travel. The outbreak of COVID-19 and related restrictions have had an adverse effect on both international and domestic travel and travel-related industries. Passenger airlines significantly reduced their flight schedules at the Airport in response to the reduced demand for air travel. Retail, food, and other service concessionaires located in the Airport's terminal facilities have also experienced significant declines in sales and numerous locations remain closed. In addition to the impact on terminal concessionaires, the reduction in passenger air travel has had an adverse effect on parking, ground transportation companies, and rental car activity and, consequently, the Airport's operating revenues.

Federal Relief Efforts in Response to COVID-19

The United States Government has taken legislative and regulatory actions and implemented measures to mitigate the broadly disruptive effects of the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), approved by the United States Congress and signed into law on March 27, 2020, is one of the legislative actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures $10.0 billion in direct aid in the form of grants for airports.

The Board was awarded $42.9 million in CARES Act grants that can be used for any purpose for which airport revenues may lawfully be used. The period of performance for the CARES Act grants is four years and requires airport sponsors accepting CARES Act grants to employ through December 31, 2020, at least 90% of the number of individuals employed as of March 27, 2020 (after making adjustments for retirements or voluntary employee separations). Under the CARES Act, the Federal Aviation Administration ("FAA") will reimburse sponsors for operational and maintenance expenses directly related to the airport incurred on or after January 20, 2020 and debt service payments on or after March 27, 2020. The Board payment requests under the CARES Act must be submitted for incurred expenses only, consistent with FAA's Payment Policy. The Board applied $11.1 million in CARES Act funds for the year ended December 31, 2020 to reimburse operations & maintenance expense and offset shortfalls in operating revenue. Given the anticipated severity and duration of the COVID-19 pandemic, the Board anticipates using the remaining CARES funds over multiple years.

For Federal Fiscal Year 2020, the Board was awarded an additional $9.8 million dollars in CARES Act grants to cover 100% of the local match for the FAA Airport Improvement Program ("AIP") grants awarded to the Board for the rehabilitation and reconstruction of Runway 9/27 and associated taxiways. Additionally, the Airport continues to evaluate and seek other available sources of State and Federal aid as they become available including reimbursement from supplemental funding made available under the CARES Act for increased costs incurred to clean and sanitize TSA checkpoint areas.

Tenant Lease and Sustainability Actions

The Board entered into a Use Agreement with its signatory carriers effective January 1, 2016. The five-year term of the current use agreement was set to expire December 31, 2020. Due to the disruption and uncertainty caused by the COVID-19 pandemic, both the Board and its Signatory Carriers have agreed to extend the existing Use Agreement and all related terminal space leases for one year (expiring December 31, 2021) with an additional optional, mutually agreeable one-year extension. In return, the Board agreed to maintain airline costs in 2021 at approximately 2020 budget levels through prudent financial management and the strategic application of CARES Act grants.

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

Airport Activity

The Airport serves as the primary airport for scheduled passenger service for the fifteen county Cincinnati Consolidated Metropolitan Statistical Area. The Airport serves as DHL Worldwide Express, Inc.'s ("DHL") main international cargo hub for North America and Latin America and is one of DHL's three global super hubs. The Airport is also home to the Amazon Air cargo hub.

Amazon began operating aircraft from the Airport in May 2017 utilizing daytime capacity at DHL's hub facility. Subsequently, work began related to planning the Amazon cargo hub development and completing the necessary regulatory and permitting review processes. In March 2019, the Board entered into a ground lease with Amazon.com Services, Inc. for an approximate 650-acre site on the south side of the Airport and an option agreement for approximately 479 acres on the north side of the Airport. With the signing of these agreements, work began on the first phase of the south side development which is planned to open in 2021. 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. The total estimated cost of the south side development is approximately $1.5 billion.

As of December 31, 2020, scheduled passenger service at the Airport was provided by seven airline groups through a total of fourteen mainline and regional carriers. Scheduled cargo service was provided by three cargo operators. Air Canada suspended service at the Airport in 2020 as a result of restrictions imposed on transborder air travel due to COVID-19. No other scheduled passenger airline suspended air service at the Airport in 2020.

Selected activity statistics for the years ended December 31, 2020, 2019 and 2018 are as follows:

	2020	2019	2018
Enplaned passengers	1,802,675	4,553,790	4,440,014
Origin passengers(1)	1,741,364	4,340,699	4,161,092
Landed Weights(lbs. 000s)			
Passenger airlines	2,858,945	5,142,911	5,134,540
Cargo airlines(2)	7,972,507	7,268,858	7,060,621
Total landed weight	10,831,452	12,411,769	12,195,161
Aircraft landings(3)	53,330	76,735	76,141

(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 2020, enplaned passenger activity declined 95% in the late March to April 2020 time period at the height of the COVID-19 pandemic. As air travel concerns and government restrictions have eased, passenger traffic volumes have increased gradually but remain below pre-pandemic levels. As a result, calendar year enplaned passenger activity at the Airport declined 2,751,115 or 60.4% in 2020. The Airport's enplaned passenger activity increased by 113,776, or 2.6% in 2019. In 2019, the increase in origin passengers was primarily the result of an increase in the percentage of seats filled on aircraft as local passenger demand continued to grow due to pricing and schedule benefits of the competitive airline environment at the Airport.

In 2020, total aircraft landed weights declined 1,580,317 or 12.7%. The presence of the DHL and Amazon air cargo hubs at the Airport has helped partially offset the decline in passenger landed weights. The government restrictions resulting from the COVID-19 pandemic caused a substantial shift to ecommerce, stimulated air cargo demand, and resulted in increased cargo landed weight. In 2020, cargo landed weight at the Airport increased 703,649, or 9.7%, while passenger landed weight declined 2,283,966, or 44.4%, as airlines adjusted their flight schedules due to lower air travel demand. In thousand-pound units (lbs. 000s), total aircraft landed weights at the Airport increased 216,608, or 1.8%, in 2019. Growth in landed weights reflects increases in cargo landed weights of 208,237, or 2.9%, in 2019 and increases in passenger airline landed weights of 8,371, or 0.2%, in 2019.

In 2020, the number of aircraft landings at the Airport declined by 23,405, or 30.5%. The sharper percentage decline in the number of aircraft landings compared with aircraft landed weights reflects the reduction in passenger air service and smaller gauge aircraft, on average, in passenger service relative to those in air cargo service. The number of aircraft landings at the Airport grew by 594, or 0.8%, in 2019, consisting of cargo landings increasing by 358, or 1.6% and passenger carrier landings increasing by 236, or 0.4% in 2019.

Airline Rates and Charges

Two of the primary revenue sources for the Airport are the landing fees received from the airlines for the use of the airfield and the rentals received for their use of the terminal facilities. Effective January 1, 2016, the Board entered into a new Airport Use Agreement ("Use Agreement") with certain passenger and cargo air carriers operating at the Airport ("Signatory Carriers") that was set to expire on December 31, 2020. Due to the disruption and uncertainty caused by COVID-19 pandemic, both the Board and its Signatory Carriers agreed to extend the existing Use Agreement and all related terminal space leases for one year (expiring December 31, 2021) with an optional, mutually agreeable one-year extension. As of December 31, 2020 and December 31, 2019, the Airport had eight Signatory Carriers, of which six were passenger airlines (Allegiant, American, Delta, Frontier, Southwest, and United) and two were cargo operators (DHL and Federal Express Corporation).

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

Carrier terminal related rentals. Landing fees and airline terminal rentals are reflected in the Statements of Revenues, Expenses and Changes in Net Position net of the related NRR credits.

The landing fee rate, terminal related rates and charges and the related NRR credits are established annually during the budget process based on projected revenues, costs and airline activity. After the close of each fiscal year, the landing fee rate, terminal related rates and charges and related NRR credits are recalculated using audited financial data. Any overpayments of such rentals, fees and charges are reflected as payable by the Board and returned to the Signatory Carriers; and any underpayments are invoiced to the Signatory Carriers. Amounts owed to the carriers as the result of this settlement process for 2020 and 2019 were $1.0 million and $8.6 million, respectively. In order to manage airline costs of operating at the Airport in 2020, the Board used CARES Act grant funds in a manner to reimburse Airport operating expenses and ensure no single airline was required to make settlement payments to the Board. For 2020, a total of $1.0 million was payable to the carriers as a result of the settlement process. As $4.0 million of the amount payable at December 31, 2019 had not been paid by December 31, 2020, the total amount reflected on the Balance Sheet as payable at December 31, 2020 is $5.0 million.

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

In addition to the landing fees and terminal rentals and any other fees and charges allowable under the Use Agreement, each Signatory Carrier is required to make extraordinary coverage protection payments to the Airport in any fiscal year in which the amount of operating revenues less operating expenses as defined in the general bond resolution is or is forecasted to be less than 125% of the aggregate annual debt service requirements as calculated under the Airport's general bond resolution. No such payments were necessary for 2020 or 2019.

Overview of the Financial Statements

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

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

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

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

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

Summary of Financial Position

A summarized comparison of the Airport's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at December 31, 2020, 2019 and 2018 is set forth below (in thousands of dollars):

	2020	2019	2018
Assets			
Current assets	$ 169,120	$ 182,570	$ 131,973
Non-current assets			
Capital assets	810,827	741,634	696,708
Other non-current assets	195,794	276,688	180,347
Total assets	1,175,741	1,200,892	1,009,028
Deferred Outflows of Resources	30,953	29,386	30,912
Total assets and deferred outflows of resources	$ 1,206,694	$ 1,230,278	$ 1,039,940
Liabilities			
Current liabilities	$ 53,523	$ 66,323	$ 31,314
Non-current liabilities	319,897	306,965	172,860
Total liabilities	373,420	373,288	204,174
Deferred Inflows of Resources	8,848	11,354	10,061
Net Position			
Unrestricted	8,797	18,578	20,173
Net investment in capital assets	627,407	634,105	645,200
Restricted	188,222	192,953	160,332
Total net position	824,426	845,636	825,705
Total liabilities, deferred inflows of resources and net position	$ 1,206,694	$ 1,230,278	$ 1,039,940

Net Position

Net position is the difference between total assets, total deferrals, and total liabilities, and is an indicator of the current fiscal health of the Airport. The majority of the Airport's net position at December 31, 2020, 2019 and 2018 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 2020, the Airport's net position decreased by $21.2 million. This change is the result of a $9.8 million reduction of unrestricted net position, a $6.7 million reduction in net investment in capital assets, and a decrease of $4.7 million in restricted net position.

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

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

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

In 2019, the Airport's net position increased by $19.9 million. This change is the result of a $1.6 million reduction of unrestricted net position, an $11.1 million reduction in net investment in capital assets, and an increase of $32.6 million in restricted net position.

The 2019 decrease in unrestricted net position was primarily the result of utilization of $18.0 million of the cash and investments in the unrestricted Designated for Capital Projects account group to fund capital additions, the transfer of $13.3 million of cash and investments from the unrestricted Designated for Capital Projects account group to the restricted for the CFC account group to provide a portion of the funding for the GTF and the bond resolution required transfer of $2.0 million of unrestricted amounts to fund restricted operating reserves. This decrease in unrestricted net position was substantially offset by the $17.9 million reimbursement from the restricted PFC account group of PFC eligible capital expenditures originally funded from the unrestricted account group, $8.3 million of grant revenue received to fund capital expenditures, $3.4 million of income generated from investments, a $1.0 million increase resulting from income generated from Airport operations, a $0.6 million transfer of unrestricted investment earnings from the restricted Other Third Party Funding account group to the General Purposes account group and $0.4 million of grant revenue received to fund operating expenses.

The 2019 reduction in net position related to the net investment in capital assets was due to a $60.8 million increase in the revenue bonds payable resulting from the issuance of revenue bonds in 2019 to fund the construction of the GTF and improvements to the main terminal roadway. Other components of the reduction in net investment in capital assets included $42.9 million of depreciation of the Airport's capital assets and $0.8 million of project expenditures which were not capitalized. This decrease was offset in part by the addition of $70.0 million in capital assets paid from funds available in the restricted and unrestricted account groups, the recording of a $19.9 million asset related to Amazon's transfer of ownership of land to the Airport and a $3.5 million decrease in revenue bonds payable and subordinate debt due to scheduled principal payments and premium amortization.

The 2019 increase in restricted net position was due to the receipt of $131.9 million of bond proceeds to fund the capital expenditures as discussed above, and bond issuance costs, receipt of $18.3 million in PFC revenues, transfer of $13.3 million in cash and investments from the unrestricted Designated for Capital Projects account group to provide a portion of the funding for the GTF being funded from the restricted CFC account group, receipt of $12.1 million of CFC revenues, funding of $9.1 million in bond related reserves from bond proceeds, $6.2 million of income generated by investments, transfer of $2.0 million from the unrestricted account groups for the funding of operating reserve requirements and receipt of $1.1 million in Police Forfeiture program revenues. These increases were partially offset by the recording of $80.2 million in bonds payable related to the amount of bond proceeds remaining unspent at year-end, utilization of $52.0 million of funds available in the restricted account groups for the acquisition and construction of capital assets, a $17.9 million reimbursement from the restricted PFC account group to unrestricted accounts to reimburse PFC eligible expenditures, a $4.2 million transfer from the restricted PFC account group for funding of revenue bond debt service requirements, the transfer of $4.8 million for the funding of debt service interest on outstanding bonds, the expenditure of $1.1 million for bond issuance costs and the $0.6 million transfer of investment earnings from the Other Third Party Funding account group to the General Purposes account group.

Assets, Liabilities, and Deferrals

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

In 2019, total assets increased $191.9 million, composed of a $50.6 million increase in current assets, a $44.9 million increase in capital assets, and a $96.3 million increase in other non-current assets. The increase in current assets was due to an overall increase in cash and investments. The increase in capital assets was due to 2019 capital additions being greater than the depreciation of the Airport's capital assets placed in service in prior years. The increase in other non-current assets was also due to the overall increase in investable balances related to the issuance of bonds in 2019.

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

In 2019, total liabilities increased $169.1 million. This change includes a $35.0 million increase in current liabilities and a $134.1 million increase in non-current liabilities. The increase in current liabilities was primarily due to a $22.6 million increase in the rates and charges settlement due to the air carriers related to the reclassification to current payables of $16.2 million in settlement amounts payable to Delta from years prior to 2019, the addition of the $7.0 million in 2019 rates and charges settlement amounts payable to Delta and the $0.6 million reduction in 2019 settlement amounts owed to other airlines as compared to 2018. Other components of the increase in current liabilities include a $9.8 million increase in accounts payable and contract retainage related to both capital and operational expenditures and a $2.2 million increase in revenue bond interest payable. The increase in non-current liabilities was due to a $137.5 million increase in bonds payable, inclusive of unamortized premiums, related to the issuance of bonds in 2019 and a $13.2 million increase in the Airport's assigned proportionate share of the net pension liability of the CERS, the pension plan in which the Airport's employees participate. These increases are offset by the $16.2 million reclassification to current payables of prior years' rates and charges settlements due to Delta.

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

In 2019, deferred outflows of resources decreased $1.5 million and deferred inflows of resources increased $1.3 million. The decrease in deferred outflows of resources was primarily due to the amortization of the deferred outflow recorded as the result of prior year changes in the KPPA's economic assumptions offset in part by the deferred outflow recorded as the result of current year changes in assumptions. The increase in deferred inflows of resources was primarily due to deferred outflows recorded due to current year actuarial adjustments. This increase is partially offset by amortization of prior year actuarial adjustments.

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, 2020, 2019 and 2018 is set forth below (in thousands of dollars):

	2020	2019	2018
Operating Revenues			
Landing fees, net	$ 23,621	$ 22,430	$ 21,132
Rentals, net	28,717	19,639	18,726
Parking	19,124	48,310	45,383
Concessions	6,781	15,485	14,715
Other	3,349	4,818	4,327
Total operating revenues	81,592	110,682	104,283
Operating Expenses			
Salaries, wages and benefits	60,960	61,681	54,941
Contracted services	21,594	29,084	25,458
Supplies and capital items expensed	5,927	7,777	8,050
Utilities	7,285	8,138	7,820
General administration	1,379	2,379	2,585
Insurance	1,318	1,206	1,561
Total operating expenses	98,463	110,265	100,415
Operating income, before depreciation and amortization	(16,871)	417	3,868
Depreciation and amortization	(42,597)	(42,885)	(41,877)
Operating loss, after depreciation and amortization	(59,468)	(42,468)	(38,009)
Nonoperating Changes in Net Position: (decrease) increase			
Revenue bond interest, net of premium amortization	(6,977)	(5,788)	(1,218)
Bond issuance costs	(140)	(1,116)	(311)
Subordinate debt interest	(15)	(16)	(12)
Passenger facility charge revenues	7,366	18,364	18,143
Customer facility charge revenues	5,057	12,130	11,930
Police forfeiture program revenues	580	1,136	492
Police forfeiture program revenues passed through to other local government	(4)	(38)	(3)
Grants and federal awards for operating expenses	11,476	400	352
Investment income	4,888	9,674	4,840
Net gain on disposal of capital assets	(102)	43	189
Non-capitalized project costs	-	(812)	(274)
Other	-	-	-
Total nonoperating changes in net position, before capital contributions	22,129	33,977	34,128
Capital Contributions			
Donated capital	2,009	19,933	-
Grants and federal awards for capital expenditures	13,075	8,331	8,056
Third party funding of project costs	1,045	158	235
Total capital contributions	16,129	28,422	8,291
Total changes in net position	(21,210)	19,931	4,410
Net position at the beginning of the year	845,636	825,705	821,295
Net Position at the End of the Year	$ 824,426	$ 845,636	$ 825,705

Operating Revenues and Expenses

Operating revenues decreased $29.1 million in 2020 due to impacts of the COVID-19 pandemic, and increased $6.4 million in 2019 as detailed below:

Landing fee revenue increased by $1.2 million in 2020 and $1.3 million in 2019. In 2020, increases in landing fee revenues are primarily due to lower NRRs allocated to reduce the landing fee rate resulting from the negative impacts of the pandemic on operating revenues. In 2019, increases in landing fee revenue are due to the residual nature of the calculation of the landing fee rate and increases in the airfield cost center requirements net of the portions of the NRR allocated to reduce the landing fee rate.

Rental revenues increased $9.1 million in 2020 and $0.9 million in 2019. In 2020, the primary driver of the increase was $8.9 million increase in terminal rentals due to a reduction in terminal NRRs allocated to reduce airline terminal rentals as a result of the pandemic. The primary component of the 2019 increase was a $0.7 million increase in other rentals related to the lease of office space in a multi-tenant office building owned by the Board.

In 2020, parking revenues decreased $29.2 million due to reduced passenger activity resulting from the pandemic. In response to reduced passenger activity, the Board consolidated all parking operations in late March 2020 to the short-term main terminal garage and, at the same time, reduced the daily parking rate in the main terminal garage from $18.00 to $10.00. Parking revenues increased $2.9 million in 2019 related to growth in origin passengers.

In 2020, concession revenues decreased $8.7 million due to lower passenger volumes during the pandemic. In September 2020, the Board approved a motion to relieve the Minimum Annual Guarantee (MAG) for eligible terminal concessionaires and instead pay percentage rents for the period April 1, 2020 through December 31, 2020 to help mitigate the impacts of the pandemic. Rental car companies at the Airport currently operate under a license agreement and pay percentage rents only. The rental car companies are scheduled to take beneficial occupancy of the new GTF effective September 1, 2021. When occupancy commences, the rental car companies will pay the greater of a prescribed MAG or percentage rents under the terms of a new Rental Car Concession Agreement entered into with the Board. Concession revenues increased $0.8 million in 2019 related to additional passengers utilizing the Airport, with the primary components of the increase being revenues from car rentals, retail and food and beverage sales.

Operating expenses decreased $11.8 million in 2020 and increased $9.8 million in 2019. In response to the pandemic and associated impacts on operating revenues, the Board implemented a number of cost saving initiatives including: a hiring freeze, elimination of nonessential travel, reduction in contracted services, deferral of professional services, reduction of expensed capital purchases, and temporary shut-down of certain systems to lower utility usage.

Salaries, wages and benefits expenses decreased $0.7 million in 2020 and increased $6.7 million in 2019. In 2020, benefits expense decreased $1.0 million and salaries & wages expense increased $0.3 million. Expenses in 2020 were comparable to those of 2019 as staffing levels remained consistent. The 2020 benefits expense included $14.8 million of expense resulting from increases in pension and OPEB expenses based on amounts assigned to the Airport by the Kentucky Retirement Systems and calculated in accordance with the provisions of GASB Statements 68 (pension) and 75 (OPEB). In 2019, salaries and wages increased $1.4 million, and benefits expense increased $5.3 million, The 2019 benefits expense included $15.9 million of expense resulting from increases in pension and OPEB expenses based on amounts assigned to the Airport by the Kentucky Retirement Systems and calculated in accordance with the provisions of GASB Statements 68 (pension) and 75 (OPEB).

Contracted services expenses decreased $7.5 million in 2020 and increased $3.6 million in 2019. The decrease in 2020 was the result of cost savings related to the March 2020 closure of the long-term lots and the employee lot, and the consolidation of parking operations in the short-term terminal garage. Also contributing to the decrease in 2020 contracted services expense is the deferral of certain parking pavement maintenance projects, non-essential airfield pavement maintenance projects, and professional services related to non-critical planning studies and facility and system assessments. The increase in 2019 was the result of increased contracted parking operations and maintenance costs, pavement repairs, repairs to airfield related facilities, outsourcing of non-airfield snow removal functions and planning and engineering support services. These increases were partially offset by a decrease in Master Plan consulting costs incurred during 2019 (more fully discussed in the Capital Assets section of this Management's Discussion and Analysis).

The expense for supplies and capital items in 2020 decreased $1.9 million primarily due to a favorable winter and deferral of vehicle, equipment, and other purchases due to the pandemic. The expense for supplies and capital items expensed in 2019 was comparable to that of 2018.

In 2020, general administrative decreased $1.0 million primarily due to the elimination of all non-essential travel and training in response to the COVID-19 pandemic. General administration expenses in 2019 were comparable to those of 2018.

Depreciation and amortization in 2020 was comparable to that of 2019, which increased $1.0 million from 2018. The increase in 2019 was related to increased capital asset balances.

Nonoperating Changes in Net Position

The nonoperating changes in net position decreased $11.8 million in 2020 and $0.2 million in 2019. The primary components were as follows:

Revenue bond interest expense, net of premium amortization, increased $1.2 million in 2020 due to interest payments on the Series 2019 Revenue Bonds which had previously been capitalized during construction of the main terminal roadway system.

Bond issuance costs in 2020 are related to the revolving line of credit provided by PNC Bank National Association. Bond issuances costs increased $0.8 million in 2019 due to costs incurred related to bonds issued in March 2019 and decreased $0.9 million in 2020.

In 2020, PFC revenues decreased $11.0 million as a result of the pandemic and associated lower passenger volumes at the Airport. PFC revenues increased $0.2 million in 2019 as the result of increased enplanements. PFCs are collected at a Federal Aviation Administration ("FAA") approved rate per qualifying enplaned passenger and are restricted for use on FAA approved projects.

In 2020, CFC revenues decreased $7.1 million due to the negative impacts of the pandemic on passenger traffic. CFC revenues increased $0.2 million in 2019 due to an increase in the number of rental car transactions related to the increase in passengers utilizing the Airport. CFCs are funds collected at a rate charged per rental car transaction day and are currently restricted for project costs related to the construction of the GTF, as well as the debt service on the Series 2019 CFC Revenue Bonds issued to fund the construction of the GTF.

In 2020, grant and federal awards for operating expenses increased $11.1 million reflecting CARES Act grant draws to reimburse eligible Airport operating expenses. Grants and federal awards for operating expenses in 2019 were comparable to those of 2018.

Investment income decreased $4.8 million in 2020 due to a weaker interest rate environment and increased $4.8 million in 2019 due to increased investable balances.

Capital Contributions

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

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

In 2019, capital contributions increased $20.1 million due primarily to the recording of a $19.9 million land asset resulting from Amazon's transfer of ownership of the land to the Airport. The transferred land, which is contiguous to previously existing Airport property and is being utilized as part of Amazon's development and operations on the south side of the Airport, was purchased by Amazon from third parties and was recorded at Amazon's acquisition cost.

Summary of Cash Flows

A comparative summary of the Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018 is as follows (in thousands of dollars):

	2020	2019	2018
Net cash (used in) provided by operating activities	$ (4,667)	$ 12,175	$ 22,522
Net cash (used in) provided by non-capital financing activities	(5,268)	1,498	848
Net cash (used in) provided by capital and related financing activities	(86,454)	110,434	2,369
Net cash provided by (used in) investing activities	103,154	(124,274)	(35,738)
Net increase (decrease) in cash	6,765	(167)	(9,999)
Cash at the beginning of the year	1,179	1,346	11,345
Cash at the end of the year	$ 7,944	$ 1,179	$ 1,346

The Airport's overall cash position increased $6.8 million in 2020 and decreased $0.2 million in 2019.

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

Net cash provided by operating activities decreased $10.3 million in 2019 as compared to 2018. The 2019 decrease is related to a decrease of $8.4 million in operating cash provided by the differences in the timing of operating cash receipts and payments in 2019, a $5.8 million decrease in payables due to non-operating account groups, and a $3.5 million decrease in income generated by operating activities, before depreciation and amortization. These decreases are partially offset by a $4.1 million increase in non-cash operating expenses recorded as the result of the changes in pension and OPEB related liabilities and deferred inflows and outflows and a $2.6 million increase in the amount of rates and charges collected during 2019 as compared to 2018 which, based on the year-end settlement process, were determined to be overpayments and, therefore, were owed back to the air carriers.

Net cash provided by capital and related financing activities decreased by $197.0 million in 2020. This was primarily due to a $141.1 million decrease in bond proceed receipts as the debt issuances related to the GTF occurred entirely in 2019, an additional $51.9 million in cash used for acquisition of capital assets, an $8.7 million decrease in PFC receipts, a $5.9 million decrease in CFC receipts, and a $3.6 million increase in cash used for debt service requirements. These decreases in cash were partially offset by a $7.3 million increase in cash provided by grants, a $4.9 million increase in third party funding of project costs, a $1.3 million decrease in bond issuance costs, and $1.1 million in land sales.

Net cash provided by capital and related financing activities increased by $108.1 million in 2019. This was primarily due to $141.0 million of proceeds received from the issuance of bonds and a $4.8 million increase in cash provided by grants. These sources of cash were partially offset by a $33.3 million increase in cash used for acquisition of capital assets, a $2.4 million increase in cash used for debt service requirements, the use of $1.3 million of the 2019 bond proceeds to pay bond issuance costs and a $1.0 million decrease in cash provided by PFCs.

Net cash provided by investing activities increased by $227.5 million in 2020 compared to 2019. In 2020, investments were sold to fund the acquisition of capital assets, primarily the construction of the GTF. In 2019, proceeds from the bond issuance were used to purchase investments.

Net cash provided by investing activities decreased by $88.5 million in 2019. This was primarily due to the $1.7 million increase in investment income received. The increase in net cash used in investing activities was due to higher year-end investable balances primarily related to the unexpended 2019 bond proceeds.

Capital Assets

As of December 31, 2020, the Airport's capital assets balance, net of accumulated depreciation, was $810.8 million. As detailed in Note 4 to the Statements, during 2020 the amount of capital assets gross of depreciation increased $102.4 million and accumulated depreciation increased $33.2 million. In 2020, additions to gross capital assets were principally related to the ongoing construction of the GTF, Taxiway N Extension, Taxiway N&S slab replacements, and certain building improvements.

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

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

Debt Administration

As of December 31, 2020, the Airport's outstanding bonds were the Series 2016 Refunding Revenue Bonds with a principal balance of $38.0 million, the Series 2019 Revenue Bonds with a principal balance of $32.9 million, and the Series 2019 CFC fixed rate revenue bonds with a principal balance of $103.1 million. The Series 2019 Revenue Bonds and the Series 2019 CFC Revenue Bonds were issued in March 2019 to fund the reconfiguration of the main terminal roadways system and the construction of the GTF, respectively. All of the Airport's outstanding bonds bear fixed rates of interest.

The Series 2016 and Series 2019 Revenue Bonds are secured by a pledge of the Airport's net operating revenues as defined in the related bond resolutions. Pursuant to approvals previously received from the FAA, while secured by net operating revenues, the full amount of the debt service on the Series 2016 Revenue Bonds and the majority of the debt service on the Series 2019 Revenue Bonds are payable from PFCs on-hand and currently approved future PFC collections. As of December 31, 2020, 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 "negative" 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 2020, CFCs collected were insufficient to fully fund debt service requirements of the Series 2019 CFC Bonds. However, consistent with the provisions of the Trust Indenture, the Airport was authorized to utilize previously collected surplus CFCs available in the CFC Project Fund, rather than charge the rental car companies, to fund the deficit which amounted to $505 thousand in 2020.

Due to the impact of the COVID-19 global pandemic on the aviation industry, Fitch Ratings revised the ratings it had assigned to the outstanding bonds of many airports. This included revising the rating on the Airport's Series 2016 and 2019 Revenue Bonds from "A+" with a "stable" outlook to "A+ with a "negative" outlook in April 2020 and revising the rating on the Airport's Series 2019 CFC Revenue Bonds from "A-" with a "stable" outlook to "A-" with a "negative" outlook in May 2020. Moody's Investor Services has maintained its "A1" rating with a "stable" outlook on the Airport's Series 2016 and 2019 Revenue Bonds and its "A3" rating with a "stable" outlook on Airport's Series 2019 CFC Revenue Bonds.

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

Requests for Information

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

Cincinnati/Northern Kentucky International Airport
Balance Sheets
December 31, 2020 and 2019

(in thousands of dollars)

	2020	2019
Assets		
Current assets		
Unrestricted		
Cash	$ 5,168	$ 850
Investments (at fair value)	122,761	127,590
Investment income receivable	127	248
Accounts receivable	4,834	4,678
Grants and federal awards receivable	5,684	6,723
Prepaid expenses	2,560	2,148
Supplies inventory	4,452	4,399
Total unrestricted current assets	145,586	146,636
Restricted		
Cash	1,181	329
Investments (at fair value)	22,353	35,528
Investment income receivable	-	77
Total restricted current assets	23,534	35,934
Total current assets	169,120	182,570
Non-current assets		
Unrestricted		
Investments (at fair value)	9,024	5,002
Prepaid expenses	394	246
Capital assets, non-depreciable	230,140	231,245
Capital assets, net of accumulated depreciation	580,687	510,389
Total unrestricted non-current assets	820,245	746,882
Restricted		
Cash	1,595	-
Investments (at fair value)	182,898	266,837
Investment income receivable	595	833
Passenger facility charges receivable	957	2,400
Customer facility charges receivable	331	1,370
Total restricted non-current assets	186,376	271,440
Total non-current assets	1,006,621	1,018,322
Total assets	1,175,741	1,200,892
Deferred Outflows of Resources		
Pension	17,214	20,145
Other postemployment benefits	13,739	9,241
Total deferred outflows of resources	30,953	29,386
Total assets and deferred outflows of resources	$ 1,206,694	$ 1,230,278
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	$ 31,244	$ 32,427
Rates and charges settlement payable to airlines	5,018	24,820
Contract retainage payable	6,134	3,200
Bond interest payable	2,242	2,242
Assets held in trust	2,413	-
Revenue bonds payable, inclusive of unamortized premium	6,150	3,451
Subordinate debt - equipment lease	322	183
Total current liabilities	53,523	66,323
Non-current liabilities		
Accounts payable and accrued expenses	1,935	1,908
Revenue bonds payable, inclusive of unamortized premium	177,715	183,865
Subordinate debt - equipment lease	433	253
Net pension liability	106,614	96,658
Net other postemployment benefits liability	33,200	24,281
Total non-current liabilities	319,897	306,965
Total liabilities	373,420	373,288
Deferred Inflows of Resources		
Pension	2,896	3,694
Other postemployment benefits	5,952	7,660
Total deferred inflows of resources	8,848	11,354
Net Position		
Unrestricted	8,797	18,578
Net investment in capital assets	627,407	634,105
Restricted:		
For federally approved projects	87,731	88,872
For ground transportation expenditures	59,357	66,577
For operational cash flow shortages	27,497	24,042
For debt service	13,637	13,462
Total net position	824,426	845,636
Total liabilities, deferred inflows of resources and net position	$ 1,206,694	$ 1,230,278

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

Cincinnati/Northern Kentucky International Airport
Statements of Revenues, Expenses, and Changes in Net Position
December 31, 2020 and 2019

(in thousands of dollars)

	2020	2019
Operating Revenues		
Landing fees, net	$ 23,621	$ 22,430
Rentals:		
Terminal, net	17,372	8,453
Ground	5,273	4,660
Ramp	4,377	4,670
Other	1,695	1,856
Parking	19,124	48,310
Concessions	6,781	15,485
Rebilled services	1,554	2,467
Ground transportation	524	1,502
Other	1,271	849
Total operating revenues	81,592	110,682
Operating Expenses		
Salaries, wages and benefits	60,960	61,681
Contracted services	21,594	29,084
Supplies and capital items expensed	5,927	7,777
Utilities	7,285	8,138
General administration	1,379	2,379
Insurance	1,318	1,206
Total operating expenses	98,463	110,265
Operating (loss) income, before depreciation and amortization	(16,871)	417
Depreciation and amortization	(42,597)	(42,885)
Operating loss, after depreciation and amortization	(59,468)	(42,468)
Nonoperating Changes in Net Position: (decrease) increase		
Revenue bond interest, net of premium amortization	(6,977)	(5,788)
Bond issuance costs	(140)	(1,116)
Subordinate debt interest	(15)	(16)
Passenger facility charge revenues	7,366	18,364
Customer facility charge revenues	5,057	12,130
Police forfeiture program revenues	580	1,136
Police forfeiture program revenues passed through to other local government	(4)	(38)
Grants and federal awards for operating expenses	11,476	400
Investment income	4,888	9,674
Net (loss) gain on disposal of capital assets	(102)	43
Non-capitalized project costs	-	(812)
Total nonoperating changes in net position, before capital contributions	22,129	33,977
Capital Contributions		
Donated capital	2,009	19,933
Grants and federal awards for capital expenditures	13,075	8,331
Third party funding of project costs	1,045	158
Total capital contributions	16,129	28,422
Total changes in net position	(21,210)	19,931
Net position at the beginning of the year	845,636	825,705
Net Position at the End of the Year	$ 824,426	$ 845,636

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

Cincinnati/Northern Kentucky International Airport
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

(in thousands of dollars)

	2020	2019
Cash Flows from Operating Activities		
Cash received from customers	$ 79,278	$ 116,317
Cash paid to suppliers	(31,518)	(54,517)
Cash paid for the direct benefit of employees	(52,427)	(49,625)
Net cash (used) provided by operating activities	(4,667)	12,175
Cash Flows from Non-Capital Financing Activities		
Police forfeiture program receipts	651	1,136
Police forfeiture program receipts passed through to other local government	(4)	(38)
Prior year(s) settlements returned to customers	(16,200)	-
Grants and federal awards receipts for operating expenses	10,285	400
Net cash (used) provided by non-capital financing activities	(5,268)	1,498
Cash Flows from Capital and Related Financing Activities		
Revenue bond debt service - principal	(2,280)	(2,165)
Revenue bond debt service - interest	(8,148)	(4,668)
Proceeds from issuance of bonds	-	141,140
Bond issuance costs	-	(1,314)
Subordinate debt service - principal	(297)	(177)
Subordinate debt service - interest	(21)	(16)
Passenger facility charges received	8,809	17,534
Customer facility charges received	6,187	12,134
Grants and federal awards receipts for capital expenditures	15,305	7,929
Third party funding of project costs	5,396	482
Other	(250)	
Proceeds from sale of assets	1,140	-
Acquisition and construction of airport facilities	(112,295)	(60,445)
Net cash (used) provided by capital and related financing activities	(86,454)	110,434
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	908,263	1,438,059
Purchase of investments	(808,587)	(1,569,335)
Investment income received	3,478	7,002
Net cash provided (used) in investing activities	103,154	(124,274)
Net increase (decrease) in cash	6,765	(167)
Cash at the beginning of the year	1,179	1,346
Cash at the End of the Year	$ 7,944	$ 1,179

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

Cincinnati/Northern Kentucky International Airport
Statements of Cash Flows, continued
Years Ended December 31, 2020 and 2019

(in thousands of dollars)

	2020	2019
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss, after depreciation and amortization	$ (59,468)	$ (42,468)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization	42,597	42,885
Change in assets and liabilities		
Increase in accounts receivable	(1,340)	(707)
(Increase) decrease in supplies inventory	(53)	449
Decrease (increase) in portion of interfund receivables related to operating activities	513	(1,078)
Increase in prepaid expenses	(345)	(27)
Increase (decrease) in accounts payable and accrued expenses	1,330	(3,460)
(Decrease) increase in rates and charges settlement payable to airlines	(3,601)	6,438
Increase in contract retainage payable	(1)	-
Increase (decrease) in portion of interfund payables related to operating activities	899	(5,713)
(Increase) decrease in deferred outflow of resources	(1,567)	1,526
(Decrease) increase in deferred inflow of resources	(2,506)	1,293
Increase in net pension liability	9,956	13,204
Increase (decrease) in net postemployment benefits liability	8,919	(167)
Total adjustments	54,801	54,643
Net cash (used in) provided by operating activities	$ (4,667)	$ 12,175

Noncash Capital and Related Financing Activities:

	2020	2019
Amortization of revenue bond premium, payment of revenue bond debt service interest	$ 1,171	$ 1,122
Donated capital	$ -	$ 19,933

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

(in thousands of dollars)

1. Summary of Significant Accounting Policies and Practices

Reporting Entity

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

Basis of Accounting

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

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

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

Pronouncements Adopted in the 2020 Financial Statements

During 2020, the Airport implemented GASB Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain Asset Retirement Obligations ("AROs"). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This statement establishes the criteria for determining if the Airport would be required to recognize a liability associated with legal obligations to perform future asset retirement activities related to its tangible capital assets and disclosure of information about the nature of the Airport's AROs, the methods and assumptions used for estimates of liabilities, and the estimated remaining useful life of the associate tangible capital assets. This statement did not have an effect on the Airport's 2019 or 2020 basic financial statements.

(in thousands of dollars)

During 2020, the Airport implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement did not have an effect on the Airport's 2019 or 2020 basic financial statements.

During 2020, the Airport implemented GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This statement also addresses arrangements often characterized as leases that are associated with conduit debt obligations. This statement did not have an effect on the Airport's 2019 or 2020 basic financial statements.

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

Significant Upcoming Implementations

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

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

(in thousands of dollars)

or the governments' incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. This statement is effective for the Airport's fiscal year ending December 31, 2023.

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

Air Carrier Rates and Charges

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

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

The landing fee rate, terminal related rates and charges and the related NRR credits are established annually during the budget process and are based on projected revenues, costs and airline activity. After the close of each fiscal year, the landing fee rate, terminal related rates and charges and related NRR credits are recalculated using audited financial data. Any overpayments of such rentals, fees and charges are recorded as a payable and returned by the Board to the Signatory Carriers. Any underpayments are invoiced to the Signatory Carriers and recorded as revenues in the year to which they pertain. For the years ended December 31, 2020 and 2019, $970 and $8,620, respectively, were payable to the carriers as the result of this settlement process. As $4,048 of the amount payable at December 31, 2019 had not been paid by December 31, 2020, the total amount reflected on the Balance Sheet as payable at December 31, 2020 is $5,018.

The bond resolutions associated with the bonds payable from operating revenues of the Airport and outstanding at December 31, 2020 and 2019 require that rates and fees be determined and fixed to ensure that revenues from the operation, use and services of the Airport will be sufficient to 1) pay the costs of operating and maintaining the Airport, 2) fund the principal, interest and coverage

(in thousands of dollars)

requirements of the outstanding bonds, and 3) make all other transfers as required under the bond resolutions.

In addition to the landing fees and terminal rentals and any other fees and charges allowable under the Use Agreement, each Signatory Carrier is required to make extraordinary coverage protection payments to the Airport in any fiscal year in which the amount of operating revenues less operating expenses is or is forecasted to be less than 125% of the aggregate annual debt service requirements as calculated under the Airport's bond resolutions. No such payments were necessary for 2020 and 2019.

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 federally approved projects
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

(in thousands of dollars)

Purposes account group. As the Board intends to use these funds for capital projects, they are recorded as Designated for Capital Projects and reflected as a component of unrestricted net position.

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

Repair and Replacement Reserve account group- unrestricted: Pursuant to the requirements of the Airport's bond resolutions, the Board is required to maintain an asset balance of $10,000 in the Repair and Replacement Reserve account group, which is available for any Airport use. In the event that amounts from this reserve are used, the Board is required, commencing from the date the deficit occurred, to replenish the balance in twenty-four equal monthly installments from the Operations and Maintenance account group, provided the funds are not needed for other purposes. Due to temporary market value fluctuations related to investments, at December 31, 2020 and 2019 the balances in the Repair and Replacement Reserve were $10,110 and $10,080, respectively. The bond resolutions do not require the Board to adjust the amount held in the Repair and Replacement Reserve when the balance differs from the required $10,000 solely due to 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 2020 and 2019.

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 2020 and 2019, the amounts transferred to the General Purposes account group were $7,669 and $19,051, 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 Balance Sheet date. To correctly reflect the net positions of the individual account groups, liabilities for outstanding debt equal to the unspent proceeds at the Balance Sheet date are reflected in the account groups in which the proceeds are held.

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 in order for the restricted resources to be available for use. It is the Airport's policy to first apply restricted resources when an obligation is incurred for which both restricted and unrestricted net position are available for use.

(in thousands of dollars)

Passenger Facility Charge account group- restricted: In 1994, the Federal Aviation Administration ("FAA") first granted approval to the Airport to impose a Passenger Facility Charge ("PFC") and to use the PFCs to fund specific approved projects. PFCs, which are charged at rates per qualifying enplaned passenger, are considered earned upon collection by the airline and are credited to the restricted net position of the Passenger Facility Charge account group ("PFC account group"). Amounts collected by the airlines but not yet remitted to the Airport are classified as Passenger Facility Charges receivable. As of December 31, 2020, the Board has received approval on a total of fifteen 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 $610,023. Through December 31, 2020, PFCs and associated investment income in the amount of $595,502 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 2020 and 2019 was $5,057 and $12,130, respectively.

In March 2019, the Board issued Series 2019 Customer Facility Charge Revenue Bonds ("Series 2019 CFC Bonds") to fund the construction of a Consolidated Ground Transportation Facility ("GTF") and the associated improvements necessitated by the GTF (see Note 6). The 2019 Series CFC Bonds are special limited obligations of the Airport. The Series 2019 CFC Bonds are secured by a pledge of CFCs collected by the rental car companies and are subject to the requirements of the 2019 Master Trust Indenture ("CFC Trust Indenture") entered into between the Airport and the Trustee, US Bank National Association ("Trustee"). Commencing in March 2019, 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 GTF. All unexpended CFCs and proceeds of the issuance of the Series 2019 CFC Bonds are recorded as assets of the CFC account group. The portion of the outstanding bonds attributable to unspent proceeds are reported as an offset to those proceeds, as reported in this account group, and deducted from the outstanding bonds payable balance in Net Investment in Capital Assets.

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

(in thousands of dollars)

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. At December 31, 2020 and 2019, the asset balances to be carried in the Operations and Maintenance Reserve were $27,361 and $24,030, respectively. Due to temporary fluctuations in the market value of the fixed rate investments, at December 31, 2020 and 2019 the asset balances in the Operations and Maintenance Reserve were $27,564 and $24,163, respectively. The bond resolutions do not require the Board to adjust the amount held in the Operations and Maintenance Reserve as a result of temporary market value fluctuations. Actual losses due to market value fluctuations are not expected to occur due to the fixed rate nature of the investments and the Board's practice of holding its investments to maturity. No funds from the Operations and Maintenance Reserve account group were used during 2020 and 2019.

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

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 2020 and 2019, all required debt service contributions to the Bond Interest and Redemption Account were made in full. Assets included in the Bond Interest and Redemption account group are restricted for the payment of bond principal and interest.

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

(in thousands of dollars)

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 2020, will be paid from operating revenues of the Airport, which are pledged as security for the PFC Bonds. During 2020, the amounts of $2,280, $3,358 and $1,410 were transferred from the PFC account group for the principal, interest and debt service coverage requirements, respectively. During 2019, the amounts of $2,165, $2,124 and $1,072 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, 2020 and 2019, the amounts of $1,410 and $1,072 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 2020 and 2019, the amounts of $3,980 and $3,500 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 2020 were insufficient to fully fund the debt service requirements of the Series 2019 CFC Bonds. Consistent with the provisions of the Trust Indenture, the Airport was authorized to utilize previously collected surplus CFCs available in the CFC Project Fund to fund any deficit in the debt service requirements, which amounted to $505 in 2020.

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, 2020 and 2019, the required and actual balances in the Bond Reserve account group were as follows:

	2020		2019	
	Required	**Actual**	**Required**	**Actual**
General Airport Revenue Bond Reserve Account	$ 4,949	$ 5,249	$ 5,144	$ 5,267
2019 CFC Senior Debt Service Reserve Fund	6,567	6,764	6,567	6,581
CFC Coverage Fund	1,642	1,666	1,642	1,646
Total	$ 13,158	$ 13,679	$ 13,353	$ 13,494

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, a deficiency in the 2019 CFC Senior Debt Service Reserve Fund was cured with a transfer of CFCs from the CFC Revenue Fund in the CFC account group in January 2020. Actual losses due to market value fluctuations are not expected to occur due to the fixed rate nature of the investments and the Board's practice of holding its investments to maturity.

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

Cash and Investments

As more fully discussed in Note 2, the Airport's cash and investments are governed by Kentucky Revised Statutes ("KRS") 66.480 and the Airport's Investment Policy, which was adopted on January 17, 2005 and last amended on October 28, 2019. Investments are stated at their fair values based on market values quoted at December 31, 2020 and 2019.

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

Accounts Receivable

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

(in thousands of dollars)

Prepaid Expenses and Supplies Inventory

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

Airport Facilities

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

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

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

Capital Contributions

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

Deferred Outflows/Inflows of Resources

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

(in thousands of dollars)

Compensated Absences

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

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

Bond Issuance Costs and Bond Discounts and Premiums

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

Grants and Federal Awards

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

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

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), approved by the United States Congress and signed into law on March 27, 2020, is one of the legislative actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures $10.0 billion in direct aid in the form of grants for airports. The Board was awarded $42.9 million in CARES Act grants that can be used for any purpose for which airport revenues may lawfully be used. The period of performance for the CARES Act grants is four years and requires airport sponsors accepting CARES Act grants to employ through December 31, 2020, at least 90% of the number of individuals employed as of March 27, 2020 (after making adjustments for retirements or voluntary employee separations). The Board applied $11.1 million in CARES Act funds for the year ended December 31, 2020 to reimburse operations & maintenance expense and offset shortfalls in operating revenue.

(in thousands of dollars)

Net Pension and Net Other Postemployment Benefits Liabilities

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

As previously discussed, all full-time employees of the Airport as of December 31, 2020 and 2019 are members of the County Employees Retirement System ("CERS"), a cost-sharing multiple-employer defined benefit pension system (more fully described in Note 9). For purposes of measuring the net pension liabilities, the deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the CERS and additions to/deductions from the CERS' fiduciary net position have all been determined on the same basis as they are reported by the CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the CERS when due and payable in accordance with the benefit terms and investments are reported at fair value.

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

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 2019 financial statements have been reclassified to conform with the 2020 presentation.

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:

(in thousands of dollars)

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

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

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

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

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

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

Types of investments and credit quality of issuers: In addition to collateralized/insured deposits in interest-bearing accounts and certificates of deposit, the Policy permits investment in U.S. Treasury obligations and other obligations backed by the full faith and credit of the United States (collectively, "U.S. Treasury securities"). Investments in securities issued by certain associations and corporations established by the government of the United States ("U.S. government sponsored enterprises") are also allowed. Such investments are permitted provided that at the time of purchase, the corporation is rated by at least one certified rating agency at the greater of "AA" (or its equivalent) or the highest current rating on U.S. Treasury obligations. Subject to restrictions on maturities and requirements for minimum ratings by the rating agency in the range of "A-" to "AAA" (or their equivalents) on 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	40%	40%

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.

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 Credit, deposits must be collateralized at a minimum of 102% of the market value of principal plus

(in thousands of dollars)

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, 2020 and 2019, the Airport's cash and investments were comprised of the following:

	2020		2019	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Cash	$ 7,944	$ 7,944	$ 1,179	$ 1,179
Investments				
Investment in money market mutual funds				
First American Government				
Obligation Fund	$ 85,813	$ 85,813	$ 79,263	$ 79,263
Securities				
U.S Treasury	128,321	128,025	202,897	202,989
U.S. government sponsored				
enterprises	17,248	17,260	26,188	26,275
Commercial paper	69,769	69,850	86,879	87,786
Corporate bonds	35,597	36,088	38,643	38,644
Total investments	$ 336,748	$ 337,036	$ 433,870	$ 434,957

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 safe-keeping by the Federal Reserve Bank in the Airport's name. At December 31, 2020 and 2019, the combined values of the letter of credit and collateral securities were $27,901 and $2,925, 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, 2020 and 2019, as permitted by the Policy, consisted of instruments issued by the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association.

The commercial paper instruments in which the Airport was invested at December 31, 2020 and 2019 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, 2020 and/or December 31, 2019 consisted of instruments issued by BNP Paribas Financial Inc., Credit Agricole Corporate and Investment Bank, Credit Suisse First Investment Bank, ExxonMobil Corporation, JP Morgan Securities, Mitsubishi UFJ Financial Group, Natixis NY, and Toyota Motor Credit Co.

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

Except for securities in the Customer Facility Charge account group, all other investments in this fund are maintained in the Airport's name by the custodial bank's Trust department. 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, 2020 and 2019 were as follows:

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

Investment Type	2019 Investment Maturities (at fair value) 1-3 months	4-6 months	7-9 months	10-12 months	13 -36 months	Total
Investment in money market mutual funds						
First American Government Obligation Fund	$ 79,263	$ -	$ -	$ -	$ -	$ 79,263
Securities						
U.S. Treasury	60,521	55,926	13,983	48,791	23,768	202,989
U.S. government sponsored enterprises	9,989	13,289	2,997	-	-	26,275
Commercial paper	39,607	34,231	13,948	-	-	87,786
Corporate bonds	2,736	2,003	2,008	8,921	22,976	38,644
Total investments	$ 192,116	$105,449	$ 32,936	$ 57,712	$ 46,744	$ 434,957

All securities held by the Airport at December 31, 2020 and 2019 carried ratings in the range of AAA to A- or their equivalents.

Fair Value Measurement

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

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

(in thousands of dollars)

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, 2020 and 2019:

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

	2019 Investments Measured at Fair Value			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Investment in money market mutual funds				
First American Government				
Obligation Fund	$ 79,263	$ -	$ 79,263	$ -
Securities				
U.S Treasury	202,989	202,989	-	-
U.S. government sponsored				
enterprises	26,275	-	26,275	-
Commercial paper	87,786	-	87,786	-
Corporate bonds	38,644		38,644	
Total investments	$ 434,957	$ 202,989	$ 231,968	$ -

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

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

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

(in thousands of dollars)

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

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

3. Restricted Assets

The assets of the following account groups at December 31, 2020 and 2019 are subject to restrictions which limit the purposes for which they may be used:

	2020	2019
Operations and Maintenance	$ 1,410	$ 1,073
Passenger Facility Charge	84,160	85,723
Police Forfeiture	3,654	3,313
Customer Facility Charge	75,479	159,197
Operations and Maintenance Reserve	27,564	24,163
2019 Terminal Roadway Reconfiguration	1,220	3,047
Bond Interest and Redemption	2,242	2,251
Bond Reserve	13,679	13,494
Other Third Party Funding	2,348	16,849
Less: interfund receivable balances	(1,846)	(1,736)
	$ 209,910	$ 307,374

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. As of March 2019, 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 12/31/2018	Additions/ transfers	Retirements/ transfers	Balance 12/31/2019	Additions/ transfers	Retirements/ transfers	Balance 12/31/2020
Land (non-depreciable)	$ 169,692	$ 20,345	$ (145)	$ 189,892	$ 35	$ (2,641)	$ 187,286
Runways, taxiways							
and other land improvements	684,154	35,583	(3,312)	716,425	14,902	(1,587)	729,740
Buildings and building renovations	349,102	752	(608)	349,246	5,010	(280)	353,976
Utility systems	90,832	-	-	90,832	-	(8,513)	82,319
Equipment	140,355	1,410	(190)	141,575	2,390	(774)	143,191
Easements (non-depreciable)	41,212	142	-	41,354	1,501	-	42,855
Construction-in-progress	23,129	67,990	(37,391)	53,728	112,814	(20,490)	146,052
Total capital assets	1,498,476	126,222	(41,646)	1,583,052	136,652	(34,285)	1,685,419
Less accumulated depreciation							
Runways, taxiways							
and other land improvements	510,447	22,972	(2,897)	530,522	22,747	(1,501)	551,768
Buildings and building renovations	132,149	11,549	(201)	143,497	11,385	1,267	156,149
Utility systems	70,961	2,978	-	73,939	2,944	(8,417)	68,466
Equipment	88,211	5,386	(137)	93,460	5,521	(772)	98,209
Total accumulated depreciation	801,768	42,885	(3,235)	841,418	42,597	(9,423)	874,592
Total capital assets, net of							
accumulated depreciation	$ 696,708	$ 83,337	$ (38,411)	$ 741,634	$ 94,055	$ (24,862)	$ 810,827
Total non-depreciable capital assets	$ 210,904	$ 20,486	$ (145)	$ 231,245	$ 1,536	$ (2,641)	$ 230,140
Total depreciable capital assets, net of							
accumulated depreciation	485,804	62,851	(38,266)	510,389	92,519	(22,221)	580,687
Total capital assets, net of							
accumulated depreciation	$ 696,708	$ 83,337	$ (38,411)	$ 741,634	$ 94,055	$ (24,862)	$ 810,827

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 $18,699 and $18,073 at December 31, 2020 and 2019, respectively.

In 2019, Amazon.com Services, Inc. ("Amazon") transferred ownership of approximately 208 acres of land to the Airport which Amazon purchased from third parties. The land is contiguous to existing Airport properties and is to be used for Amazon's development and operations on the south side of the airport. This land is reflected on the Balance Sheet at $19,933, its fair value at the time of acquisition, and on the Statement of Revenues, Expenses, and Changes in Net Position as a donated capital increase in the net position of the Net Investments in Capital Assets account group.

(in thousands of dollars)

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

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

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

5. Lease of Airport Facilities

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

The concession agreements generally provide for the Airport's receipt of fixed rentals plus certain contingent rentals which are based on the tenants' gross revenues. Contingent rentals amounted to $5,965 and $13,782 for the years ended December 31, 2020 and 2019, respectively.

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

For the years 2021, 2022, 2023, 2024 and 2025, minimum future rentals for noncancelable leases (other than noncancelable rentals charged to the Signatory Carriers under the Use Agreement and other long-term terminal facility leases) are $9,043, $9,603, $8,652, $8,618 and $8,553, respectively.

For the year 2020, prior to adjustment in the Signatory Carrier rates and charges through the calculation method outlined in Note 1, noncancelable rentals under the Use Agreement (exclusive of landing fees) and other long-term terminal facility leases pertaining to the Signatory Carriers are projected to be $13,487. For the years 2020 and 2019, the gross amounts of revenues related to Signatory Carrier noncancelable leases were $34,908 and $31,976, respectively. The net amounts for 2020 and 2019 were $13,478 and $12,492, respectively. As the Use Agreement and other long-term terminal facility leases expire on December 31, 2021, no amount of Signatory Carrier noncancelable rentals exist for 2022, 2023, 2024, 2025 or 2026. Due to the disruption and uncertainty caused by the COVID-19 pandemic, both the Board and its Signatory Carriers have agreed to extend the existing Use Agreement and all related terminal space leases for one year (expiring December 31, 2021) with an additional optional, mutually agreeable one-year extension. With the expiration of the current Use Agreement terminal leases, airline rates and charges will be determined based on the provisions of new agreements, extensions to the current agreements with certain modifications in terms, or by such other rate making methodology which is permitted under

(in thousands of dollars)

applicable law and which is in compliance with the rate setting methodology set forth in the Airport's bond resolutions.

6. Long-Term Liabilities

During 2020 and 2019, the Airport's long-term liabilities and related activity consisted of the following:

Revenue Bonds
The following revenue bonds were outstanding at December 31, 2020 and 2019. The maturities occur on January 1 of each year.

	2020	2019
Series 2016 Refunding Revenue Bonds, 5.000%, due 2020-2033	$ 38,040	$ 40,320
Series 2019 Revenue Bonds, 5.000%, due 2022-2049	32,935	32,935
Series 2019 CFC Revenue Bonds, 3.080% to 4.689%, due 2022-2049	103,130	103,130
	$ 174,105	$ 176,385

The Series 2016 Refunding Revenue Bonds, which bear fixed interest rates, are General Airport Revenue Bonds which were 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).

As previously discussed, in March 2019, the Board issued $32,935 principal amount of fixed rate Series 2019 Revenue Bonds, which 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 defined in the resolution) which are pledged for payment of the Series 2019 Revenue Bonds. FAA approval of the Airport's fifteenth PFC application was received in May 2019. Among other projects, the approval included authorization to use PFC's to fund the majority of the debt service requirements of the Series 2019 Revenue Bonds, with the non-PFC eligible portion of debt service to be paid from general Airport revenues. Based on project design of the PFC eligible portions of the project, it is currently estimated that approximately 81% of the debt service will be funded with PFCs.

As previously discussed, in March 2019, the Board issued $103,130 principal amount of fixed rate Series 2019 CFC Revenue Bonds to fund the construction of the GTF and the associated improvements necessitated by the GTF. The 2019 Series CFC Bonds are special limited obligations of the Board which are secured by a pledge of CFCs collected by the rental car companies and are subject to the requirements of the CFC Trust Indenture entered into between the Airport and the

(in thousands of dollars)

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 2020, CFCs collected were insufficient to fully fund the debt service requirements of the Series 2019 CFC Bonds. At the election of the Board, the rental car companies were not charged for the deficiency and, consistent with the provisions of the Trust Indenture, the Airport utilized previously collected CFCs available in the CFC Project Fund to fund the deficit, which totaled $505 in 2020.

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

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, 2020 is as follows:

	General Airport Revenue Bonds		
	Series 2016 Refunding Revenue Bonds	Series 2019 Revenue Bonds	Total
2021	$ 806	$ 309	$ 1,115
2022	740	299	1,039
2023	673	288	961
2024	605	276	881
2025	534	264	798
2026-2030	1,646	1,131	2,777
2031-2040	202	1,497	1,699
2041-2049	-	490	490
	$ 5,206	$ 4,554	$ 9,760

(in thousands of dollars)

The required funding of bond principal and interest subsequent to December 31, 2020 is as follows:

General Airport Revenue Bonds

	Principal	Interest	Total Debt Service
2021	$ 2,955	$ 3,549	$ 6,504
2022	3,100	3,402	6,502
2023	3,255	3,246	6,501
2024	3,420	3,083	6,503
2025	3,590	2,912	6,502
2026-2030	20,835	11,683	32,518
2031-2040	19,535	11,154	30,689
2041-2049	14,285	3,397	17,682
	$ 70,975	$ 42,426	$ 113,401

2019 CFC Bonds

	Principal	Interest	Total Debt Service
2021	$ 2,080	$ 4,485	$ 6,565
2022	2,145	4,421	6,566
2023	2,210	4,353	6,563
2024	2,285	4,282	6,567
2025	2,360	4,206	6,566
2026-2030	13,150	19,679	32,829
2031-2040	35,935	29,713	65,648
2041-2049	42,965	9,549	52,514
	$ 103,130	$ 80,688	$ 183,818

Total

	Principal	Interest	Total Debt Service
2021	$ 5,035	$ 8,034	$ 13,069
2022	5,245	7,823	13,068
2023	5,465	7,599	13,064
2024	5,705	7,365	13,070
2025	5,950	7,118	13,068
2026-2030	33,985	31,362	65,347
2031-2040	55,470	40,867	96,337
2041-2049	57,250	12,946	70,196
	$ 174,105	$ 123,114	$ 297,219

At December 31, 2020 and 2019, the current and non-current portions of revenue bonds payable as shown above have been combined with the current and non-current portions of the unamortized bond premiums for presentation on the Balance Sheets. The current amounts of revenue bonds payable, inclusive of unamortized bond premium, at December 31, 2020 and 2019 were $6,150 and $3,451, respectively. The non-current portions at December 31, 2020 and 2019 were $177,715 and $183,865, respectively.

For the years ended December 31, 2020 and 2019, interest expense on outstanding revenue bonds was $8,148 and $6,910 respectively, and the amortization of bond premium was $1,171 and $1,122, respectively. On the Statement of Revenues, Expenses and Changes in Net Position these amounts

(in thousands of dollars)

have been combined and presented as $6,977 and $5,788 of revenue bond interest expense, net of premium amortization, at December 31, 2020 and 2019, respectively.

Other Long-Term Liabilities

At December 31, 2020, 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, rates and charges settlement amounts payable to the airlines, subordinate debt obligations for equipment procured under capital leases and the Airport's assigned proportionate shares of net pension and OPEB liabilities from its participation in the pension and OPEB plans discussed in Notes 1, 9 and 10. Amounts related to these liabilities are shown below.

Long-Term Liability Activity

For the years ended December 31, 2020 and 2019, components of the Airport's liabilities which had non-current activity or balances were as follows:

	Balance 12/31/2019	Additions	Reductions	Balance 12/31/2020	Amounts Due within One Year	Amounts Due after One Year
Accounts payable and accrued expenses						
Deposits	$ 298	$ 275	$ (278)	$ 295	$ 85	$ 210
Compensated absences	3,977	1,479	(924)	4,532	3,211	1,321
Uninsured losses	284	138	(191)	231	175	56
Parking rewards	1,053	26	(481)	598	250	348
Rates and charges settlement payable to airlines	24,820	10,763	(30,565)	5,018	5,018	-
Revenue bonds payable	176,385	-	(2,280)	174,105	5,035	169,070
Revenue bond premium	10,931	-	(1,171)	9,760	1,115	8,645
Subordinate debt - equipment lease	436	623	(304)	755	322	433
Net pension liability	96,658	9,956	-	106,614	-	106,614
Net other postemployment benefits liability	24,281	8,919	-	33,200	-	33,200
	$ 339,123	$ 32,179	$ (36,194)	$ 335,108	$ 15,211	$ 319,897

	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Amounts Due within One Year	Amounts Due after One Year
Accounts payable and accrued expenses						
Deposits	$ 252	$ 93	$ (47)	$ 298	$ 86	$ 212
Compensated absences	3,920	1,340	(1,283)	3,977	2,777	1,200
Uninsured losses	320	38	(74)	284	136	148
Parking rewards	805	257	(9)	1,053	705	348
Rates and charges settlement payable to airlines	18,382	8,620	(2,182)	24,820	24,820	-
Revenue bonds payable	42,485	136,065	(2,165)	176,385	2,280	174,105
Revenue bond premium	6,978	5,075	(1,122)	10,931	1,171	9,760
Subordinate debt - equipment lease	612	-	(176)	436	183	253
Net pension liability	83,454	13,204	-	96,658	-	96,658
Net other postemployment benefits liability	24,448	-	(167)	24,281	-	24,281
	$ 181,656	$ 164,692	$ (7,225)	$ 339,123	$ 32,158	$ 306,965

(in thousands of dollars)

7. Special Facility Revenue Bonds

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

8. Major Lessees

In 2020, the operating revenues received from Delta Airlines, Inc. (“Delta”) and DHL Worldwide Express, Inc. (“DHL”), represented approximately 20.00% and 12.45%, respectively, of total operating revenues. The comparable amounts for 2019 for Delta and DHL were 14.72% and 9.31%, respectively.

Landing fees received from Delta, DHL, and Amazon in 2020 represented 10.42%, 54.32% and 15.31%, respectively, of total billed landing fees. The comparable amounts for 2019 for Delta, DHL and Amazon were 18.95%, 41.03% and 13.93%, respectively.

9. Retirement Plans

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

General Information about the Pension Plan

Plan Description
Created by the Kentucky General Assembly pursuant to the provisions of KRS Section 78.520, the assets of CERS, in addition to the assets of the Kentucky Employees Retirement System (“KERS”) and the State Police Retirement System, collectively referred to as the System (“System”), are administered by the KPPA Board of Trustees. 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 KPPA 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.

(in thousands of dollars)

The Airport has met 100% of its contribution funding requirements for the plan fiscal years ended June 30, 2020 and June 30, 2019.

The contribution rates in effect and contributions remitted relating to the CERS for the fiscal year ended December 31, 2020 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, 2020 - December 31, 2020	19.30%	30.06%
July 1, 2019 - June 30, 2020	19.30%	30.06%
July 1, 2018 - June 30, 2019	16.22%	24.87%
July 1, 2017 - June 30, 2018	14.48%	22.20%
Employee contributions:		
2020	$ 1,072	$ 649
2019	$ 1,036	$ 675
2018	$ 973	$ 663
Airport contributions:		
2020	$ 4,182	$ 2,598
2019	$ 3,725	$ 2,408
2018	$ 3,019	$ 2,023
Amount of payroll on which employee and employer contributions were based:		
2020	$ 21,669	$ 8,643
2019	$ 20,990	$ 8,804
2018	$ 19,687	$ 8,609
Contributions made by Airport and employees as a percentage of contributions required of of Airport and employees 2020, 2019 and 2018	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, 2020 and December 31, 2019, the Airport reported a liability of $106,614 and $96,658, respectively, for its assigned proportionate share of the CERS net pension liability. The net pension liability was measured as of June 30, 2020 and June 30, 2019; 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, 2020, and June 30, 2019, the Airport's proportionate shares of the CERS nonhazardous plan were 0.82989% and 0.79394%, respectively. At June 30, 2020 and June 30, 2019, the Airport's proportionate shares of the CERS hazardous plan were 1.42494% and 1.47776%, respectively.

Based on its proportionate shares of pension expense as assigned by the CERS, for the Airport's fiscal years ended December 31, 2020 and December 31, 2019, the Airport recognized pension expense of $18,869 and $19,907, respectively. The 2020 and 2019 amounts include $6,780 and $6,133, respectively, of contributions made to the plan and $12,089 and $13,774, respectively, of non-cash expense recognized pursuant to the requirements of GASB Statement No. 68.

(in thousands of dollars)

At December 31, 2020 and December 31, 2019, the Airport reported deferred inflows of resources and deferred outflows of resources from the following sources:

Non-Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2018	$ 11,979	$ (3,449)	$ 8,530
Prior year contributions subsequent to measurement date	(1,574)	-	(1,574)
Difference between expected and actual experience	(113)	454	341
Changes in assumptions	1,041	-	1,041
Net differences between projected and actual earnings on pension plan investments	(1,121)	787	(334)
Changes in proportion and differences between contributions and proportionate share of contributions	(176)	-	(176)
Contributions subsequent to measurement date	2,005	-	2,005
Deferred Outflows and Inflows at December 31, 2019	$ 12,041	$ (2,208)	$ 9,833
Prior year contributions subsequent to measurement date	$ (2,005)	$ -	$ (2,005)
Difference between expected and actual experience	161	236	397
Changes in assumptions	(3,166)	-	(3,166)
Net differences between projected and actual earnings on pension plan investments	1,687	806	2,493
Changes in proportion and differences between contributions and proportionate share of contributions	525	-	525
Contributions subsequent to measurement date	2,038	-	2,038
Deferred Outflows and Inflows at December 31, 2020	$ 11,281	$ (1,166)	$ 10,115

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2018	$ 10,248	$ (1,757)	$ 8,491
Prior year contributions subsequent to measurement date	(1,041)	-	(1,041)
Difference between expected and actual experience	(1,153)	-	(1,153)
Changes in assumptions	100	-	100
Net differences between projected and actual earnings on pension plan investments	(717)	548	(169)
Changes in proportion and differences between contributions and proportionate share of contributions	(599)	(277)	(876)
Contributions subsequent to measurement date	1,266	-	1,266
Deferred Outflows and Inflows at December 31, 2019	$ 8,104	$ (1,486)	$ 6,618
Prior year contributions subsequent to measurement date	$ (1,266)	$ -	$ (1,266)
Difference between expected and actual experience	(402)	-	(402)
Changes in assumptions	(2,333)	-	(2,333)
Net differences between projected and actual earnings on pension plan investments	999	546	1,545
Changes in proportion and differences between contributions and proportionate share of contributions	(401)	(790)	(1,191)
Contributions subsequent to measurement date	1,232	-	1,232
Deferred Outflows and Inflows at December 31, 2020	$ 5,933	$ (1,730)	$ 4,203

(in thousands of dollars)

The $3,270 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, 2021. 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		
2021	$	5,471
2022		2,512
2023		1,067
2024		1,056
2025		942
Total	$	11,048

Actuarial Assumptions
The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2020 were based on actuarial valuation of June 30, 2019. The total OPEB liability was rolled-forward from the valuation date of June 30, 2019 to the plan’s fiscal year ending December 31, 2020, using generally accepted actuarial principles. The KPPA Board adopted new actuarial assumptions after the June 30, 2018, valuation. These assumptions are documented in the report titled *Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ended June 30, 2018.* The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

(in thousands of dollars)

Item	CERS Non-Hazardous and Hazardous
Actuarial Valuation Date:	June 30, 2018
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
Amorization Period	25 years, Closed
Inflation:	2.30%
Payroll Growth Rate:	2.00%
Salary Increases	3.05% average
Investment Rate of Return	6.25%
Mortality for Active Members:	PUB-2010 General Mortality table for the nonhazardous system PUB-2010 Public Safety Mortality table for the hazardous system projected with the ultimate rates from the MP-2014 morality improvement scale using base year of 2010
Mortality for Retired Members and Beneficiaries:	Kentucky Public Pensions Authority-specific mortality table based mortality experience from 2013-2018 projected with the ultimate rates from the MP-2014 morality improvement scale using base year of 2019
Morality for Disabled Members	PUB-2010 Disabled Mortality table a 4-year set-forward for both male and female rates projected with the ultimate rates from the MP-2014 morality improvement scale using base year of 2010
Healthcare Trend Rates (Pre-65)	Initial trend starting at 7.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Healthcare Trend Rates (post-65)	Initial trend starting at 5.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years

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

(in thousands of dollars)

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
US equity	18.75%	4.50%
Non-US equity	18.75%	5.25%
Private equity	10.00%	6.65%
Specialty credit/high yield	15.00%	3.90%
Growth	**62.50%**	
Core bonds	13.50%	(0.25%)
Cash	1.00%	(0.75%)
Liquidity	**14.50%**	
Real estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real return	15.00%	3.95%
Diversified strategies	**23.00%**	

Discount rate: A single discount rate of 6.25% was used for both the non-hazardous and hazardous system to measure the total pension liability for the fiscal year ending June 30, 2020. This single discount rate was based on the expected rate of return on pension plan investments for each system. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each system.

Projected cash flows: The single discount rate of 6.25% was used for both the nonhazardous and hazardous systems to measure the total pension liability for the fiscal year ending June 30, 2020. This single discount rate was based on the expected rate of return on pension plan investments for each system. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the CERS' fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability.

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

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

(in thousands of dollars)

Asset Class	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Airport's net pension liability - nonhazardous	$ 78,497	$ 63,652	$ 51,360
Airport's net pension liability - hazardous	53,095	42,962	34,691
Total	$ 131,592	$ 106,614	$ 86,051

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, 2020 and 2019. Employee contributions in total were approximately $1,292 and $1,215, respectively, for the years ended December 31, 2020 and 2019.

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

10. Other Postemployment Benefits

General Information about the OPEB Plan

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

(in thousands of dollars)

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

Insurance Fund benefits provided: Nonhazardous

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

(in thousands of dollars)

Insurance Fund benefits provided: Hazardous

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

(in thousands of dollars)

Contributions
Employer insurance contribution rates are governed by KRS Section 61.565 which requires the Airport to contribute at an actuarially determined rate. The KPPA 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, 2020 and June 30, 2019. 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 $277 and $147 for the years ended December 31, 2020 and 2019, 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, 2020 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, 2020 - December 31, 2020	4.76%	9.52%
July 1, 2019 - June 30, 2020	4.76%	9.52%
July 1, 2018 - June 30, 2019	5.26%	10.47%
July 1, 2017 - June 30, 2018	4.70%	9.35%
Employee contributions:		
2020	$ 129	$ 32
2019	$ 117	$ 31
2018	$ 103	$ 29
Airport contributions:		
2020	$ 1,031	$ 823
2019	$ 1,053	$ 883
2018	$ 980	$ 852
Amount of payroll on which employee and employer contributions were based:		
2020	$ 21,669	$ 8,643
2019	$ 20,990	$ 8,804
2018	$ 19,687	$ 8,609
Contributions made by Airport and employees as a percentage of contributions required of of Airport and employees 2020, 2019, and 2018	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, 2020 and December 31, 2019, the Airport reported liabilities of $33,200 and $24,281, respectively, for its assigned proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020 and June 30, 2019; 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, 2020, and June 30, 2019, the Airport's proportionate shares of the CERS nonhazardous plan were 0.82989% and 0.79374%, respectively. At June 30, 2020, and June 30, 2019, the Airport's proportionate shares of the CERS hazardous plan were 1.42494% and 1.47746%, respectively.

Based on its proportionate shares of OPEB expense as assigned by the Insurance Fund, for the Airport's fiscal years ended December 31, 2020 and December 31, 2019, the Airport recognized OPEB expense of $4,844 and $4,018, respectively. The 2020 and 2019 amounts include $1,854 and $1,936, respectively, of contributions made to the plan and $2,990 and $2,082, respectively, of non-cash expense recognized pursuant to the requirements of GASB Statement No. 75.

(in thousands of dollars)

At December 31, 2020 and December 31, 2019, the Airport reported deferred inflows of resources and deferred outflows of resources from the following sources:

Non-Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2018	$ 4,185	$ (2,612)	$ 1,573
Prior year contributions subsequent to measurement date	(510)	-	(510)
Prior year implicit subsidies subsequent to measurement date	(90)	-	(90)
Difference between expected and actual experience	-	(2,422)	(2,422)
Changes in assumptions	1,028	5	1,033
Net differences between projected and actual earnings on pension plan investments	88	266	354
Changes in proportion and differences between contributions and proportionate share of contributions	134	7	141
Contributions subsequent to measurement date	412	-	412
Implicit subsidies subsequent to measurement date	81	-	81
Deferred Outflows and Inflows at December 31, 2019	$ 5,328	$ (4,756)	$ 572
Prior year contributions subsequent to measurement date	$ (412)	$ -	$ (412)
Prior year implicit subsidies subsequent to measurement date	(81)	-	(81)
Difference between expected and actual experience	3,257	678	3,935
Changes in assumptions	(466)	5	(461)
Net differences between projected and actual earnings on pension plan investments	986	272	1,258
Changes in proportion and differences between contributions and proportionate share of contributions	311	6	317
Contributions subsequent to measurement date	503	-	503
Implicit subsidies subsequent to measurement date	152	-	152
Deferred Outflows and Inflows at December 31, 2020	$ 9,578	$ (3,795)	$ 5,783

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2018	$ 4,500	$ (2,243)	$ 2,257
Prior year contributions subsequent to measurement date	(439)	-	(439)
Prior year implicit subsidies subsequent to measurement date	-	-	-
Difference between expected and actual experience	-	(838)	(838)
Changes in assumptions	(566)	9	(557)
Net differences between projected and actual earnings on pension plan investments	75	313	388
Changes in proportion and differences between contributions and proportionate share of contributions	(60)	(145)	(205)
Contributions subsequent to measurement date	337	-	337
Implicit subsidies subsequent to measurement date	66	-	66
Deferred Outflows and Inflows at December 31, 2019	$ 3,913	$ (2,904)	$ 1,009
Prior year contributions subsequent to measurement date	$ (337)	$ -	$ (337)
Prior year implicit subsidies subsequent to measurement date	(66)	-	(66)
Difference between expected and actual experience	452	719	1,171
Changes in assumptions	(1,156)	8	(1,148)
Net differences between projected and actual earnings on pension plan investments	900	313	1,213
Changes in proportion and differences between contributions and proportionate share of contributions	(60)	(293)	(353)
Contributions subsequent to measurement date	390	-	390
Implicit subsidies subsequent to measurement date	125	-	125
Deferred Outflows and Inflows at December 31, 2020	$ 4,161	$ (2,157)	$ 2,004

(in thousands of dollars)

The $893 reported as a deferred outflow of resources related to OPEB resulting from contributions subsequent to the measurement date and the $277 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, 2021. 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		
2021	$	1,735
2022		1,735
2023		1,157
2024		810
2025		1,083
2026		97
Total	$	6,617

Actuarial Assumptions

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2020, were based on an actuarial valuation date of June 30, 2019. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2020, using generally accepted actuarial principles, in order to reflect future economic expectations. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

(in thousands of dollars)

Item	CERS Non-Hazardous and Hazardous
Actuarial Valuation Date:	June 30, 2018
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
Amorization Period	25 years, Closed
Inflation:	2.30%
Payroll Growth Rate:	2.00%
Salary Increases	3.05% average
Investment Rate of Return	6.25%
Mortality for Active Members:	PUB-2010 General Mortality table for the nonhazardous system PUB-2010 Public Safety Mortality table for the hazardous system projected with the ultimate rates from the MP-2014 morality improvement scale using base year of 2010
Mortality for Retired Members and Beneficiaries:	Kentucky Public Pensions Authority-specific mortality table based on mortality experience from 2013-2018 projected with the ultimate rates from the MP-2014 morality improvement scale using base year of 2019
Morality for Disabled Members	PUB-2010 Disabled Mortality table a 4-year set-forward for both male and female rates projected with the ultimate rates from the MP-2014 morality improvement scale using base year of 2010
Healthcare Trend Rates (Pre-65)	Initial trend starting at 7.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Healthcare Trend Rates (post-65)	Initial trend starting at 5.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years

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

(in thousands of dollars)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	18.75%	4.50%
Non-US equity	18.75%	5.25%
Private equity	10.00%	6.65%
Specialty credit/high yield	15.00%	3.90%
Growth	**62.50%**	
Core bonds	13.50%	(0.25%)
Cash	1.00%	(0.75%)
Liquidity	**14.50%**	
Real estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real return	15.00%	3.95%
Diversified strategies	**23.00%**	

Discount rate: Single discount rates of 5.34% for the non-hazardous system and 5.30% for hazardous system were used to measure the total OPEB liability as of June 30, 2020. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2020. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

(in thousands of dollars)

Asset Class	1% Decrease 4.34%	Current Discount Rate 5.34%	1% Increase 6.34%
Airport's net OPEB liability - nonhazardous	$ 25,740	$ 20,036	$ 15,351
	4.30%	**5.30%**	**6.30%**
Airport's net OPEB liability - hazardous	$ 17,870	$ 13,164	$ 9,372

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	$ 15,513	$ 20,036	$ 25,525
Airport's net OPEB liability - hazardous	$ 9,407	$ 13,164	$ 17,782

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

11. Self-funded Group Health Coverage

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

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

(in thousands of dollars)

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, 2018	$	430
Claims and changes in estimates for 2019		4,878
Claims paid in 2019		(4,855)
Changes in receivables related to claims		7
Liability at December 31, 2019	$	460
Claims and changes in estimates for 2020		5,122
Claims paid in 2020		(5,249)
Changes in receivables related to claims		7
Liability at December 31, 2020	$	340

		Reserve
Reserves at December 31, 2018	$	4,503
Contributions from Operations and Maintenance		6,502
Investment income		149
Claims, premiums and fees incurred		(6,651)
Reserves at December 31, 2019	$	4,503
Contributions from Operations and Maintenance		6,586
Investment income		85
Claims, premiums and fees incurred		(6,671)
Reserves at December 31, 2020	$	4,503

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 2020 and 2019, the individual stop loss coverage to which the Airport's claims liability was limited was $150. The aggregate insurance during 2020 and 2019 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 2020 and 2019 to approximately $5,877 and $5,985 each year, respectively.

(in thousands of dollars)

12. Risk Management

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

13. Commitments and Contingencies

At December 31, 2020, the Airport is committed, either through contracts or Board proceedings, to the eventual expenditure of approximately $128,785 for the rehabilitation of and additions to other Airport facilities. Of the $128,785, approximately $117,250 will be funded by federal grants, state grants, PFCs, Bonds, CFCs and/or tenant funds, with the remainder to be funded by available capital funds.

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

14. Subsequent Events

The Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) was signed into law on December 27, 2020 and included nearly $2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the COVID-19 pandemic. The Federal Aviation Administration (FAA) has established the Airport Coronavirus Response Grant Program (ACRGP) to distribute these funds to airports. The Board has been awarded an ACRGP Grant of $11.4 million 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. ACRGP Grants may be used to reimburse airport operational and maintenance expenses directly related to the Airport incurred no earlier than January 20, 2020. ACRGP Grants may also be used to reimburse a Sponsor's payment of debt service where such payments occur on or after December 27, 2020. New airport development projects not directly related to combating the spread of pathogens and approved by the FAA for such purposes, may not be funded with ACGRP Grants. The Board also received $0.9 million in ACRGP 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

(in thousands of dollars)

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 ACRGP Grants is 4 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.

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 (ARG). The Board has been awarded an ARG Grant of $38.3 million 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 also received $3.8 million in ARG Grants to provide relief from rent and minimum annual guarantees (MAG) obligations. As a condition for receiving ARG 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.

On January 8, 2021, the FAA acknowledged the Board's notice of intent, submitted on December 10, 2020, to impose and use PFC revenues for projects related to the Board's 16th PFC Application (Number 21-16-C-00-CVG). The FAA acknowledged that the Board will begin collecting a PFC at a $4.50 PFC level on April 1, 2022, and will complete collections on June 1, 2023. Amounts to be collected under the Board's 16th PFC application total $22.3 million and include the following projects: Terminal Conveyances; Main Terminal and Concourse A&B HVAC and Concourse A Pre-Conditioned Air Chiller Replacements; Passenger Loading Bridge Replacement Concourse A Gate A-4; Bag Handling System Upgrade; and Electrical Vault 12 Switchgear Replacement and Equipment Upgrades.

(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

	2020	2019	2018	2017	2016	2015	2014
Plan's total pension liability	$ 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	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	$ 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	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%
Airport's proportionate share of the net pension liability	$ 63,652	$ 55,838	$ 47,170	$ 42,826	$ 34,653	$ 29,529	$ 21,871
Airport's proportion of the net pension liability	0.8299%	0.7939%	0.7745%	0.7317%	0.7038%	0.6868%	0.6741%
Airport's covered payroll	$ 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	296.01%	275.10%	243.46%	239.51%	206.58%	183.64%	141.26%

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

(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

	2020	2019	2018	2017	2016	2015	2014
Plan's total pension liability	$ 5,394,732	$ 5,176,003	$ 4,766,794	$ 4,455,275	$ 3,726,114	$ 3,613,308	$ 3,288,826
Plan's fiduciary net position	2,379,704	2,413,708	2,348,337	2,217,996	2,010,176	2,078,202	2,087,002
Plan's net pension liability	$ 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	44.11%	46.63%	49.26%	49.78%	53.95%	57.52%	63.46%
Airport's proportionate share of the net pension liability	$ 42,962	$ 40,820	$ 36,284	$ 32,277	$ 23,642	$ 21,281	$ 16,357
Airport's proportion of the net pension liability	1.4249%	1.4778%	1.5003%	1.4427%	1.3778%	1.3863%	1.3610%
Airport's covered payroll	$ 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	490.71%	464.87%	424.47%	406.26%	330.01%	301.26%	236.37%

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

(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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contributions for pension	$ 4,182	$ 3,725	$ 3,019	$ 2,591	$ 2,263	$ 2,140	$ 2,069	$ 2,009	$ 1,775	$ 1,517
Airport's contributions in relation to the statutorily required contributions	(4,182)	(3,725)	(3,019)	(2,591)	(2,263)	(2,140)	(2,069)	(2,009)	(1,775)	(1,517)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of statutorily required contributions for pension	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	$ 21,669	$ 20,990	$ 19,687	$ 18,215	$ 17,101	$ 17,014	$ 15,622	$ 15,236	$ 14,591	$ 13,947
Contributions as a percentage of the Airport's covered payroll	19.30%	17.75%	15.33%	14.22%	13.23%	12.58%	13.24%	13.19%	12.17%	10.88%

(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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contributions for pension	$ 2,598	$ 2,408	$ 2,023	$ 1,770	$ 1,546	$ 1,518	$ 1,492	$ 1,446	$ 1,311	$ 1,183
Airport's contributions in relation to the statutorily required contributions	(2,598)	(2,408)	(2,023)	(1,770)	(1,546)	(1,518)	(1,492)	(1,446)	(1,311)	(1,183)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of statutorily required contributions for pension	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	$ 8,643	$ 8,804	$ 8,609	$ 8,056	$ 7,346	$ 7,409	$ 7,019	$ 6,912	$ 6,909	$ 6,835
Contributions as a percentage of the Airport's covered payroll	30.06%	27.35%	23.50%	21.97%	21.05%	20.49%	21.26%	20.92%	18.98%	17.31%

(in thousands of dollars)

1. Defined Benefit Pension Plans

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

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

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

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

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

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

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

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

(in thousands of dollars)

2019

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

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

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

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

(in thousands of dollars)

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

	2020	2019	2018	2017
Plan's total OPEB liability	$ 4,996,309	$ 4,251,466	$ 4,189,606	$ 4,222,878
Plan's fiduciary net position	2,581,613	2,569,511	2,414,126	2,212,536
Plan's net OPEB liability	$ 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	51.67%	60.44%	57.62%	52.39%
Airport's proportionate share of the net OPEB liability	$ 20,036	$ 13,350	$ 13,751	$ 14,709
Airport's proportion of the net OPEB liability	0.8298%	0.7937%	0.7745%	0.7317%
Airport's covered payroll	$ 21,503	$ 20,297	$ 19,375	$ 17,881
Airport's proportionate share of the net OPEB liability as a percentage of its covered payroll	93.18%	65.77%	70.97%	82.26%

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

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contributions for OPEB	$ 1,031	$ 1,053	$ 980	$ 859	$ 802	$ 813	$ 787	$ 920	$ 1,035	$ 988
Airport's contributions in relation to the statutorily required contributions	(1,031)	(1,053)	(980)	(859)	(802)	(813)	(787)	(920)	(1,035)	(988)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of statutorily required contributions for OPEB	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	$ 21,669	$ 20,990	$ 19,687	$ 18,215	$ 17,101	$ 17,014	$ 15,622	$ 15,236	$ 14,591	$ 13,947
Contributions as a percentage of the Airport's covered payroll	4.76%	5.02%	4.98%	4.72%	4.69%	4.78%	5.04%	6.04%	7.09%	7.08%

(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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contributions for OPEB	$ 823	$ 883	$ 852	$ 755	$ 798	$ 972	$ 965	$ 1,089	$ 1,223	$ 1,174
Airport's contributions in relation to the statutorily required contributions	(823)	(883)	(852)	(755)	(798)	(972)	(965)	(1,089)	(1,223)	(1,174)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of statutorily required contributions for OPEB	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	$ 8,643	$ 8,804	$ 8,609	$ 8,056	$ 7,346	$ 7,409	$ 7,019	$ 6,912	$ 6,909	$ 6,835
Contributions as a percentage of the Airport's covered payroll	9.52%	10.03%	9.90%	9.37%	10.86%	13.12%	13.75%	15.76%	17.70%	17.18%

(in thousands of dollars)

1. Other Post Employment Benefit Plans

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

Changes of assumptions

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

2019

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

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

2020

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

(in thousands of dollars)

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

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

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

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

(in thousands of dollars)

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

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

(in thousands of dollars)

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

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Balance Sheet Information
December 31, 2019

(in thousands of dollars)

	Total	Eliminations	Unrestricted Account Groups: Operations & Maintenance	Designated for Capital Projects	Designated for Group Health Coverage	Repair & Replacement Reserve	General Purposes
Assets							
Current assets							
Unrestricted							
Cash	$ 850	$ -	$ 825	$ -	$ 25	$ -	$ -
Investments (at fair value)	127,590	-	36,383	32,322	4,744	8,119	46,022
Investment income receivable	248	-	54	39	10	24	121
Accounts receivable	4,678	-	4,526	-	152	-	-
Interfund receivable	-	(23,773)	3,424	-	557	-	19,792
Grants and federal awards receivable	6,723	-	48	6,675	-	-	-
Prepaid expenses	2,148	-	1,692	-	-	-	456
Supplies inventory	4,399	-	4,399	-	-	-	-
Total unrestricted current assets	146,636	(23,773)	51,351	39,036	5,488	8,143	66,391
Restricted							
Cash	329	-	-	-	-	-	-
Investments (at fair value)	35,528	-	1,073	-	-	-	-
Investment income receivable	77	-	-	-	-	-	-
Total restricted current assets	35,934	-	1,073	-	-	-	-
Total current assets	182,570	(23,773)	52,424	39,036	5,488	8,143	66,391
Non-current assets							
Unrestricted							
Investments (at fair value)	5,002	-	-	-	1,013	1,937	2,052
Prepaid expenses	246	-	246	-	-	-	-
Capital assets, non-depreciable	231,245	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	510,389	-	-	-	-	-	-
Total unrestricted non-current assets	746,882	-	246	-	1,013	1,937	2,052
Restricted							
Cash	-	-	-	-	-	-	-
Investments (at fair value)	266,837	-	-	-	-	-	-
Investment income receivable	833	-	-	-	-	-	-
Interfund receivable	-	(1,736)	-	-	-	-	-
Passenger facility charges receivable	2,400	-	-	-	-	-	-
Customer facility charges receivable	1,370	-	-	-	-	-	-
Total restricted non-current assets	271,440	(1,736)	-	-	-	-	-
Total non- current assets	1,018,322	(1,736)	246	-	1,013	1,937	2,052
Total assets	1,200,892	(25,509)	52,670	39,036	6,501	10,080	68,443
Deferred Outflows of Resources							
Pension	20,145	-	20,145	-	-	-	-
Other postemployment benefits	9,241	-	9,241	-	-	-	-
Total deferred outflows of resources	29,386	-	29,386	-	-	-	-
Total assets and deferred outflows of resources	$ 1,230,278	$ (25,509)	$ 82,056	$ 39,036	$ 6,501	$ 10,080	$ 68,443
Liabilities							
Current Liabilities							
Accounts payable and accrued expenses	$ 32,427	$ -	$ 17,009	$ 2,487	$ 460	$ -	$ 57
Rates and charges settlement payable to airlines	24,820	-	8,620	-	-	-	-
Interfund payable	-	(25,509)	21,173	551	1,538	58	994
Contract retainage payable	3,200	-	28	362	-	-	-
Bond interest payable	2,242	-	-	-	-	-	-
Assets held in trust	-	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	3,451	-	-	-	-	-	-
Subordinate debt - equipment lease	183	-	-	-	-	-	-
Total current liabilities	66,323	(25,509)	46,830	3,400	1,998	58	1,051
Non-current liabilities							
Accounts payable and accrued expenses	1,908	-	1,908	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	183,865	-	-	-	-	-	-
Subordinate debt - equipment lease	253	-	-	-	-	-	-
Net pension liability	96,658	-	96,658	-	-	-	-
Net other postemployment benefits liability	24,281	-	24,281	-	-	-	-
Total non-current liabilities	306,965	-	122,847	-	-	-	-
Total liabilities	373,288	(25,509)	169,677	3,400	1,998	58	1,051
Deferred Inflows of Resources							
Pension	3,694	-	3,694	-	-	-	-
Other postemployment benefits	7,660	-	7,660	-	-	-	-
Total deferred inflows of resources	11,354	-	11,354	-	-	-	-
Net Position							
Unrestricted	18,578	-	(98,975)	35,636	4,503	10,022	67,392
Net investment in capital assets	634,105	-	-	-	-	-	-
Restricted:							
For federally approved projects	88,872	-	-	-	-	-	-
For ground transportation expenditures	66,577	-	-	-	-	-	-
For operational cash flow shortages	24,042	-	-	-	-	-	-
For debt service	13,462	-	-	-	-	-	-
Total net position	845,636	-	(98,975)	35,636	4,503	10,022	67,392
Total liabilities, deferred inflows of resources and net position	$ 1,230,278	$ (25,509)	$ 82,056	$ 39,036	$ 6,501	$ 10,080	$ 68,443

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Balance Sheet Information, continued
December 31, 2019

(in thousands of dollars)

	Net Investment in Capital Assets	Restricted Account Groups: Passenger Facility Charge	Police Forfeiture	Customer Facility Charge	Operations & Maintenance Reserve	2019 Terminal Roadway Reconfiguration	Bond Interest & Redemption	Bond Reserve	Other Third Party Funding
Assets									
Current assets									
Unrestricted									
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Investment income receivable	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-	-	-
Grants and federal awards receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Supplies inventory	-	-	-	-	-	-	-	-	-
Total unrestricted current assets	-	-	-	-	-	-	-	-	-
Restricted									
Cash	-	-	-	-	-	-	-	-	329
Investments (at fair value)	-	91	73	15,023	121	421	2,248	32	16,446
Investment income receivable	-	-	-	-	-	-	3	-	74
Total restricted current assets	-	91	73	15,023	121	421	2,251	32	16,849
Total current assets	-	91	73	15,023	121	421	2,251	32	16,849
Non-current assets									
Unrestricted									
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Capital assets, non-depreciable	231,245	-	-	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	510,389	-	-	-	-	-	-	-	-
Total unrestricted non-current assets	741,634	-	-	-	-	-	-	-	-
Restricted									
Cash	-	-	-	-	-	-	-	-	-
Investments (at fair value)	-	81,756	3,238	141,858	23,963	2,623	-	13,399	-
Investment income receivable	-	245	2	441	79	3	-	63	-
Interfund receivable	-	1,231	-	505	-	-	-	-	-
Passenger facility charges receivable	-	2,400	-	-	-	-	-	-	-
Customer facility charges receivable	-	-	-	1,370	-	-	-	-	-
Total restricted non-current assets	-	85,632	3,240	144,174	24,042	2,626	-	13,462	-
Total non- current assets	741,634	85,632	3,240	144,174	24,042	2,626	-	13,462	-
Total assets	741,634	85,723	3,313	159,197	24,163	3,047	2,251	13,494	16,849
Deferred Outflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 741,634	$ 85,723	$ 3,313	$ 159,197	$ 24,163	$ 3,047	$ 2,251	$ 13,494	$ 16,849
Liabilities									
Current Liabilities									
Accounts payable and accrued expenses	$ -	$ -	$ -	$ 12,128	$ -	$ 286	$ -	$ -	$ -
Rates and charges settlement payable to airlines	-	-	-	-	-	-	-	-	16,200
Interfund payable	-	91	73	215	121	5	9	32	649
Contract retainage payable	-	-	-	2,680	-	130	-	-	-
Bond interest payable	-	-	-	-	-	-	2,242	-	-
Assets held in trust	-	-	-	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	3,451	-	-	-	-	-	-	-	-
Subordinate debt - equipment lease	183	-	-	-	-	-	-	-	-
Total current liabilities	3,634	91	73	15,023	121	421	2,251	32	16,849
Non-current liabilities									
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	103,642	-	-	77,597	-	2,626	-	-	-
Subordinate debt - equipment lease	253	-	-	-	-	-	-	-	-
Net pension liability	-	-	-	-	-	-	-	-	-
Net other postemployment benefits liability	-	-	-	-	-	-	-	-	-
Total non-current liabilities	103,895	-	-	77,597	-	2,626	-	-	-
Total liabilities	107,529	91	73	92,620	121	3,047	2,251	32	16,849
Deferred Inflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Net Position									
Unrestricted	-	-	-	-	-	-	-	-	-
Net investment in capital assets	634,105	-	-	-	-	-	-	-	-
Restricted:									
For federally approved projects	-	85,632	3,240	-	-	-	-	-	-
For ground transportation expenditures	-	-	-	66,577	-	-	-	-	-
For operational cash flow shortages	-	-	-	-	24,042	-	-	-	-
For debt service	-	-	-	-	-	-	-	13,462	-
Total net position	634,105	85,632	3,240	66,577	24,042	-	-	13,462	-
Total liabilities, deferred inflows of resources and net position	$ 741,634	$ 85,723	$ 3,313	$ 159,197	$ 24,163	$ 3,047	$ 2,251	$ 13,494	$ 16,849

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

(in thousands of dollars)

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

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

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

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2019

(in thousands of dollars)

	Total	Unrestricted Account Groups				
		Operations & Maintenance	Designated for Capital Projects	Designated for Group Health Coverage	Repair & Replacement Reserve	General Purposes
Operating revenues						
Landing fees, net	$ 22,430	$ 22,430	$ -	$ -	$ -	$ -
Rentals:						
Terminal, net	8,453	8,453	-	-	-	-
Ground	4,670	4,670	-	-	-	-
Ramp	4,660	4,660	-	-	-	-
Other	1,856	1,856	-	-	-	-
Parking	48,310	48,310	-	-	-	-
Concessions	15,485	15,485	-	-	-	-
Rebilled services	2,467	2,467	-	-	-	-
Ground transportation	1,502	1,502	-	-	-	-
Other	849	849	-	-	-	-
Total operating revenues	110,682	110,682	-	-	-	-
Operating expenses						
Salaries, wages and benefits	61,681	55,797	-	5,884	-	-
Contracted services	29,084	26,845	-	767	-	1,049
Supplies and capital items expensed	8,138	8,138	-	-	-	-
Utilities	7,777	7,609	-	-	-	-
General administration	2,379	2,337	-	-	-	-
Insurance	1,206	1,206	-	-	-	-
Total operating expenses	110,265	101,932	-	6,651	-	1,049
Operating income (loss), before depreciation and amortization	417	8,750	-	(6,651)	-	(1,049)
Depreciation and amortization	(42,885)	-	-	-	-	-
Operating (loss) income, after depreciation and amortization	(42,468)	8,750	-	(6,651)	-	(1,049)
Nonoperating changes in net position: increase (decrease)						
Revenue bonds:						
Revenue bond - transfer of principal	-	(2,165)	-	-	-	-
Revenue bond - transfer of interest	-	(2,124)	-	-	-	-
Revenue bond - payment of principal	-	-	-	-	-	-
Revenue bond interest, net of premium amortization	(5,788)	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-
Transfer of bond proceeds to fund bond reserve	-	-	-	-	-	-
Transfer of bond payable matched to unspent proceeds	-	-	-	-	-	-
Transfer of bond proceeds to reimburse previously incurred project costs	-	-	-	-	-	-
Bond issuance costs	(1,116)	-	-	-	-	-
Subordinate debt - principal	-	(177)	-	-	-	-
Subordinate debt - interest	(16)	(16)	-	-	-	-
Passenger facility charge revenues	18,364	-	-	-	-	-
Customer facility charge revenues	12,130	-	-	-	-	-
Police forfeiture program revenues	1,136	-	-	-	-	-
Police forfeiture program revenues	-					
passed through to other local government	(38)	-	-	-	-	-
Grants and federal awards for operating expenses	400	400	-	-	-	-
Investment income	9,674	2,388	631	149	56	205
Net gain on disposal of capital assets	43	-	43	-	-	-
Non-capitalized project costs	(812)	-	-	-	-	-
Capitalization of expenditures	-	-	(17,983)	-	-	-
Transfers:						
Funding of capital projects	-	2	(3,252)	-	-	(9,351)
Required reserve funding	-	(2,021)	-	-	-	-
Group health coverage	-	(6,476)	-	6,502	-	-
Debt service requirements	-	4,289	-	-	-	-
Reimbursement of eligible expenditures	-	345	16,919	-	-	660
Current year remaining revenues	-	(19,051)	-	-	-	19,051
Total nonoperating changes in net position, before capital contributions	33,977	(24,606)	(3,642)	6,651	56	10,565
Capital Contributions						
Donated capital	19,933	-	-	-	-	-
Grants and federal awards for capital expenditures	8,331	-	7,814	-	-	517
Third party funding of project costs	158	-	-	-	-	-
Total capital contributions	28,422	-	7,814	-	-	517
Total changes in net position	19,931	(15,856)	4,172	-	56	10,033
Net position at the beginning of the year (deficit)	825,705	(83,119)	31,464	4,503	9,966	57,359
Net position (deficit) at the end of the year	$ 845,636	$ (98,975)	$ 35,636	$ 4,503	$ 10,022	$ 67,392

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position, continued
Year Ended December 31, 2019

(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	-	-	43	380	-	-	-	-	-
Supplies and capital items expensed	-	-	-	-	-	-	-	-	-
Utilities	-	-	168	-	-	-	-	-	-
General administration	-	-	37	5	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Total operating expenses	-	-	248	385	-	-	-	-	-
Operating income (loss), before depreciation and amortization	-	-	(248)	(385)	-	-	-	-	-
Depreciation and amortization	(42,885)	-	-	-	-	-	-	-	-
Operating income (loss), after depreciation and amortization	(42,885)	-	(248)	(385)	-	-	-	-	-
Nonoperating changes in net position: increase (decrease)									
Revenue bonds:									
Revenue bond - transfer of principal	-	-	-	-	-	-	2,165	-	-
Revenue bond - transfer of interest	-	-	-	(3,500)	-	(1,286)	6,910	-	-
Revenue bond - payment of principal	2,165	-	-	-	-	-	(2,165)	-	-
Revenue bond interest, net of premium amortization	1,122	-	-	-	-	-	(6,910)	-	-
Issuance of bonds	(141,027)	-	-	103,130	-	37,897	-	-	-
Transfer of bond proceeds to fund bond reserve	-	-	-	(8,215)	-	(917)	-	9,132	-
Transfer of bond payable matched to unspent proceeds	80,223	-	-	(77,597)	-	(2,626)	-	-	-
Transfer of bond proceeds to reimburse previously incurred project costs	-	-	-	16,491	-	(16,491)	-	-	-
Bond issuance costs	-	-	-	(719)	-	(397)	-	-	-
Subordinate debt - principal	177	-	-	-	-	-	-	-	-
Subordinate debt - interest	-	-	-	-	-	-	-	-	-
Passenger facility charge revenues	-	18,364	-	-	-	-	-	-	-
Customer facility charge revenues	-	-	-	12,130	-	-	-	-	-
Police forfeiture program revenues	-	-	1,136	-	-	-	-	-	-
Police forfeiture program revenues passed through to other local government	-	-	(38)	-	-	-	-	-	-
Grants and federal awards for operating expenses	-	-	-	-	-	-	-	-	-
Investment income	-	2,176	61	3,163	91	427	-	24	303
Net gain on disposal of capital assets	-	-	-	-	-	-	-	-	-
Non-capitalized project costs	(812)	-	-	-	-	-	-	-	-
Capitalization of expenditures	70,009	-	-	(35,266)	-	(16,607)	-	-	(153)
Transfers:									
Funding of capital projects	-	-	-	13,250	-	-	-	-	(649)
Required reserve funding	-	-	-	-	2,021	-	-	-	-
Group health coverage	-	-	-	(26)	-	-	-	-	-
Debt service requirements	-	(4,289)	-	-	-	-	-	-	-
Reimbursement of eligible expenditures	-	(17,924)	-	-	-	-	-	-	-
Current year remaining revenues	-	-	-	-	-	-	-	-	-
Total nonoperating changes in net position, before capital contributions	11,857	(1,673)	1,159	22,841	2,112	-	-	9,156	(499)
Capital Contributions									
Donated capital	19,933	-	-	-	-	-	-	-	-
Grants and federal awards for capital expenditures	-	-	-	-	-	-	-	-	-
Third party funding of project costs	-	-	-	-	-	-	-	-	158
Total capital contributions	19,933	-	-	-	-	-	-	-	158
Total changes in net position	(11,095)	(1,673)	911	22,456	2,112	-	-	9,156	(341)
Net position at the beginning of the year (deficit)	645,200	87,305	2,329	44,121	21,930	-	-	4,306	341
Net position (deficit) at the end of the year	$ 634,105	$ 85,632	$ 3,240	$ 66,577	$ 24,042	$ -	$ -	$ 13,462	$ -

Cincinnati/Northern Kentucky International Airport
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

(in thousands of dollars)

Name of Agency or Department	CFDA or Other No.	Name of Program	Federal Awards with Expenditure Activity in 2020: Award Amount	Federal Awards with Expenditure Activity in 2020: Total Awards Expended
US Dept of Transportation	20.106	Airport Improvement Program *	$ 53,244	$ 12,700
US Dept of Transportation	20.106	COVID-19 Airport Improvement Program - Coronavirus Aid, Relief, and Economic (CARES) Act *	42,899	11,076
US Dept of Transportation	20.106	Airport Improvement Program Total	96,143	23,776
US Dept of Justice	16.922	Equitable Sharing Program	3,489	269
US Dept of Treasury	21.016	Equitable Sharing Program	159	1
Federal Highway Administration (Passed through the Kentucky Transportation Cabinet)	20.205	Highway Planning and Construction	498	374
		Total awards expended		$ 24,420

* Airport Improvement Program was tested as a major program

(in thousands of dollars)

1. General

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

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

2. Basis of Presentation

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

3. Reconciliation to Financial Statements

Following is a reconciliation of amounts per the Schedule to the 2020 financial statements (amounts rounded to nearest thousand):

		2020
Grants and federal awards, nonoperating changes in net position	$	11,476
Less: Federal receipts not subject to Uniform Guidance requirements		(400)
Grants and federal awards, capital contributions		13,075
Police forfeiture revenues expended for operations, operating expenses		232
Police forfeiture revenues expended capital expenditures		43
Other		(6)
Expenditures of revenues from federal sources reported on the Schedule	$	24,420

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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, 2020, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements (hereby referred to as the financial statements), and have issued our report thereon dated July 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) to determine the 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC

Lexington, Kentucky
July 19, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited the Cincinnati/Northern Kentucky International Airport's (hereby referred to as the Airport) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Airport's major federal programs for the year ended December 31, 2020. The Airport's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Airport's major federal programs based on our audit of the types of compliance requirements referred to above. 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Airport's compliance.

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

Page Two

Opinion on Each Major Federal Program

In our opinion, the Airport complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Airport's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Blue & Co., LLC

Lexington, Kentucky
July 19, 2021

(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 ___X___ no

Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ yes ___X___ none reported

Noncompliance material to financial statements noted? ______ yes ___X___ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ______ yes ___X___ no

Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ yes ___X___ 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 ___X___ no

Identification of major program:

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

Dollar threshold used to distinguish between type A and type B programs: $750,000

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

(in thousands of dollars)

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

None reported.

Section III - Findings and questioned costs related to federal awards

None reported.

Federal Award Findings and Questioned Costs

No findings or questioned costs for federal award programs were reported for the year ended December 31, 2019.

Cincinnati/Northern Kentucky International Airport
Schedule of Passenger Facility Charges Collected and Expended
Year Ended December 31, 2020

Federal Aviation Administration approved PFC applications:

(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, 2020:								
02-08-C-00-CVG	$ 194,100	$ 176,893	$ -	$ 176,893	$ 17,206	$ 149,269	$ 3,569	$ 152,838
19-15-C-00-CVG	76,225	47,964	8,809	56,773	3,246	17,391	1,627	19,018
Subtotal	$ 270,325	$ 224,857	$ 8,809	$ 233,666	$ 20,452	$ 166,660	$ 5,196	$ 171,856
Closed applications as of December 31, 2020:								
94-01-C-00-CVG	$ 26,533	$ 25,513	$ -	$ 25,513	$ 1,020	$ 26,533	$ -	$ 26,533
95-02-C-00-CVG	68,279	60,228	-	60,228	8,051	68,280	-	68,280
98-03-C-00-CVG	24,843	23,087	-	23,087	1,756	24,843	-	24,843
98-04-C-00-CVG	33,057	26,842	-	26,842	6,215	33,057	-	33,057
99-05-C-00-CVG	18,221	13,609	-	13,609	4,612	18,221	-	18,221
01-06-C-00-CVG	10,987	9,870	-	9,870	1,117	10,987	-	10,987
01-07-C-00-CVG	31,378	30,685	-	30,685	693	31,378	-	31,378
05-09-C-00-CVG	34,931	31,064	-	31,064	3,868	34,932	-	34,932
06-10-C-00-CVG	19,675	18,819	-	18,819	856	19,675	-	19,675
07-11-C-00-CVG	2,423	2,423	-	2,423	-	2,423	-	2,423
09-12-C-00-CVG	9,657	9,583	-	9,583	74	9,657	-	9,657
11-13-C-00-CVG	14,797	14,450	-	14,450	348	14,797	-	14,797
13-14-C-00-CVG	44,917	43,377	-	43,377	1,540	40,301	4,615	44,916
Subtotal	339,698	309,550	-	309,550	30,150	335,084	4,615	339,699
Total	$ 610,023	$ 534,407	$ 8,809	$ 543,216	$ 50,602	$ 501,744	$ 9,811	$ 511,555

	Per PFC quaterly reports Fiscal Year 2020						
	Quarter ended Mar 31, 2020	Quarter ended June 30, 2020	Quarter ended Sept 30, 2020	Quarter ended Dec 31, 2020	Reconciling amount	Interest from prior years	Total
Revenues:							
Collections	$ 5,080	$ 1,262	$ 798	$ 1,670	$ -	$ -	$ 8,810
Interest	264	398	86	80	-	-	828
Total	$ 5,344	$ 1,660	$ 884	$ 1,750	$ -	$ -	$ 9,638
Expenditures:							
02-08-C-00-CVG	$ 1,074	$ 1,074	$ 347	$ 1,074	$ -	$ -	$ 3,569
13-14-C-00-CVG	-	-	4,615	-	-	-	4,615
19-15-C-00-CVG	464	379	448	336	-	-	1,627
Total	$ 1,538	$ 1,453	$ 5,410	$ 1,410	$ -	$ -	$ 9,811

* Use authority is the same as impose authority for all Final Agency Decisions in this schedule.

1. General

The accompanying Schedule of Passenger Facility Charges Collected and Expended presents all Passenger Facility Charge activities of the Kenton County Airport Board ("Airport"). The Airport's reporting entity is defined in Note 1 to the Airport's financial statements. The Schedule of Passenger Facility Charges Collected and Expended includes all the Passenger Facility Charges and the interest earnings thereon collected by the Airport beginning June 1, 1994 through December 31, 2020. Passenger Facility Charges are collected pursuant to Federal Aviation Administration approved applications. The above schedule of passenger facility charges (PFC) is prepared on cash basis. PFC revenues are recognized when cash is received rather than when earned, while expenses are recognized when paid rather than when incurred.

2. Basis of Presentation

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

3. Subsequent Event

In January 2021, the Board received a Notice of Intent to collect PFC per Notice of Intent Letter dated January 8, 2021 for our PFC application number 16. This application included the conveyances project, improvements to the bag handling system, chillers, a passenger boarding bridge, and improvement to the electrical vault serving the airfield. The total approved amount is $22,258 to be collected at $4.50 per enplaned passenger, bringing the total approved collection authority to $632,281.

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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 of Passenger Facility Charges

We have audited the Cincinnati/Northern Kentucky International Airport's (hereby referred to as the Airport) which is controlled and operated by the Kenton County Airport Board, 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, 2020 (including quarterly reports under section 158.63(a)).

Management's Responsibility

Management of the Airport is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, and regulations, applicable to the Program. Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Program.

Auditor's Responsibility

Our responsibility is to express an opinion on the Airport's compliance based on our audit of the types of compliance requirements referred to above. 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. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the Program occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Airport's compliance with those requirements.

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

Opinion on Passenger Facility Charge Program

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 Program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Airport's internal control over compliance with the requirements that could have a direct and material effect on the Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Program and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport's 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 Program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 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 Program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Page Three

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

Blue & Co., LLC

Lexington, Kentucky
July 19, 2021

Summary of Auditor's Results

We have issued an unmodified opinion, dated July 19, 2021 on the financial statements of Cincinnati/Northern Kentucky International Airport (the Airport) as of and for the year ended December 31, 2020.

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

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

We have issued an unmodified opinion, dated July 19, 2021 on the Airport's compliance for its Program.

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

Findings Relating to the Financial Statements

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

Findings and Questioned Costs for the Passenger Facility Charge Program

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

Cincinnati/Northern Kentucky International Airport
Schedule of Prior Year Passenger Facility Charge Findings and Their Resolutions
Year Ended December 31, 2019

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, 2019.